الخليج الدولية للخدمات
Gulf International Services

Notice to the Shareholders of Gulf International Services Q.P.S.C.

We are pleased to invite you to attend the Company's Ordinary and Extraordinary General Assembly Meetings to be held on Monday, 13th March 2023 at 3:30 p.m. Doha Time, in Al-Rayan Ballroom, Sheraton Hotel, Doha. In case a quorum is not met, a second meeting will be held on Sunday, 19th March 2023 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 31 December 2022.
2. Approve the Board of Directors' report on GIS' operations and financial performance for the financial year ended 31 December 2022.
3. Listen and approve the Auditor's Report on GIS' consolidated financial statements for the financial year ended 31 December 2022.
4. Discuss and approve GIS' consolidated financial statements for the financial year ended 31 December 2022.
5. Present and approve 2022 Corporate Governance Report.
6. Approve the Board's recommendation for a dividend payment of QR 0.1 per share for 2022, representing 10% of the nominal share value.
7. Absolve the Board of Directors from liability for the year ended 31 December 2022 and fix their remuneration.
8. Appoint the external auditor for the financial year ending 31 December 2023 and approve their fees.

Agenda of the Extraordinary General Assembly Meeting

1. Approve the proposed merger of Amwaj, a wholly-owned subsidiary of GIS, with other selected entities, and authorizing GIS Board of Directors, or anyone authorized by the GIS Board of Directors, to take all the necessary steps as to complete the transaction.

Sheikh Khalid bin Khalifa Al-Thani
Chairman of the Board of Directors
Gulf International Services

Notes

1. Each shareholder shall have the right to attend the meeting of the General Assembly and shall have a number of votes that equals the number of shares owned thereby. Resolutions shall be passed by an absolute majority of shares duly represented therein, without prejudice to the provisions of the Company's Articles of Association.
2. Minors and the interdicted persons shall be represented by their legal guardians.
3. Any shareholder that is a company may authorize any one person to act as its representative at any meeting of the General Assembly.
4. Attendance by proxy at the General Assembly meeting is permitted, provided that the proxy is a shareholder and that the proxy is specific and in writing. A shareholder may not appoint a Board Director to act as his proxy at the meeting of the General Assembly. Proxy form can be downloaded from the Company's website: www.gis.com.qa.
5. A shareholder may act as proxy for one or more shareholders of the Company as contemplated under the Company's Articles of Association. In all cases, the number of shares held by the proxy in this capacity shall not exceed (5%) of the Company's share capital.
6. Instruments appointing authorized persons and proxies must be provided to the Company no less than forty-eight (48) hours prior to the commencement of the General Assembly.

Board of Directors' Review

The Board of Directors is pleased to present its annual review of the financial and operational performance of Gulf International Services for the financial year 2022.

Macroeconomic overview

The growth of oil and gas services industry is directly linked to oil price levels and an overall expansion of the industry in terms of capital investments. During the year, sentiments within the oil and gas industry remained buoyant, with many producers eyeing expansion, especially in the region, linking to better growth prospects for the oil & gas services industry. Moreover, with the ease of COVID-linked restrictions and a successful completion of the FIFA 2022 World Cup related activities provided support to local industries throughout the year.

Business and market expansion updates

- Drilling business

Within the drilling segment, the performance continued to reflect positive impacts on account of better day-rates applied since last mid last year for the offshore fleet. In addition, most of the previously suspended onshore rigs, redeployed during the latter part of 2021, had positive effects on the overall rig utilization. Also, during the year, the segment had successfully renewed contracts for certain offshore rigs with an extended term ranging from 2 to 5 years, improving the segment's future financial position.

Moreover, the segment was also able to penetrate in the international markets via winning new liftboat contracts in KSA and Maldives, further enhancing asset utilization rates and building international footprints for the segment.

- Aviation business

The aviation segment continued to witness improved business performance linked to better flying activity, within both domestic and international operations. Also, contributions from MRO & international operations continue to support the segment performance.

During the year, GHC successfully secured new contract extensions within both the domestic and international operations. Moreover, an aircraft was mobilized to the Angolan fleet from the Qatari fleet to cover the additional flying hours as per the new contract. Also, another aircraft was mobilized to the Turkish fleet from Qatar to meet the upcoming increased demand from the market.

- Insurance business

The insurance segment built up its strong performance by further expanding its general line of business. However, the medical insurance business witnessed loss of certain contracts. On the other hand, efforts are underway to explore new opportunities within domestic retail and SME markets. The performance of the segment's investment portfolio remained wavered due to volatilities in capital markets. Al-Koot is also well positioned to benefit from the mandatory health insurance scheme recently launched by the government which is expected to have a positive impact on the medical premiums.

- Catering business

The catering segment continue to demonstrate improved set of results on the back of realizations from the new contracts won last year. Moreover, specific pandemic-linked restrictions gradually started to subside which led to positive contributions by the segment to the Group.

Also, the Group has successfully accomplished valuation and negotiations with Manaya Holding Group, in relation to a potential all-share merger of Amwaj, with selected entities of Shaqab Abela Catering Services Co. ("Shaqab") & Atyab Fruits and Vegetables ("Atyab").

The merger is expected to be accomplished during early 2023 subject to all shareholders entering into definitive agreements and proceed to obtain regulatory approvals, along with respective general assembly meeting approvals. Upon a definitive merger agreement, full details about the merger will be announced.

Our strategy going forward

The Group's strategy will mainly focus on expanding its market share in Qatar and tapping into new international markets applicable to each segment. Moreover, one of the core objectives of GIS will be to strategically reposition its core businesses through achieving continued cost efficiencies and maximizing asset utilization. Such initiatives would allow segments to leverage their domestic and international strengths better, with an eye on creating shareholder value. In addition, the Group intends to strategically build new revenue streams through benefiting from projects linked to Qatar's North Field expansion.

Achieving cost efficiencies and asset utilization

Optimizing costs and resources are one of the key priorities for the Group companies, where the entities are on a continuous journey to transform themselves into leaner and more efficient units with stricter cost discipline.

Regarding asset utilization, Group companies' key focus is to ensure optimal utilization of its assets without compromising quality and safety standards. Within the drilling segment, rig utilization stood at 91%. As for the aviation segment, the total fleet's flying hours improved by 31%, with better flying activity noted within both domestic, as well as, international operations.

Financial results

The Group posted a net profit of QR 290 million, up by 436% compared to last year. The Group's total revenue for the year ended 31 December 2022 improved by 19% compared to 2021 and amounted to QR 3.7 billion for the year ended 31 December 2022, compared to QR 3.1 billion for last year. For the year ended 31 December 2022, the Group reported an EBITDA of QR 807 million.

The profitability mainly improved on account of better results from the drilling, aviation and insurance segments. The drilling segment witnessed recovery on account of higher rig rates and improved asset utilization. While the aviation segment benefited from stronger flying activity, coupled with better contributions from the MRO business. Within the insurance segment, improved results was mainly supported by lower claims reported.

The Group's total assets increased by 10% during the year, to reach QR 10.9 billion as at 31 December 2022. On the liquidity front, the closing cash, including short-term investments, stood at QR 1.1 billion. The Group reported a total debt of QR 4.29 billion as at 31 December 2022.

Funding strategy

Funding strategy of the Group revolves around achieving an optimum level of debt, which best fits Group's overall corporate strategy of growth and its earnings base.

The current levels of debt continue to weigh on the Group's net earnings, as finance cost is one of the key cost ingredients, and specifically limits drilling segment's ability to perform and becoming profitable.

Given the overall corporate strategy and future growth prospects, the debt restructuring is inevitable and would not only build an optimum interest cover, but also provide greater flexibility to manage liquidity and ease pressure on the Group's financial position. With the similar intentions, Group's management has remained active throughout the year while engaging all the stakeholders, in order to achieve an optimal debt structure.

Dividends

Given a strong recovery in terms of the Group's financial performance, the Board of Directors recommends a total annual dividend distribution of QR 186 million for the year ended 31 December 2022, equivalent to QR 0.1 per share and representing 64% of the Group's net profits.

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 the senior management of the Group companies for their hard work, commitment and dedication. We would also like to thank our esteemed shareholders for their trust placed in us.

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Gulf International Services Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 8 to 81.

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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (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 period. 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.

Impairment of property and equipment

See Note 6 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
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 2022 is QR 5,139 million. This represents 47% of the Group's total assets, hence a material portion of the consolidated statement of financial position. • There is increased complexity and the assessment involves significant judgments in forecasting future cash flows in the drilling and aircraft industries due to the nature of their operations and prevailing market conditions, hence we considered this to be a key audit matter.	Our audit procedures in this area included the following, among others: • Understanding the Group's process of identifying indicators of impairment in drilling rig related assets and aircraft; • 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 drilling rig related assets and aircraft, growth rates, operating profit margins, discount rate, etc. • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

Impairment of goodwill

See Note 7 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We focused on this area because: • The Group has recognized goodwill amounting to QR 303 million and represents 3% of the Group's total assets. • The goodwill arose as a result of acquisition of a subsidiary which is a separate cash-generating unit (CGU) of the Group. • 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 forecast cash flow model. 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).	Our audit procedures in this area included the following, among others: • Assessing the competence and capabilities of the staff within the Group who performed the impairment testing; • Involving our own valuation specialists to support us in challenging the recoverable amount 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 impairment model including projected cash flows, terminal value growth rate, 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; • Evaluating the adequacy of the consolidated financial statement disclosures including the disclosures of key assumptions and judgments.

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Gulf International Services Q.P.S.C.

Independent Auditors' Report (Continued)

Valuation of insurance contract liabilities	
See Note 13 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
We focused on this area because: • The Group's insurance contract liabilities represent 23% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and unearned premiums. • The valuation of these insurance contract liabilities involves significant judgements 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.	Our audit procedures in this area included the following, among others: • Testing the design and operating effectiveness of the key controls around reserving process, reported claims, unreported claims and unearned premiums; • 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's expert appointed by the Group; • Engaging our own actuarial specialist to evaluate appropriateness of the methodology and the 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 the Group; and • Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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, 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 auditors' 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.

Responsibilities of 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 Standards, 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.

Auditors' 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 auditors' 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 auditors' 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 auditors' 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, actions taken to eliminate threats or safeguards applied.

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 period and are therefore the key audit matters. We describe these matters in our auditors' 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 Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.

ii) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.

iii) 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.

iv) Furthermore, the Company did not hold inventories as at reporting date.

v) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2022.

13 February 2023
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
Licensed by QFMA: External
Auditors' License No. 120153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

In thousands of Qatari Riyals

	Note	2022	2021
ASSETS			
Non-current assets			
Property and equipment	6	5,560,956	5,591,281
Goodwill	7	303,559	303,559
Right-of-use assets	8	27,731	36,292
Contract assets	25 (b)	13,104	9,464
Equity-accounted investees	9	28,088	12,078
Financial investments	10	306,592	418,658
Total non-current assets		6,240,030	6,371,332
Current assets			
Inventories	11	393,170	284,088
Contract assets	25 (b)	-	6,514
Due from related parties	24 (b)	759,940	686,354
Financial investments	10	438,185	420,689
Trade and other receivables	12	799,656	694,994
Reinsurance contract assets	13	1,091,277	757,382
Short term investments	14	746,126	348,632
Cash and bank balances	15	396,447	349,407
Total current assets		4,624,801	3,548,060
TOTAL ASSETS		**10,864,831**	9,919,392
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	1,858,409	1,858,409
Legal reserve	17	384,339	377,308
General reserve	18	74,516	74,516
Foreign currency translation reserve		(71,371)	(55,836)
Fair value reserve		(27,646)	3,786
Retained earnings		1,350,550	998,204
Equity attributable to owners of the Company		3,568,797	3,256,387
Non-controlling interests		(312)	(198)
Total equity		3,568,485	3,256,189
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	7,432	15,947
Loans and borrowings	19	2,633,625	3,692,705
Contract liabilities	25 (b)	2,730	1,820
Provision for decommissioning costs	20	45,899	45,669
Provision for employees' end of service benefits	21	112,028	101,259
Total non-current liabilities		2,801,714	3,857,400
Current liabilities			
Lease liabilities	8	33,939	28,868
Dividends payable	23	48,619	50,429
Loans and borrowings	19	1,655,607	632,704
Trade and other payables	22	1,046,056	831,273
Due to related parties	24 (c)	27,812	44,507
Insurance contract liabilities	13	1,668,009	1,214,575
Contract liabilities	25 (b)	14,590	3,447
Total current liabilities		4,494,632	2,805,803
Total liabilities		7,296,346	6,663,203
TOTAL EQUITY AND LIABILITIES		**10,864,831**	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 13 February 2023:

Khalid Bin Khalifa Al-Thani
Chairman

Saad Rashid Al-Muhannadi
Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of Qatari Riyals

	Note	2022	2021
Revenue	25	3,665,539	3,091,050
Direct costs	26	(2,992,875)	(2,744,556)
Gross profit		**672,664**	346,494
Other income	27	41,391	60,258
Other expenses	28	(61,647)	(24,781)
General and administrative expenses	29	(218,520)	(198,829)
Provision for impairment of financial assets, net	12(b)	(776)	(24,556)
Operating profit		**433,112**	158,586
Finance income		38,387	32,717
Finance costs		(181,926)	(129,067)
Net finance costs		(143,539)	(96,350)
Group's share of profit / (loss) in equity-accounted investees, net of tax	9	17,577	(2,515)
Profit for the year before net monetary loss arising from hyperinflation and tax		**307,150**	59,721
Net monetary loss arising from hyperinflation	3.3	(11,412)	-
Profit before tax		**295,738**	59,721
Income tax expense	30	(5,688)	(5,686)
Profit for the year		**290,050**	54,035
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss			
Debt investments at Fair Value Through Other Comprehensive Income (FVOCI) – net change in fair value		(31,432)	(18,689)
Foreign operations – foreign currency translation differences		(15,535)	(30,123)
Other comprehensive loss for the year		**(46,967)**	(48,812)
Total comprehensive income for the year		**243,083**	5,223
Profit / (loss) attributable to:			
Owners of the Company		290,164	54,182
Non-controlling interests		(114)	(147)
		290,050	54,035
Total comprehensive income / (loss) attributable to:			
Owners of the Company		243,197	5,369
Non-controlling interests		(114)	(146)
		243,083	5,223
Earnings per share			
Basic and diluted earnings per share (Qatari Riyal)	31	**0.156**	0.029

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of Qatari Riyals

	Attributable to owners of the Company								
	Share capital	Legal reserve	General reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	1,858,409	371,389	74,516	(25,712)	22,475	951,292	3,252,369	(52)	3,252,317
Total comprehensive income:									
Profit / (loss) for the year	-	-	-	-	-	54,182	54,182	(147)	54,035
Other comprehensive (loss) / income	-	-	-	(30,124)	(18,689)	-	(48,813)	1	(48,812)
Total comprehensive income / (loss) for the year	-	-	-	(30,124)	(18,689)	54,182	5,369	(146)	5,223
Social fund contribution (Note 22)	-	-	-	-	-	(1,351)	(1,351)	-	(1,351)
Transfer to legal reserve	-	5,919	-	-	-	(5,919)	-	-	-
Balance at 31 December 2021	1,858,409	377,308	74,516	(55,836)	3,786	998,204	3,256,387	(198)	3,256,189
Balance at 1 January 2022	1,858,409	377,308	74,516	(55,836)	3,786	998,204	3,256,387	(198)	3,256,189
Effect of hyperinflation (Note 3.3)	-	-	-	-	-	76,464	76,464	-	76,464
Total comprehensive income:									
Profit / (loss) for the year	-	-	-	-	-	290,164	290,164	(114)	290,050
Other comprehensive loss	-	-	-	(15,535)	(31,432)	-	(46,967)	-	(46,967)
Total comprehensive income / (loss) for the year	-	-	-	(15,535)	(31,432)	290,164	243,197	(114)	243,083
Social fund contribution (Note 22)	-	-	-	-	-	(7,251)	(7,251)	-	(7,251)
Transfer to legal reserve	-	7,031	-	-	-	(7,031)	-	-	-
Balance at 31 December 2022	**1,858,409**	**384,339**	**74,516**	**(71,371)**	**(27,646)**	**1,350,550**	**3,568,797**	**(312)**	**3,568,485**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of Qatari Riyals

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		290,050	54,035
Adjustments for:			
Depreciation of property and equipment	6	347,473	349,615
Impairment loss on property and equipment	6	2,202	-
Gain on sale of property and equipment		(352)	(4,380)
Loss on sale of property and equipment		445	-
Write-off of property and equipment		411	2,773
Depreciation of right-of-use assets	8	23,634	21,676
Share of profit of equity-accounted investees	9	(17,577)	2,515
Provision for slow-moving and obsolete inventories	11	1,554	705
Provision for impairment of financial assets	12 (b)	776	24,556
Provision for employees' end of service benefits	21	24,625	24,011
Net change in fair value of financial investments at FVTPL		36,781	(17,890)
Net gain from sale of financial investments	27	(13,027)	(15,085)
Profit distribution from managed investment funds	27	(3,652)	(3,888)
Dividend income	27	(3,543)	(3,326)
Finance income		(38,387)	(32,717)
Finance costs		181,926	129,067
Net monetary gain arising from hyperinflation		11,412	-
Operating profit before working capital changes		844,751	531,667
Changes in:			
Inventories		(110,637)	(46,492)
Contract assets		2,874	(609)
Trade and insurance receivables, prepayments and due from related parties		(378,371)	(68,690)
Contract liabilities		12,053	(3,998)
Trade and insurance payables, accruals and due to related parties		470,803	100,679
Cash generated from operations		**841,473**	512,557
Employees' end of service benefits paid	21	(13,856)	(14,140)
Net cash generated from operating activities		**827,617**	498,417
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	(275,987)	(177,764)
Acquisition of financial investments		(306,881)	(334,586)
Net movement in short-term investments		(397,774)	(119,598)
Finance income received		36,580	32,717
Proceeds from sale and maturity of financial investments		349,887	245,959
Proceeds from sale of property and equipment		1,228	20,478
Net movement in cash at banks – restricted for dividends		1,810	24,809
Profit distribution from managed investment funds		3,652	3,888
Dividends from equity-accounted investee		1,567	-
Dividends received		3,543	3,326
Net cash used in investing activities		**(582,375)**	(300,771)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	8	(20,048)	(20,223)
Proceeds from loans and borrowings	19	106,288	286,309
Repayment of loans and borrowings	19	(143,323)	(411,140)
Movement in unclaimed dividend bank account	23	(1,810)	(24,809)
Finance costs paid		(141,936)	(126,604)
Net cash used in financing activities		**(200,829)**	(296,467)
Net change in cash and cash equivalents		44,413	(98,821)
Effect of movements in exchange rates on cash held		4,428	11,521
Cash and cash equivalents at 1 January		298,987	386,287
Cash and cash equivalents at 31 December	15	**347,828**	298,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

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 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 (refer Note 33).

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 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	Country of incorporation	Shareholding 2022	2021
Al Koot Insurance & Reinsurance Company P.J.S.C.	Qatar	**100%**	100%
Amwaj Catering Services Limited. (Qatari Private Shareholding Company) *	Qatar	**100%**	100%
Gulf Helicopters Company (Qatari Private Shareholding Company)	Qatar	**100%**	100%
Gulf Drilling International Limited (Qatari Private Shareholding Company)	Qatar	**100%**	100%

* In accordance with the initial agreement dated 1 December 2022, signed by the Company and a third party, in relation to a potential all-share merger between Amwaj Catering Services Limited (Qatari Private Shareholding Company) and a selected group of companies of the third party engaged in the hospitality and food business. The shareholding of the merged entity will be held by the Company and the third party. The merger is conditional on all shareholders entering into definitive agreements and obtaining regulatory approvals, as well as respective general assembly meeting approvals. The complete details of the merger will be announced at a later stage after a definitive merger agreement has been entered into.

These 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 2022	2021
Gulfdrill 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	Indirect subsidiary	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%

Where necessary, adjustments are made to the 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. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as issued by International Accounting Standard Board (IASB).

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial investments that are measured at fair value at the end of each reporting period.

c) Functional and presentational currency

These consolidated financial statements are presented in Qatari Riyal, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows:

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Revenue from contracts with customers
Judgments have been applied to determine the performance obligations and timing of transfer of control (point in time or over time) over goods or services to a customer.

Depreciation of property and equipment
Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, technological or commercial obsolescence and impacts the annual depreciation charge recognized in the consolidated financial statements. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.

Impairment assessment of non-financial assets (other than inventories)
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there are any indications of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management identified evidence from external factors and internal reporting indicating impairment of an asset or class of assets. The recoverable amounts of CGUs have been determined as higher of fair value less cost to sell and value-in-use. These calculations require the use of significant estimates and assumptions about the future, which could impact the recoverable amount and resultant impairment losses recognized.

Impairment assessment of Goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4(c). The recoverable amounts of CGUs have been determined as higher of fair value less cost to sell and value-in-use. These calculations require the use of significant estimates and assumptions about the future, which could impact the recoverable amounts of CGUs and the conclusion that no goodwill impairment is required.

Provision for expected credit losses of financial assets
The Group uses a provision matrix to calculate Expected Credit Loss (ECL) for its financial assets (including accrued income). The provision rates are based on days past due for the Group's various customer segments that have similar loss pattern.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Provision for decommissioning costs
As part of the identification and measurement of assets and liabilities, the Group has recognised a provision for decommissioning obligations associated with a leased land and buildings. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the assets from the site.

Unearned premiums
The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Unearned premiums are calculated on a daily pro rata basis.

Provision for outstanding claims
Considerable judgement by management is required in the estimation of amounts due to policyholders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. In particular, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the end of the reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends and loss ratios to predict future claims settlement trends with the support of external activities for certain line of business. Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported (IBNR) on a half-yearly basis.

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to the accounting policy "Financial instruments" in Note 4(e). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

Provision for employees' end of service benefits
Management has measured the Group's obligation for the post-employment benefits of its employees based on the provisions of applicable labour laws. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in profit or loss.

Lease liabilities
Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgement. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto renewal or there are renewal options that are unclear if they will be exercised at the option date. The extension of the lease term significantly influences the value of the lease liability and the related right-of-use asset and arriving at a conclusion sometimes requires significant judgement calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the finance lease liability and the fair value of the underlying asset.

Provision for slow moving and obsolete inventories
Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Other provisions and liabilities
Other provisions and liabilities are recognised in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

A change in estimate of a recognised provision or liability would result in a charge or credit to statement of profit or loss in the period in which the change occurs.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

3.1 New standards, amendments and interpretations effective from 1 January 2022

The Group adopted the below amendments and improvements to International Financial Reporting Standards ("IFRS") that are effective for annual periods beginning on 1 January 2022:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

The adoption of these amendments and improvements have had no significant impact on these consolidated financial statements.

3.2 New, amended standards and interpretations not yet effective

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") that are available for early adoption for financial years beginning after 1 January 2023 and they have not been applied in preparing these consolidated financial statements:

Effective for year beginning 1 January 2023	Classification of liabilities as current or non-current - Amendments to IAS 1 IFRS 17 Insurance Contracts Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 Definition of Accounting Estimates - Amendments to IAS 8 Deferred Tax related to Assets and Liabilities arising from a single transaction - Amendments to IAS 12
Effective date deferred indefinitely / available for optional adoption	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Management does not expect that the adoption of the above new and amended standards, except IFRS 17 'Insurance Contracts', that establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The standard is effective for annual periods beginning on or after 1 January 2023 with an earlier application is permitted.

3.3 IAS 29 – Financial Reporting in Hyperinflationary Economies

Classification of Turkey as a hyperinflationary economy

The Group has operations in Turkey through its indirect subsidiary namely Redstar Havacilik Hizmetleri A.S.

The functional currency of the subsidiary in Turkey is Turkish Lira.

From 1 April 2022, the Turkish economy has been considered hyperinflationary based on the characteristics established by International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ('IAS 29'). This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

IAS 29 requires that consolidated financial statements are stated in terms of the measuring unit current at the balance sheet date which requires restatement of non-monetary assets and liabilities to reflect the changes in the general purchasing power of the Turkish Lira.

The restatements were calculated by means of conversion factors derived from the consumer price indices. Such index as announced by Turkish Statistical Institute and conversion factors used to restate the balances are as follows:

Date	Index
31 December 2022	1128.45
31 December 2021	686.95

The basic principles applied in the accompanying consolidated financial statements, are summarized in the following paragraphs.

Adjustment for prior years
Adjustment of the historical carrying values of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the reporting period to reflect the changes in purchasing power of the currency caused by inflation, according to the indices published by the Turkish Statistical Institute. The cumulative impact for previous years amounting to QR 76.47 million has been reflected through consolidated statement of changes in equity. Since Group's comparative amounts are presented in a stable currency, these comparative amounts are not restated.

Adjustment for current year

Monetary assets and liabilities, which are carried at amounts current at the date of consolidated statement of financial position, are not restated because they are already expressed in terms of the monetary unit current at the date of consolidated statement of financial position.

Non-monetary assets and liabilities, which are not carried at amounts current at the date of consolidated statement of financial position, and components of owners' equity are restated by applying the relevant conversion factors.

Net monetary loss arising from hyperinflation amounting to QR 11.412 million is recognized in the consolidated statement of profit or loss and other comprehensive income.

All items in the statement of profit or loss are restated by applying the conversion factors from the date on which the transaction originated except for those amounts deriving from non-monetary items, which are calculated based on the restated values of the related items.

The effect of application indices on the Group's net monetary position is included in the consolidated statement of profit or loss as monetary gain or loss.

All items in the statement of cash flows are expressed in a measuring unit current at the date of statement of financial position; they are therefore restated by applying the relevant conversion factors from the date on which the transaction originated.

3.4 IFRS 17 'Insurance Contracts'

The Group will apply IFRS 17 for the first time on 1 January 2023. This standard will bring significant changes to the accounting for insurance and reinsurance contracts and is expected to have a material impact on the Group's financial statements in the period of initial application.

A IFRS 17 Insurance Contracts – Quantitative impact

The Group is in an advanced stage of assessing the quantitative impact of applying IFRS 17, however, because not all of the transition work has been finalized, the actual impact of adopting IFRS 17 on 1 January 2023 may change because:

- The Group is continuing to refine the new accounting processes and internal controls required for applying IFRS 17;
- Although parallel runs were carried out starting in the third quarter of 2022, the new system and controls in place are yet to be fully operational.
- The Group is in the process of testing and assessment of control over its new IT system and changes to its governance framework; and
- The new accounting policies, assumptions, judgements and estimation techniques employed can be subjected to change though some parts of it have been completed.

These refinements are being made by the Group to ensure that the adoption of IFRS 17 would reflect a true and fair view of its operating results, financial position and cash flows.

B IFRS 17 Insurance Contracts – Qualitative disclosures

IFRS 17 replaces IFRS 4 'Insurance Contracts' and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

1) Identifying contracts in the scope of IFRS 17

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with Discretionary Participation Feature (DPF).

When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Group does not expect significant changes arising from the application of these requirements.

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For investment contracts with DPF, under IFRS 4 the Group separately identifies and classifies part of the DPF as equity. Under IFRS 17, the Group will consider all of the discretionary benefits in the measurement of the liabilities. In addition, these contracts are currently subject to the disclosure requirements of IFRS 7 Financial Instruments: Disclosures and some of the presentation requirements of IAS 32 Financial Instruments: Presentation. On transition to IFRS 17, they will no longer be subject to those requirements because the presentation and disclosure requirements of IFRS 17 will apply to them.

2) Level of aggregation

Under IFRS 17, insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a CSM, against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

3) Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Group expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Some term life and critical illness contracts issued by the Group have annual terms that are guaranteed to be renewable each year. Currently, the Group accounts for these contracts as annual contracts. Under IFRS 17, the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts will be within the contract boundary. This is because the Group does not have the practical ability to reassess the risks of the policyholders at individual contract or portfolio level.

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Some of the Group's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Group and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under IFRS 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

3) Measurement – overview

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM. For an explanation of how the Group will apply the measurement model.

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts that are substantially investment-related service contracts under which the Group promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

PAA

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. For an explanation of how the Group will apply the PAA.

The Group expects that it will apply the PAA to its all insurance contracts because of the following criteria are expected to be met at inception.

- Insurance contracts and loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

5) Measurement non-life contracts

On initial recognition of each group of Non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Group will elect to recognise insurance acquisition cash flows as expenses when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. The Group expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Group will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The Group will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Impact assessment

Although the PAA is similar to the Group's current accounting treatment when measuring liabilities for remaining coverage, the following changes are expected in the accounting for Non-life contracts.

Changes from IFRS 4	Impact on equity on transition of IFRS 17
Under IFRS 17, the Group will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Group does not currently discount such future cash flows.	Increase
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non- financial risk. This is not explicitly allowed for currently.	Decrease
The Group's accounting policy under IFRS 17 to expense eligible insurance acquisition cash flows when they are incurred differs from the current practice under which these amounts are recognised separately as deferred acquisition costs.	Decrease

6) Measurement – significant judgements and estimates

Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Group will generally allocate insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts in each group.

Discount rates

The Group will generally determine risk-free discount rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields will be used. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes to long-term expectations. To reflect the liquidity characteristics of the contracts, the risk-free yield curves will be adjusted by an illiquidity premium. Illiquidity premiums will generally be determined by comparing the spreads on corporate bonds with the costs of credit default swaps with matching critical terms for the same issuer.

The requirement to measure liabilities for insurance contracts and investment contracts with DPF using current discount rates will be a significant change from the Group's current practice. For Non-life contracts, the Group does not currently discount future cash flows.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately for the Life and Non-life contracts and allocated to groups of contracts based on an analysis of the risk profiles of the groups. They reflect the effects of the diversification benefits between entities, which will be determined using a correlation matrix technique.
The risk adjustments for non-financial risk will be determined using a confidence level technique for Liabilities for incurred claims of Non-life contracts.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Group will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level will be 90 percent for liabilities for incurred claims of Non-life contracts.

Applying a cost of capital technique, the Group will determine the risk adjustment for non-financial risk by applying a cost of capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity, consistently with the Group's current practice. The required capital will be determined by estimating the probability distribution of the present value of future cash flows from the contracts at each future reporting date and calculating the capital that the Group would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a 99.5 percent confidence level. The cost of capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Group's weighted-average cost of capital rate is 4.5 percent at 1 January 2023.

CSM

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

The Group will determine the quantity of the benefits provided under each contract as follows.

Product	Basis for determining quantity of benefits provided
• Immediate fixed annuity	• Annuity amount payable in each period
• Traditional participating	• Insurance coverage: net amount at risk (i.e. guaranteed minimum benefits less account value), if any • Investment services: account value
• Quota share reinsurance	• The same basis as the underlying contracts, including expected new underlying contracts within the reinsurance contract boundary
• Excess of loss and stop loss reinsurance	• Expected amount of underlying claims recoverable from reinsurance in each period

7) Presentation and disclosure
IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group's financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into
(a) an insurance service result, comprising insurance revenue and insurance service expenses; and
(b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 will provide added transparency about the sources of profits and quality of earnings.

Insurance service result

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice of recognising revenue when the related premiums are written.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Investment components will not be included in insurance revenue and insurance service expenses under IFRS 17. As a result, the Group expects a significant reduction in the total amounts of revenue and expenses from contracts with investment components compared with those recognised under the current practice. The Group will identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. The Group has identified that its universal life, participating and non-participating whole-life contracts contain an investment component, determined as the surrender value specified in the contractual terms less any accrued fees.

The Group will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.

Insurance finance income and expenses
Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss as a reclassification adjustment.

For Participating and Non-life contracts, the Group will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

Disclosure
IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts, reinsurance contracts and investment contracts with DPF.

Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

8) Transition

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Group will apply each of the following modifications only to the extent that it does not have reasonable and supportable information to apply IFRS 17 retrospectively.

Assessments at inception or on initial recognition

Some groups of immediate fixed annuity contracts issued between 2011 and 2013 contain contracts issued more than one year. For these groups, the discount rates on initial recognition will be determined at 1 January 2022 instead of at the date of initial recognition.

Contracts without direct participating features

The Group will apply the following modifications to certain group of contracts.

- For group of contracts issued or initiated between 2011 and 2015, the future cash flows on initial recognition will be estimated by adjusting the amount at 1 January 2016 or an earlier date (determined retrospectively) for the cash flows that are known to have occurred before that date. The earliest date on which future cash flows can be determined retrospectively for these group of contracts is 1 January 2012.
- For group of contracts issued or initiated between 2011 and 2013 (except for some groups of immediate fixed annuity contracts as described above), the liquidity premium applied to the risk-free yield curves on initial recognition will be estimated by determining an average spread between the risk- free yield curves and discount rates determined retrospectively for the period between 1 January 2014 and 1 January 2022.
- For some group of contracts, the risk adjustment for non-financial risk on initial recognition will be determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk will be determined with reference to the release of risk similar contracts that the Group issued at 1 January 2022.

If any of these modifications is used to determined CSM on initial recognition, then the amount of the CSM recognised in profit or loss before 1 January 2022 will be determined by comparing the coverage units provided before 1 January 2022 and the remaining coverage units at 1 January 2022.

Direct participating contracts

For certain groups of contracts issued between 2004 and 2015, the Group will determine the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group as follows.

The fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:

- amounts charged to the policyholders (including charges deducted from the underlying items) before 1 January 2022;
- amounts paid before 1 January 2022 that would not have varied based on the underlying items;
- the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022, which will be estimated based on analysis of similar contracts that the Group issued at 1 January 2022; and
- insurance acquisitions cash flows arising before 1 January 2022 that are allocated to the group.

If the calculation results in a CSM, then the Group will measure the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 will be determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022.

If the calculation results in a loss component, then the Group will measure the loss component to zero and increase the liability for remaining coverage excluding the loss component by the same amount at 1 January 2022.

Reinsurance of onerous underlying contracts

For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group will establish a loss- recovery component at 1 January 2023. For some groups of contracts measured under the modified retrospective approach, the Group will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2023.

For reinsurance contracts initiated between 2011 and 2013, the Group will not identify a loss-recovery component because it does not have reasonable and supportable information to do so.

Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2023 will be determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. The Group will measure the fair value of the contracts as the sum of the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and an additional margin, determined using a confidence level technique.

The cash flows considered in the fair value measurement will be consistent with those that are within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts will not be considered in determining the fair value of those contracts if they are outside the contract boundary. The present value of the future cash flows considered in measuring fair value will be broadly consistent with that determined in measuring the fulfilment cash flows. Although the Group's own non-performance risk will be considered when measuring the fair value of liabilities but not when measuring the fulfilment cash flows, the effect is expected to be insignificant.

Differences in the Group's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows will give rise to a CSM at 1 January 2023. In particular, in measuring fair value the Group will include a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining this margin, the Group will consider certain costs that are not directly attributable to fulfilling the contracts (e.g. general overheads) and certain risks that were not reflected in the fulfilment cash flows (e.g. general operational risk), among other factors that a market participant would consider.

For all contracts measured under the fair value approach, the Group will use reasonable and supportable information available at 1 January 2023 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract;
- how to identify discretionary cash flows for contracts without direct participation features; and
- whether an investment contract meets the definition of an investment contract with DPF.

Some groups of contracts measured under the fair value approach will contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition will be determined at 1 January 2023 instead of at the date of initial recognition.

For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2023 will be determined to be zero.

For groups of reinsurance contracts covering onerous underlying contracts, the Group will establish a loss-recovery component at 1 January 2023. The Group will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

a) Basis of consolidation

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests ('NCI')
NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

b) Property and equipment

Recognition and measurement

Items of property and equipment are recognized at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

The estimated useful lives of the assets are as follows:

	Useful life
Buildings	4 - 20 years
Aircraft	10 - 20 years
Plant and machinery	2 - 7 years
Rigs	15 - 30 years
Other property and equipment:	
Ground and radio equipment and tools	4 - 6 years
Motor vehicles	4 - 5 years
Furniture, fixtures and office equipment	3 - 7 years
Computers	3 years

The asset's residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation is calculated from when the assets are ready for their intended use. Depreciation is based on the estimated useful lives of the applicable assets on a straight-line basis, except capitalised maintenance expenditures, which are depreciated over the estimated flying hours based on the nature of the overhaul and type of aircraft. Capitalised maintenance expenditures represent major overhaul and inspections costs to aircraft, engines and gearboxes.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profit and loss on disposals of items of property and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within consolidated statement of profit or loss.

Capital work-in-progress

Capital work-in-progress is carried at cost less impairment, if any. capital work-in-progress is not depreciated. once assets within the capital work-in-progress category are completed, they are reclassified to the relevant category of other machinery and equipment stated above and depreciated accordingly once they are put into use.

c) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

d) Inventories

Inventories are measured at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the following methods:

- Drilling related inventories are calculated using weighted average method;
- Aviation related inventories are calculated using specific identification method; and
- Catering related inventories are calculated using First-in-First Out (FIFO) method.

e) Financial instruments

i. Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

f) Impairment

i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets, if any.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than the credit days past due as per agreement.

The Group considers a financial asset to be in default when:

- The counterparty is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than contractual days past due.

The Group considers a debt security, if any, to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI if any are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due more than the credit period;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to the Profit or Loss and is recognised in Other Comprehensive Income ('OCI').

Write-off

The gross carrying amount of a financial assets is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or the CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

g) Claims and expense recognition - Insurance

Claims incurred consist of amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to the profit or loss as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not. Provisions for reported claims, but not settled as at the end of the reporting period, are made on the individual case estimates. In addition, a provision based on a range of historical trends, empirical data and current assumptions is maintained for the cost of settling claims incurred but not reported at the end of the reporting period.

Reinsurers' share of claims

Reinsurers' share of claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

h) Liability adequacy test

At the end of each reporting period, the Group assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future claims flows, the entire deficiency is immediately recognized in profit or loss.

i) Reinsurance

The Group enters into agreements with other parties for reinsurance purposes, in order to minimize insurance risk exposure from large claims and to ensure the risk management policy of the Group, in the normal course of business for all of its business classes. Reinsurance contract assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsurance business.

Reinsurance assets are reviewed for impairment at the end of each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measureable impact on the amounts that the Group will receive from the reinsurance companies. The impairment loss is recorded in profit or loss.

Reinsurance contract liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

j) Deferred acquisition costs (DAC)

DAC are amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in profit or loss, the deferred portion of the acquisition costs is included in the consolidated statement of financial position.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DAC are included as a part of the liability adequacy test for each reporting period.

DAC are derecognised when the related contracts are either settled or disposed off.

k) Insurance contract liabilities

Insurance contract liabilities include the provision for outstanding claims, provision for claims incurred but not reported and the provision for unearned premium. Insurance contact liabilities are recognized when contracts are entered into and premiums are charged. The provision for outstanding claims is recognized for claims reported but not settled and accounts for the liability for unpaid loss and loss adjustment expense amounts based on the management's and loss adjusters' best estimate.

The provision for claims incurred but not reported is calculated based on empirical data, historical trends and patterns and appropriate assumption with the application of widely acceptable actuarial techniques.

The provision for unearned premium represents the portion of premium which relates to risks that have not expired as the reporting date. The provision for unearned premium is calculated based on the insurance service pattern provided by the insurance contract and is recognized as income over the term of the contract.

The Group reviews the adequacy of the provision for unearned premium to cover costs associated with liability arising from unexpired risk at each reporting date. Where the provision is considered inadequate to cover future contractual obligations for unexpired risks, a provision for premium deficiency is established and recognized.

l) Cash and bank balances

Cash and bank balances comprise cash at banks, cash in hand and short-term deposits. Short-term deposits held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, capable of being readily convertible to a known amount of cash and with an insignificant risk of changes in value are classified as cash and bank balances.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of any outstanding bank overdrafts, unclaimed dividend balances and restricted deposits.

m) Share capital

Ordinary shares issued by the Company are classified as equity.

n) Provisions

A provision is recognised when:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- It is probable that the Group will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting to present value the future expenditures expected to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

o) Employees' end of service benefits and pension entitlements

The Group provides end of service benefits to its employees in accordance with employment contracts and the applicable labour laws. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, and are payable to the employees on termination of their employment with the Group. The expected costs of these benefits are accrued over the period of employment. The Group does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in profit or loss.

The Group has no expectation of settling its employees' end of service benefits obligation within 12 months from the reporting date and, therefore, it has classified the obligation within non-current liabilities in the consolidated statement of financial position.

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

p) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy
Catering, manpower accommodation and housekeeping, and other revenue	The Group provides catering, manpower, accommodation and cleaning services to customers. Length of the contract depends on the customers' requirement. Revenue is recognised over the period of contract based on the output.	Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed.
Function or events sales	Revenue is recognized based on the goods delivered.	Revenue is recognised point in time when the foods were delivered to the customers based on the rates agreed with the customer.
Helicopter transportation services	As these services are provided "over time", revenue is recognized accordingly. Transfer of control of the service is assessed based on the service performed. Invoices are normally issued on a monthly basis and are usually payable within 30-60 days.	Revenue is recognised over time as the services are provided.
Air ambulance services, supply of spares, maintenance, repair operation services (MRO) and training services.	Revenue is recognized "point in time" based on the actual services rendered and goods delivered. Invoices are normally issued as and when the service is performed and are usually payable within 30-60 days.	Revenue is recognised point in time when the services were delivered to the customers based on the rates agreed with the customer.
Rig management services	Revenue from rig management services is recognized over time as the customer obtains the control of management services. Customers obtain control when the management services as specified in the contract are being performed at the customer's premises. Invoices are generated monthly basis. Invoices are usually payable within 45 days.	The Group recognizes revenue for rig management services over time as the rig management services are rendered. Revenue is recognized at an amount derived by considering the contractual daily rig maintenance fee and the number of days the rig management services was provided.
Drilling and related services	Customers generally contract for a comprehensive agreement to provide integrated services to operate a rig and drill a well. The Group is seen by the operators as the overseer of all services and are compensating the Group to provide that entire suite of services. In identifying performance obligations, IFRS 15 series guidance states that a contract may contain a single performance obligation composed of a series of distinct goods or services if: a) each distinct good or service is substantially the same and would meet the criteria to be a performance obligation satisfied over time; and b) each distinct good or service is measured using the same method as it relates to the satisfaction of the overall performance obligation.	The Group determined that the delivery of day rate drilling services is within the scope of the series guidance as both criteria are met: - each distinct increment of service (i.e. hour available to drill) that the Group promises to transfer represents a performance obligation that would meet the criteria for recognizing revenue over time; and - the Group would use the same method for measuring progress toward satisfaction of the performance obligation for each distinct increment of service in the series. Consideration for activities that are not distinct within the scope of contracts, such as mobilization, demobilization and upgrade/modification, and do not align with a distinct time increment within the contract term are allocated across the single performance obligation and are recognised over the expected recognition period in proportion to the passage of each hour available to drill. Consideration for activities which align with a distinct time increment within the contract term is recognised in the period when the services are performed. Drilling services are consumed as the services are performed and generally enhance a well site which the customer controls. Work performed on a well site does not create an asset with an alternative use to the contractor since the well/asset being worked on is owned by the customer. Therefore, the Group's measure of progress for a drilling contract is hours available to drill over the contracted duration. This unit of measure is representative of an output method as described in IFRS 15.

Revenue from insurance contracts

Premiums and reinsurance premiums are taken into income over the terms of the policies to which they relate. Gross insurance and reinsurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences.

Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated at actual number of days method (daily pro-rata basis). The change in the provision for unearned premium is taken to the statement of income in order that revenue is recognised over the period of risk.

q) Expenses recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.

An expense is recognized immediately in profit or loss when it produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statement of financial position as an asset, such as in the case of asset impairments.

r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (Note 33).

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the parent company assets and related general and administrative expenses and goodwill recognized on business combination.

s) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the respective group entity at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognized in profit or loss and presented within 'other expenses'.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill, if any and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in Other Comprehensive Income ('OCI') and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

t) Social fund contribution

The Group makes contributions equivalents to 2.5% of the adjusted consolidated net profit for the year into a state social fund for the support of sports, cultural, social and charitable activities. This is presented in the statement of changes of equity as an appropriation of profit in accordance with Law No. 13 of 2008. In pursuant to this Law and further clarifications, the Group has made an appropriation amounting to QR 7,251 thousand during the year (31 December 2021: QR 1,351 thousand).

u) Dividend distributions

Dividend distributions are at the discretion of the Group. A dividend distribution to the Group's shareholders is accounted for as a deduction from retained earnings. A declared dividend is recognised as a liability in the period in which it is approved by the shareholders.

v) Equity-accounted investees

An equity-accounted investee can be an associate, an entity where the Group has significant influence, or a joint venture whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group has investments in joint ventures.

The results and assets and liabilities of the equity-accounted investees are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an equity-accounted investee is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of an equity-accounted investee exceeds the Group's interest in that investee, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9 "Financial Instruments". The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. If a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Group also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

x) Income tax

Current tax

The Company is exempt from tax. Current tax in these financial statements comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years related to the subsidiaries of the Company as per the tax laws and relevant subsequent executive regulations applicable in Qatar as at the reporting date. Refer to Note 30 for further details related to settlement mechanism of the above tax liabilities.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

y) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (less than USD 10,000) and short-term leases (one year or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

At the inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators as whether the lease is for the major part of the economic life of the asset.

5. FINANCIAL RISK AND CAPITAL MANAGEMENT

a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

i) Insurance risk;
ii) Credit risk;
iii) Liquidity risk; and
iv) Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group and to monitor risks.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

i) Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly energy, fire and general accident, marine and medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident - Property

Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties. For property insurance contracts the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Health

Health insurances is insurance against the risk of incurring medical expenses among individuals or the employees of corporate bodies. The strategy for the health class of business is to ensure that policies are written within the group and by proper cession.

Reinsurance risk

In common with other insurance companies, in order to minimize financial exposure arising from large claims, the Group, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurance insolvencies, the Group evaluates the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Concentration of risks

The Group's insurance risk relates to policies written in the State of Qatar only.

Sources of uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts, these mainly relate to the inherent risks of the business activities carried out by individual policyholders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policy holders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises of provision for IBNR, provision for reported claims not yet paid and a provision for unexpired risks as at the reporting date. In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

Claims development

The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Further information about the Group's exposure to insurance risk is provided in Note 34 (a).

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty and arises principally from the Group's receivables from customers and financial investments in debt securities.

Further information about the Group's exposure to credit risk is provided in Note 34 (b).

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Further, information about the Group's exposure to liquidity risk is provided in Note 34 (c).

iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group entity's functional currency.

Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment in equity securities.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector. The Group has no significant concentration of price risk.

Further information about the Group's exposure to market risk is provided in Note 34 (d).

b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. Management monitors its capital structure and makes adjustments to it, in light of economic conditions.

The Group monitors capital using a ratio of 'net debt' to 'equity'. The Group's capital management policy remained unchanged since the previous year.

	2022	2021
Total borrowings (i)	4,289,232	4,325,409
Less: Cash and cash equivalents*	(1,093,954)	(647,619)
Net debt	**3,195,278**	3,677,790
Total equity (ii)	**3,568,485**	3,256,189
Net debt to equity ratio	**90%**	113%

* Cash and cash equivalents and short-term investments.

(i) Total borrowings are defined as short and long term borrowings (loan and borrowings) as detailed in Note 19.

(ii) Total equity includes all capital, retained earnings and reserves of the Group that are managed as capital.

الخليج الدولية للخدمات

Gulf International Services

Gulf International Services Q.P.S.C.

6. PROPERTY AND EQUIPMENT

	Freehold land	Buildings	Rigs and machinery	Other property and equipment	Capital work-in-progress	Total
Cost:						
Balance at 1 January 2021	90,826	172,833	9,595,149	621,588	84,482	10,564,878
Additions	-	-	146,327	28,710	2,727	177,764
Transfers	-	-	15,956	9,451	(25,407)	-
Disposals	-	-	(358,416)	(23,386)	-	(381,802)
Write-offs	-	-	-	-	(2,773)	(2,773)
Transfer to other assets	-	-	-	-	(9,449)	(9,449)
Effect of movements in exchange rates	-	(81)	(48,875)	(4,182)	(849)	(53,987)
Balance at 31 December 2021 / 1 January 2022	90,826	172,752	9,350,141	632,181	48,731	10,294,631
Additions	-	-	98,818	26,253	150,916	275,987
Transfers	-	-	26,911	357	(27,268)	-
Disposals	-	-	(7,395)	(4,433)	(687)	(12,515)
Write-offs	-	-	(6,103)	(7,110)	-	(13,213)
Effect of hyperinflation (Note 3.3)	-	-	78,013	8,333	2,443	88,789
Effect of movements in exchange rates	-	12	(27,005)	(2,292)	(582)	(29,867)
Balance at 31 December 2022	**89,326**	**172,764**	**9,513,380**	**653,289**	**173,553**	**10,603,812**
Accumulated depreciation and impairment losses:						
Balance at 1 January 2021	-	95,935	4,117,388	522,924	-	4,736,247
Depreciation charge for the year (Note 6.2)	-	5,207	308,146	36,262	-	349,615
Disposals	-	-	(349,316)	(23,379)	-	(372,695)
Effect of movements in exchange rates	-	(62)	(7,281)	(2,474)	-	(9,817)
Balance at 31 December 2021 / 1 January 2022	-	101,080	4,068,937	533,333	-	4,703,350
Depreciation charge for the year (Note 6.2)	-	4,858	306,966	35,649	-	347,473
Impairment loss (Note 6.3)	-	-	2,202	-	-	2,202
Disposals	-	-	(7,293)	(3,901)	-	(11,194)
Write-offs	-	-	(5,928)	(6,874)	-	(12,802)
Effect of hyperinflation (Note 3.3)		-	12,778	5,701	-	18,479
Effect of movements in exchange rates	-	10	(3,560)	(1,102)	-	(4,652)
Balance at 31 December 2022	**-**	**105,948**	**4,374,102**	**562,806**	**-**	**5,042,856**
Net carrying value:						
At 31 December 2022	**90,826**	**66,816**	**5,139,278**	**90,483**	**173,553**	**5,560,956**
At 31 December 2021	90,826	71,672	5,281,204	98,848	48,731	5,591,281

6.1 Freehold land mainly comprises of a plot of land acquired by Al Koot Insurance and Reinsurance Company P.J.S.C. for the purpose of setting up an administrative and operations office.

6.2 Depreciation charge for the year has been included in the consolidated statement of profit or loss as follows:

	2022	2021
Direct costs (Note 26)	335,827	336,179
General and administrative expenses (Note 29)	11,646	13,436
	347,473	349,615

6.3 As at 31 December 2022, the management has carried out an assessment of impairment of its aircraft and rigs in light of the external indicators, current economic conditions surrounding the oil prices and market rates of such assets. The Group considers each of its aircraft and drilling rig together with lift boat and accommodation barges as individual CGUs. Based on the assessment, recoverable amount of each CGU was found to be more than its carrying value except certain aircraft (Bell series) and accordingly, impairment loss of QR 2.2 million in respect of aircraft, has been recognised as at 31 December 2022. This impairment loss is included in 'Other expenses' in Note 28.

The Group has used contractual cash flows in determining the recoverable amount of each CGU (aircraft and rigs) discounted using the Weight Average Cost of Capital (WACC) of 12.4% (2021:10%) and 8.8% (2021: 6.4%) respectively.

6.4 Certain buildings are constructed on a plot of land leased out from Civil Aviation Authority which had a carrying amount of QR 1,802 thousand at reporting date (2021: QR 1,976 thousand).

7. GOODWILL

	2022	2021
Goodwill	303,559	303,559

On 31 May 2012, the Group acquired 100% shares of Amwaj Catering Services Limited (Qatari Private Shareholding Company) ("Amwaj"), a company incorporated in the State of Qatar, resulting in a goodwill of QR 303,559.

Goodwill related to the acquisition has been allocated to Amwaj operations as one CGU. Management of the Group performs an impairment assessment of this goodwill on each reporting date.

According to this exercise, recoverable value of CGU was estimated to be higher than its carrying amount and no impairment was required at the reporting date. The followings are the key assumptions used and significant judgments applied in determination of value-in-use:

	2022	2021
Projection period	5 years	5 years
Terminal growth rate	3%	2%
Discount rate – pre-tax	7.5%	7.5%
Profit margins	1.4% to 3%	3% to 5.2%
Average revenue growth rate (over the projection period)	6%	4%

- Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by Board of Directors of Amwaj covering a five-year period.
- Cash flows beyond the five-year period are considered assuming that Amwaj will continue in business and term of Amwaj will be extended / renewed after the expiry.
- The terminal growth rate used does not exceed the long-term average growth rate for the catering industry in which Amwaj operates.
- The pre-tax discount rate applied is the weighted average cost of capital specific to the catering industry and is adjusted for debt equity ratio.
- Management determined budgeted margins based on past performance and its expectations of market development.
- The growth rates used are consistent with the forecasts approved by the Board of Directors.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movement of Group's right-of-use assets was as follows:

	2022	2021
Balance at 1 January	36,292	45,352
Additions for the year	15,073	12,616
Depreciation charge for the year	(23,634)	(21,676)
Balance at 31 December	27,731	36,292

Depreciation charge for the year has been included in the consolidated statement of profit or loss as follows:

	2022	2021
Direct costs (Note 26)	23,501	20,876
General and administrative expenses (Note 29)	133	800
	23,634	21,676

In relation to above right-of-use assets, the Group has recorded lease liabilities as below:

	2022	2021
Balance at 1 January	44,815	53,920
Additions for the year	15,073	8,655
Finance cost for the year	1,531	2,463
Payments made during the year	(20,048)	(20,223)
	41,371	44,815

Lease liabilities are presented in consolidated statement of financial position as follows:

	2022	2021
Non-current liabilities	7,432	15,947
Current liabilities	33,939	28,868
	41,371	44,815

9. EQUITY-ACCOUNTED INVESTEES

	2022	2021
Investment in joint ventures	28,088	12,078

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

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

Gulfdrill L.L.C. (GD):

The Group has entered into a joint venture arrangement with Seadrill Jack Up Holding Limited to form Gulfdrill 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% (2021: 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% (2021: 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.

31 December 2022	**GD**	**GASL**	**AOM**	**Total**
Percentage ownership interest	50%	49%	49%	
Non-current assets	321,449	1,261	1,729	**324,439**
Non-current liabilities	(108,310)	-	(2,041)	**(110,351)**
Current assets	372,315	70,368	29,974	**472,657**
Current liabilities	(559,588)	(63,779)	(13,539)	**(636,906)**
Net assets (100%)	25,866	7,850	16,123	**49,839**
Carrying amount of interest in joint ventures	12,933	3,537	11,618	**28,088**
Revenue	748,157	20,214	58,074	**826,446**
Expenses	(714,254)	(22,460)	(46,352)	**(783,067)**
Profit / (loss) for the year and other comprehensive income	33,903	(2,246)	11,722	**43,379**
Group's share of profit / (loss) and other comprehensive income *	12,933	(1,100)	5,744	**17,577**
Carrying amount of the investments	12,933	3,537	11,618	**28,088**

31 December 2021	GD	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	(1,076,545)	(30,420)	(4,629)	(1,111,594)
Net assets (100%)	(9,333)	11,275	10,345	12,287
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	(21,221)	1,653	8,756	(10,812)
Group's share of profit / (loss) and other comprehensive income	(7,615)	810	4,290	(2,515)
Carrying amount of the investments	-	4,637	7,441	12,078

* In the previous year, the Group's share of losses of GD exceeded the Group's interest in GD. Accordingly, the Group discontinued recognising its share of further losses and no additional losses were recognised as the Group had incurred no legal or constructive obligations or made payments on behalf of GD. During the year, the Group recognised its share of profits in GD after eliminating unrecognised losses from prior year.

Reconciliation of carrying amounts:

31 December 2022

	GD	**GASL**	**AOM**	**Total**
Balance at 1 January	-	4,637	7,441	**12,078**
Group's share of profit / (loss) for the year	12,933	(1,100)	5,744	**17,577**
Dividends received	-	-	(1,567)	**(1,567)**
Balance at 31 December	**12,933**	**3,537**	**11,618**	**28,088**

31 December 2021

	GD	GASL	AOM	Total
Balance at 1 January	7,615	3,827	3,151	14,593
Group's share of profit / (loss) for the year	(7,615)	810	4,290	(2,515)
Balance at 31 December	-	4,637	7,441	12,078

10. FINANCIAL INVESTMENTS

The carrying amounts of the Group's financial investments are as follows:

	2022	2021
Investments measured at fair value through profit or loss (FVTPL)		
- Quoted debt securities held with banks (i)	123,043	125,528
- Quoted equity securities held with banks (i)	171,538	156,788
- Quoted shares in Qatari public shareholding companies	143,604	166,556
	438,185	448,872
Investments measured at fair value through other comprehensive income (FVOCI)		
- Quoted debt securities (ii)	288,641	342,770
- Managed funds	22,222	55,601
- Unquoted shares	3	3
	310,866	398,374
Less: Provision for impairment of financial investments	(4,274)	(7,899)
	744,777	839,347

(i) These represent quoted debt and equity securities held with banks. These are acquired and incurred principally for the purpose of selling or repurchasing them in the near term or to take advantage of short term market movements.

(ii) Quoted debt securities at FVOCI are held with local commercial banks with original maturity of up to one to nine years and earn interest ranging between 1.38 % to 10.75 % (2021: 1.625 % to 10.5 %).

(iii) Financial investments at FVTPL and FVOCI, except unquoted shares, have been valued using Level 1 measurement basis and there have been no transfers between Level 1 and Level 2 fair value measurements.

Financial investments are presented in the consolidated statement of financial position as follows:

	2022	2021
Non-current assets	306,592	418,658
Current assets	438,185	420,689
	744,777	839,347

Movement in provision for financial investments were as follows:

	2022	2021
Balance at 1 January	7,898	9,379
Provision reversed during the year	(3,624)	(1,480)
Balance at 31 December	4,274	7,899

11. INVENTORIES

	2022	2021
Ancillary spares	432,013	342,255
Catering inventories	14,346	13,710
	446,359	355,965
Less: Provision for slow-moving and obsolete inventories (b)	(53,189)	(71,877)
	393,170	284,088

(a) Inventories consumed during the year are recognized as expenses in 'Direct costs' (Note 26).

(b) Movement in provision for slow-moving and obsolete inventories during the year were as follows:

	2022	2021
Balance at 1 January	71,877	71,172
Provision made during the year	1,554	705
Provision utilised during the year	(20,242)	-
Balance at 31 December	53,189	71,877

The movement in provision for slow-moving and obsolete inventories is included in 'miscellaneous expenses' in 'General and administrative expenses' (Note 29).

12. TRADE AND OTHER RECEIVABLES

	2022	2021
Trade and insurance receivables	681,560	554,454
Accrued income	86,607	31,542
Advances	23,982	1,356
Prepayments	21,718	8,460
Deposits	4,309	15,969
Other receivables	57,251	156,225
	875,427	768,006
Less: Provision for impairment of trade and other receivables (a)	(75,771)	(73,012)
	799,656	694,994

(a) Movement in provision for impairment of trade and other receivables is as follows:

	2022	2021
Balance at 1 January	73,012	45,541
Provision made during the year	2,759	27,471
Balance at 31 December	75,771	73,012

(b) Provision for impairment loss / (reversal of impairment) on financial assets is presented in consolidated statement of profit or loss and other comprehensive income and analysed as follows:

	2022	2021
Financial investments (Note 10)	(3,624)	(1,480)
Trade and other receivables (Note 12 a)	2,759	27,471
Short-term investments (Note 14)	281	145
Cash and bank balances (Note 15)	(9)	8
Due from related parties (Note 24 b)	1,369	(1,588)
	776	24,556

13. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2022			2021		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
Balance at 1 January						
Reported claims	551,848	(366,093)	185,755	586,352	(424,312)	162,040
Unearned premiums	256,625	(144,546)	112,079	267,688	(154,208)	113,480
IBNR and other technical reserves	406,102	(246,743)	159,359	374,612	(227,610)	147,002
Total	1,214,575	(757,382)	457,193	1,228,652	(806,130)	422,522
Movements during the year						
Reported claims	175,791	(184,031)	(8,240)	(34,504)	58,219	23,715
Unearned premiums	233,677	(123,152)	110,525	(11,063)	9,662	(1,401)
IBNR and other technical reserves	43,966	(26,712)	17,254	31,490	(19,133)	12,357
Total	453,434	(333,895)	119,539	(14,077)	48,748	34,671
Balance at 31 December						
Reported claims	727,639	(550,124)	177,515	551,848	(366,093)	185,755
Unearned premiums	490,302	(267,698)	222,604	256,625	(144,546)	112,079
IBNR and other technical reserves	450,068	(273,455)	176,613	406,102	(246,743)	159,359
Total	**1,668,009**	**(1,091,277)**	**576,732**	1,214,575	(757,382)	457,193

14. SHORT TERM INVESTMENTS

	2022	2021
Short term investments	746,126	348,632

As at 31 December 2022, the Group has fixed deposits with local banks with original maturity in excess of three months up to one year and earning interest ranging between 2% to 5% per annum (2021: 1% to 3% per annum).

Movement in provision for impairment of short term investments is as follows:

	2022	2021
Balance at 1 January	145	-
Provision made during the year	281	145
Balance at 31 December	426	145

15. CASH AND BANK BALANCES

	2022	2021
Cash in hand	1,091	947
Cash at bank		
- Current accounts and call deposits	254,543	203,990
- Fixed and term deposits (1) & (2)	140,813	144,479
	396,447	349,416
Less: Provision for impairment of bank balances	-	(9)
Cash and bank balances as per consolidated statement of financial position	396,447	349,407
Less: Cash at banks – restricted for dividend (Note 23)	(48,619)	(50,429)
Add: Provision for impairment of bank balances	-	9
	(48,619)	(50,420)
Cash and cash equivalents as per consolidated statement of cash flows	**347,828**	298,987

(1) These fixed deposits held with banks are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, capable of being readily convertible to a known amount of cash and with an insignificant risk of changes in value.

(2) As at 31 December 2022, these fixed deposits are held with local commercial banks with original maturity of up to three months earning interest ranging between 1.25% to 3.5% per annum (2021: 0.5% to 1% per annum).

Movements in provision for impairment of bank balances during the year is as follows:

	2022	2021
Balance at 1 January	9	1
Provision (reversed) / made during the year	(9)	8
Balance at 31 December	-	9

16. SHARE CAPITAL

	2022	2021
Issued and paid up capital	1,858,409	1,858,409

As per the instructions from the Qatar Financial Markets Authority, the Company's Annual General Assembly on 10 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QR 1 each were exchanged for 1 old share with a par value of QR 10 each. This has led to an increase in the number of authorized shares from 200,000,000 to 2,000,000,000 and issued, subscribed and paid up shares from 185,840,869 to 1,858,408,690. The stock split was exercised on 27 June 2019.

The Company has an authorised share capital of QR 2,000 million, divided into 1 special share of nominal value of QR 1 and 1,999,999,999 ordinary shares of each of nominal value of QR 1. As at the reporting date, the Company had issued and paid up capital of QR 1,858,409 thousand (2021: QR 1,858,409 thousand) which consists of 1 special share of nominal value of QR 1 and 1,858,408,689 ordinary shares each of nominal value of QR 1 (2021: 1 special share of nominal value of QR 1 and 1,858,408,689 ordinary shares each of nominal value of QR 1). The special share is owned by QatarEnergy and may not be cancelled or redeemed without the consent of the QatarEnergy. Special share may be transferred only to the Government, any Government Corporation or any QatarEnergy affiliate. QatarEnergy exercises the control over the Company by virtue of holding the Special Share. All ordinary shares carry equal rights.

17. LEGAL RESERVE

The legal reserve relates to the Company's subsidiaries and is calculated in accordance with the regulations of the Qatar Commercial Companies' Law No 11 of 2015. In accordance with the subsidiaries' Articles of Association, 10% of the net profits for the year is required to be transferred to the legal reserve until the reserve equals to the limit specified in the Articles of Association.

18. GENERAL RESERVE

The general reserve is maintained in accordance with the provisions of the Articles of Association of the Company's subsidiaries to meet any unforeseen future events. The balance under this reserve is not available for distribution, except in the circumstances specified in the Articles of Association of the respective subsidiaries.

19. LOANS AND BORROWINGS

	2022	2021
Loans related to drilling segment (i)	4,284,081	4,284,082
Loans related to aviation segment (ii)	10,011	27,633
Other borrowings (iii)	-	19,413
	4,294,092	4,331,128
Less: Unamortised finance costs associated with raising finance	(4,860)	(5,719)
	4,289,232	4,325,409

The movements of loans and borrowings were as follows:

	2022	2021
Balance at 1 January	4,325,409	4,445,389
Borrowings obtained during the year	106,288	286,309
Repaid during the year	(143,323)	(411,140)
Effect of changes in foreign exchange rates	-	(315)
Movement in unamortized finance costs	858	5,166
Balance at 31 December	4,289,232	4,325,409

Presented in the consolidated statement of financial position as follows:

	2022	2021
Non-current liabilities	2,633,625	3,692,705
Current liabilities	1,655,607	632,704
	4,289,232	4,325,409

(i) These borrowings are related to the Company's subsidiary, Gulf Drilling International (Qatari Private Shareholding Company) ("GDI"). GDI has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates ranging between 3 months LIBOR plus 1.35% - 2.70% (2021: LIBOR plus 1.35% - 2.70%). Most of these loans are to be repaid in quarterly installments. The loans obtained by GDI are unsecured.

Further, loan balances of GDI also consist of a Master Murabaha facility agreement of US$ 925 million with a local Islamic Bank. The proceeds of the facility were utilized on general corporate purposes and the settlement or refinancing of various outstanding loan facilities. The loan is unsecured and has an effective interest of LIBOR plus 2.70% and is repayable in lump sum upon maturity in January 2024. The Company has drawn down from the Facility USD 693.9 million as of 31 December 2022.

In April 2021, GDI has obtained a Murabaha facility of USD 45.45 million (QAR 165 million) from an Islamic Bank to finance the general working capital requirements of the Company. The facility carries interest at Qatar Central Banks Money Market Lending rate plus 0.6% subject to a minimum of 3% per annum and is secured by way of assignment over the revenue proceeds from two rigs. The facility is repayable upon its maturity i.e. in one year from the date of drawdown, with an option to renew the facility for a period of one year, subject to mutual agreement between GDI and the bank. GDI has fully drawn down this facility as of 31 December 2022.

(ii) These borrowings are related to the Company's subsidiary, Gulf Helicopters Company (Qatari Private Shareholding Company) ("GHC"). GHC has entered into various borrowing arrangements with different banks. All facilities bear interest at the rates varying between 3 months LIBOR plus 1.35% - 2.75% (2021: LIBOR plus 1.35% - 2.75%). The loans are to be repaid in quarterly installments.

In April 2021, GHC obtained a loan of US$ 4 million from a bank in Turkey to finance the purchase of AW189 helicopter. The effective interest rate is six months LIBOR plus 0.9% and the facility is repayable upon its maturity i.e. in one year from the date of drawdown. During the year, the loan has been repaid in full.

The loans obtained are unsecured and do not have any financial covenants.

(iii) On 20 April 2014, the Company obtained syndicated Murabaha facility of US$ 80 million from a local Islamic Bank to finance the acquisition of the additional 30% shares of GDI. The effective profit rate is 6 months LIBOR plus 1.45% (2021: LIBOR plus 1.45%). The loan is repayable in 15 semi-annual instalments commencing from April 2015 and is unsecured. This loan has been repaid during the year.

The maturity profiles of the loans are as follows:

As at 31 December 2022

	Nominal interest rate	Year of maturity	1 year	1 – 5 years	Total
Loans related to drilling segment	LIBOR+ (1.35% - 2.70%) and QCB rate + 0.6%	2023-2024	1,652,240	2,631,841	4,284,081
Loans related to aviation segment	LIBOR + 2.5%	2025	3,337	6,674	10,011
			1,655,577	**2,638,515**	**4,294,092**

As at 31 December 2021

	Nominal interest rate	Year of maturity	1 year	1 – 5 years	Total
Loans related to drilling segment	LIBOR+ (1.35% - 2.70%) and QCB rate + 0.6%	2022-2024	595,669	3,688,413	4,284,082
Loans related to aviation segment	LIBOR + (0.9% - 2.5%)	2022-2025	17,622	10,011	27,633
Other borrowings	LIBOR + 1.45%	2022	19,413	-	19,413
			632,704	3,698,424	4,331,128

The Group's loans are denominated in US Dollars.

20. PROVISION FOR DECOMMISSIONING COSTS

	2022	2021
Provision for decommissioning costs	**45,899**	45,669

The movement of provision for decommissioning costs is as follows:

Balance at 1 January (1)	45,669	41,598
Provision made during the year (2)	-	3,961
Unwinding of provision for decommissioning costs	230	110
Balance at 31 December	**45,899**	45,669

(1) As per the contractual agreement with QatarEnergy (lessor), the Group has to return the leased facilities in their original condition at the end of the lease term. The Group has assessed its contracts and recognised provisions for the costs of dismantling, installations and restoring leased labour camps amounting to QR 41.598 million. The labour camps mainly consists of land, accommodation and common areas including offices, mess halls and other associated facilities.

(2) In 2021, the Group has entered into a lease contract with QatarEnergy (lessor), the Group has to return the leased facilities in their original condition at the end of the lease term. The Group has assessed its contracts and recognised provisions for the costs of dismantling, installations and restoring leased labour camps amounting to QR 3.96 million. The labour camps mainly consists of land, accommodation and common areas including offices, mess halls and other associated facilities. Further, the Group had recorded an interest expense of QR 0.23 million (2021: QR 0.11 million) in relation to unwinding of provision for decommissioning cost in the consolidated statement of profit or loss and other comprehensive income.

The above provision is presented in the consolidated statement of financial position under non-current liabilities.

21. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2022	2021
Balance at 1 January	101,259	91,388
Provision made during the year (1)	24,625	24,011
Payments made during the year	(13,856)	(14,140)
Balance at 31 December	**112,028**	101,259

(1) The provision for employees' end of service benefits is included in salaries and other benefits in the consolidated statement of profit or loss and other comprehensive income.

22. TRADE AND OTHER PAYABLES

	2022	2021
Trade payables	249,868	147,260
Accrued expenses	375,187	315,827
Payable to reinsurers	278,083	204,597
Deferred reinsurance commissions	19,184	17,099
Deposits and advances from customers	20,227	29,423
Accrued social fund contribution	7,251	1,351
Other payables	96,256	115,716
	1,046,056	831,273

23. DIVIDENDS PAYABLE

The Board of Directors has proposed a final cash dividend of QR 0.1 per share amounting to QR 185.8 million for the year ended 31 December 2022 (2021: QR Nil). The proposed final cash dividend for the year ended 31 December 2022 will be submitted for formal approval at the Annual General Meeting.

Below is the movement in dividends payable during the year:

	2022	2021
Balance at 1 January	50,429	75,238
Dividends paid during the year	(1,810)	(24,809)
Balance at 31 December	**48,619**	50,429

24. RELATED PARTIES DISCLOSURES

The Group, in the ordinary course of business, carries out transactions with other business enterprises that fall within the definition of related parties as per International Accounting Standard (IAS) 24 "Related Party Disclosures".

The balances with related parties as at the year-end and the transactions during the year, are disclosed as follows:

a) Transactions with related parties

Transaction with related parties during the year are as follows:

Name of the entity	Relationship	2022 Revenue	2022 Expenses	2021 Revenue	2021 Expenses
QatarEnergy	Parent	1,161,408	46,409	1,320,603	21,508
QatarGas Operating Company Limited	Affiliate	59,339	3,038	301,432	-
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	62,840	91,185	59,815	32,527
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.	Affiliate	38,301	-	29,045	155
Qatar Fertiliser Company (QAFCO) Q.P.S.C.	Affiliate	47,257	3,303	26,551	-
Oryx GTL Limited	Affiliate	11,105	-	12,486	-
Seef Limited	Affiliate	-	-	174	-
North Oil Company	Affiliate	111,304	-	15,365	-
Gulfdrill L.L.C.	Affiliate	302,114	-	770,760	-
Others	Affiliates	179,469	4,411	82,853	-
		1,973,137	**148,346**	2,619,084	54,190

b) Due from related parties

Name of the entity	Relationship	2022	2021
QatarEnergy	Parent	299,095	238,290
Oryx GTL Limited	Affiliate	700	426
Qatargas Operating Company Limited	Affiliate	126,226	104,317
Gulfdrill L.L.C. (1)	Affiliate	240,605	303,470
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	16,881	12,314
North Oil Company	Affiliate	22,706	-
Seef Limited	Affiliate	-	429
Qatar Fertiliser Company (QAFCO) Q.P.S.C.	Affiliate	24,801	368
Ras Laffan Olefins Limited	Affiliate	-	297
Gasal Q.S.C.	Affiliate	-	81
Others	Affiliates	34,027	30,094
		765,041	690,086
Less: Provision for impairment		(5,101)	(3,732)
		759,940	686,354

(1) This includes balance of QR Nil (2021: QR 61.85 million) relating to the mobilization and rig update costs on which the Group charges interest of 5.75% per annum.

The above balances except (1) above, are of trading nature, bear no interest or securities and are receivable on due date as per respective contracts, which is less than 12 months from the reporting date. These balances also include accrued revenues which are not yet billed to customers at year end.

Movement in provision for impairment during the year was as follows:

	2022	2021
Balance at 1 January	3,732	5,320
Provision made / (reversed) during the year	1,369	(1,588)
Balance at 31 December	**5,101**	3,732

c) Due to related parties

Name of the entity	Relationship	2022	2021
QatarEnergy	Parent	16,553	37,061
Qatargas Operating Company Limited	Affiliate	-	1,206
Qatar Fuel Company (WOQOD) Q.P.S.C.	Affiliate	7,354	2,879
Others (1)	Affiliates	3,905	3,361
		27,812	44,507

(1) This includes balance pertaining to accruals of Board of Directors' retainer and attendance allowance.

(2) Except (1), above balances are of trading nature, bear no interest or securities and are payable on demand.

d) Remuneration of key management personnel

	2022	2021
Board of Directors allowances (1)	**2,660**	2,525
Other key management personnel	**27,757**	29,251

(1) This represents amount accrued for Board of Directors retainer and attendance allowance.

25. REVENUE

A. Revenue streams

The Group mainly generates revenue from the catering, aviation, drilling, rig management and insurance and reinsurance services.

	2022	2021
Revenue from contracts with customers (1)	2,767,992	2,103,093
Revenue from insurance contracts (2)	897,547	987,957
	3,665,539	3,091,050

1 Revenues from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary major service lines and timing of revenue recognition.

Major service lines	2022	2021
Revenue from drilling and ancillary services	1,284,935	1,019,808
Revenue from aviation services		
- Aviation revenue	790,962	636,787
- Maintenance and repair operation revenue	122,111	84,053
- Training revenue	2,379	1,307
	915,452	722,147
Revenue from catering and related services		
- Catering services	170,217	166,667
- Manpower services	303,766	135,579
- Accommodation and housekeeping services	47,898	38,791
- Function and events revenue	2,802	1,131
- Other revenue	42,922	18,970
	567,605	361,138
	2,767,992	2,103,093

Timing of revenue recognition	2022	2021
Services transferred at a point in time	354,847	224,535
Services transferred over time	2,413,145	1,878,558
Revenue from contracts with customers	**2,767,992**	2,103,093

B. Contract balances

The following table provides information about receivables, accrued revenues contract assets and contract liabilities from contracts with customers.

	2022	2021
Receivables, which are included in 'trade and other receivables'	**427,630**	297,830
Receivables, which are included in 'due from related parties'	**700,061**	686,812
Contract assets (i)	**13,104**	15,978
Contract liabilities (ii)	**(17,320)**	(5,267)

(i) Contract asset balances comprise primarily demobilization revenues which have been recognized during the period but are billable on future demobilization activities. Contract assets also include costs incurred for mobilization activities are direct costs to fulfil contracts and are expensed over the expected recognition period. Such costs are deferred and recorded as contract assets. No impairment losses were recognized on contract assets during the year.

Contract assets are presented in the consolidated statement of financial position as follows:

	2022	2021
Non-current assets	13,104	9,464
Current assets	-	6,514
	13,104	15,978

(ii) Contract liabilities include payments received for mobilization activities which are allocated to the overall performance obligation and recognized ratably over the initial term of the contract. Contract liabilities also include expected costs to be incurred for demobilization activities are estimated at the contract inception and accrued over the expected contract period. Such accrued expected costs are recorded as contract liabilities.

Contract liabilities are presented in the consolidated statement of financial position as follows:

	2022	2021
Non-current liabilities	2,730	1,820
Current liabilities	14,590	3,447
	17,320	5,267

2 Revenue from insurance contracts

	2022	2021
Gross insurance revenue	**897,547**	987,957

The details of gross insurance revenue are as follows:

	2022	2021
Gross premiums (i)	1,119,515	970,002
Movement in unearned premium, gross (i)	(233,678)	11,063
Net commission income	11,710	6,892
Gross insurance revenue	**897,547**	987,957

(i) The details of retained premiums and earned premium are as follows:

31 December 2022	Gross	Reinsurance	Net
Written premiums	1,119,515	(655,395)	464,120
Change in unearned premiums	(233,678)	123,151	(110,527)
	885,837	**(532,244)**	**353,593**

31 December 2021	Gross	Reinsurance	Net
Written premiums	970,002	(567,195)	402,807
Change in unearned premiums	11,063	(9,662)	1,401
	981,065	(576,857)	404,208

26. DIRECT COSTS

	2022	2021
Direct costs of drilling and ancillary services	1,147,820	1,044,541
Direct costs of aviation services	540,948	423,769
Direct costs of catering and related services	540,140	359,376
Gross insurance expenses (Note 26.1)	763,967	916,870
	2,992,875	2,744,556

Direct costs include depreciation charge for the year on property and equipment and right-of-use assets amounting to QR 335,827 (2021: QR 336,179) (Note 6.2) and QR 23,501 (2021: QR 20,876) (Note 8) respectively.

26.1 Gross insurance expenses

	2022	2021
Reinsurance cession	650,384	563,972
Movement in unearned premium, reinsurance	(123,151)	9,661
Net claims incurred (Note 26.1.1)	199,370	318,391
Brokerage costs	37,364	24,846
	763,967	916,870

26.1.1 The details of net claims incurred are as follows:

31 December 2022	Gross	Reinsurance	Net
Claims settled	403,022	(212,664)	190,358
Outstanding claims adjustment	175,789	(184,030)	(8,241)
Incurred but not reported (IBNR)	43,966	(26,713)	17,253
	622,777	**(423,407)**	**199,370**

31 December 2021	Gross	Reinsurance	Net
Claims settled	694,363	(412,045)	282,318
Outstanding claims adjustment	(34,503)	58,219	23,716
Incurred but not reported (IBNR)	31,490	(19,133)	12,357
	691,350	(372,959)	318,391

27. OTHER INCOME

	2022	2021
Gain on sale of financial investments	13,027	15,085
Rental income	11,994	6,759
Income tax benefit recognized pursuant to MOU (1)	5,688	5,686
Profit distribution from managed investment funds	3,652	3,888
Dividend income	3,543	3,326
Fair value gain on financial investments at FVTPL	-	17,890
Miscellaneous income	3,487	7,624
	41,391	60,258

(1) This represents the tax benefit that the Group has received during the year as a result of settlement of income tax of the Group's subsidiaries through a defined arrangement between QatarEnergy, Ministry of Finance and General Tax Authority as per the Memorandum of Understanding dated 4 February 2020, signed between the afore mentioned parties (Note 30).

28. OTHER EXPENSES

	2022	2021
Fair value loss on financial investments at FVTPL	36,781	-
Impairment loss on property and equipment (Note 6)	2,202	-
Miscellaneous expenses (1)	22,664	24,781
	61,647	24,781

(1) This majorly includes net foreign exchange loss.

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Salaries and other benefits	125,552	117,494
Depreciation of property and equipment (Note 6.2)	11,646	13,436
Legal and professional expenses	8,502	13,628
Service fees	7,061	6,139
Public relations and advertisement expenses	3,073	1,806
Communication expenses	3,063	5,934
Board of Directors' allowances	2,660	2,525
Investment management expense	1,845	4,032
Repairs and maintenance expenses	1,648	1,033
Travel expenses	1,131	408
Qatar Exchange and QCSD expense	1,008	1,008
Printing and stationery expenses	540	124
Depreciation of right-of-use assets (Note 8)	133	800
Provision for taxes related to foreign operations	157	1,923
Miscellaneous expenses	50,501	28,539
	218,520	198,829

30. INCOME TAX

In light of the provisions of the Qatar Income Tax Law No. 24 of 2018 and subsequent Executive Regulations, on 4 February 2020, QatarEnergy (the Parent Company), Ministry of Finance and the General Tax Authority (GTA) reached an agreement through a Memorandum of Understanding ("the MOU") which provided a mechanism for the settlement of the income tax liability of subsidiaries and joint ventures (included in the said MOU) of certain companies listed on Qatar Exchange. All four of the Group's local subsidiaries (Note 1) were included in the said MOU, according to which the income tax liability of the subsidiaries would ultimately be borne by Ministry of Finance. However, as per the MOU, the subsidiaries are required to calculate the income tax and pay such income tax amounts directly to the Company. Further, as per subsequent clarifications received from GTA, the subsidiaries assessed that they are taxable only on the profits attributable to the foreign shareholders of the Company and the income tax rate applicable to the subsidiaries is 10% [effective tax rate – 1.511% (2021: 1.711%)]. Accordingly, income tax applicable to the subsidiaries for the year ended 31 December 2022 amounted to QR 5.75 million (2021: QR 5.36 million). The Group has accounted for the tax amount of QR 5.69 million in the consolidated financial statements, which includes amount of QR 0.06 million recorded for the prior year.

Further, to recognise the tax benefit arising to the Group from the said MOU, the Group has recognised an income corresponding to this total tax charge for the year amounting to QR 5.69 million and is included under 'other income' in profit or loss (Note 27).

The tax expense reflected in the consolidated statement of profit or loss and other comprehensive income represents the income tax on taxable income as detailed below:

	2022	2021
Current tax expense:		
Current year charge	5,752	5,358
Changes in estimates related to prior year	(64)	328
	5,688	5,686

Reconciliation of effective tax rate:

	2022	2021
Profit before tax	**295,738**	59,721
Tax calculated at the rate of 1.511% (2021: 1.711%)	4,469	1,022
Effect of tax rates in foreign jurisdictions	(722)	(281)
Tax effect of:		
Provision for impairment on property and equipment	33	-
Tax-exempt income	-	(1)
Non-deductible expenses, net	1,972	4,618
Current year charge	5,752	5,358
Changes in estimates related to prior year	(64)	328
Total current tax expense	**5,688**	5,686

31. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the profit for the year attributable to ordinary shareholders 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.

	2022	2021
Profit attributable to owners of the Company (QR '000)	**290,164**	54,182
Weighted average number of ordinary shares outstanding at 31 December (in shares) (Note 16)	**1,858,408,690**	1,858,408,690
Basic and diluted earnings per share (expressed in QR per share)	**0.156**	0.029

32. CONTINGENCIES AND COMMITMENTS

a) Contingencies

	2022	2021
Contingent liabilities:		
Guarantees against performance bonds	**322,970**	328,411
Group's share in contingencies of joint ventures	**5,808**	7,064

(1) The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. As of the end of the reporting period, the result of the pending or threatened legal proceeding is unpredictable. No further disclosures are made to avoid prejudicing the position of the parties involved in the disputes.

b) Commitments

	2022	2021
Capital commitments (1)	**703,624**	216,557

(1) These relates to the commitments for the acquisition of aircraft.

33. OPERATING SEGMENTS

The Group has four reportable segments, as described below. The segments offer different 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 throughout the Gulf Region, Libya, Turkey and Morocco and India. The aviation segment includes the information relating to Gulf Helicopters Company and its subsidiaries and joint ventures.
Catering	Provides catering, manpower and related services.
Drilling	Provides drilling and ancillary services.

For the year ended and as at 31 December 2022	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	903,331	915,452	616,420	1,284,935	**3,720,138**
Inter-segment revenue	(5,784)	-	(48,815)	-	**(54,599)**
External revenues (Note 33.1)	**897,547**	**915,452**	**567,605**	**1,284,935**	**3,665,539**
Segment profit / (loss) before tax	71,174	309,517	8,866	(89,994)	**299,563**
Finance income	17,818	6,379	2,571	1,185	**27,953**
Finance costs	-	(833)	(1,550)	(179,446)	**(181,829)**
Depreciation and amortisation	(3,610)	(75,563)	(24,731)	(256,971)	**(360,875)**
Share of profit from equity-accounted investees	-	4,643	-	12,933	**17,576**
Other material non-cash items:					
Provision of impairment losses on financial assets	(255)	-	(521)	-	**(776)**
Impairment loss on property and equipment	-	(2,202)	-	-	**(2,202)**
Segment assets	2,689,937	1,708,441	406,300	5,273,400	**10,078,078**
Equity-accounted investees	-	15,155	-	12,933	**28,088**
Capital expenditures	1,498	118,313	5,756	150,343	**275,910**
Segment liabilities	1,998,258	196,045	302,838	4,761,356	**7,258,497**

For the year ended and as at 31 December 2021	Insurance	Aviation	Catering	Drilling	Total
Segment revenue	991,180	722,147	407,250	1,019,808	3,140,385
Inter-segment revenue	(3,223)	-	(46,112)	-	(49,335)
External revenues (Note 33.1)	987,957	722,147	361,138	1,019,808	3,091,050
Segment profit / (loss) before tax	60,428	221,074	(15,469)	(200,887)	65,146
Finance income	16,137	1,632	2,541	8,905	29,215
Finance costs	-	(1,557)	(2,164)	(124,244)	(127,965)
Depreciation and amortisation	(3,446)	(77,722)	(22,011)	(258,574)	(361,753)
Share of profit / (loss) from equity-accounted investees	-	5,100	-	(7,615)	(2,515)
Other material non-cash item:					
Provision of impairment losses on financial assets	(3,489)	(21,067)	-	-	(24,556)
Segment assets	2,163,021	1,503,409	353,523	5,376,361	9,396,314
Equity-accounted investees	-	12,078	-	-	12,078
Capital expenditures	1,337	97,030	4,247	75,150	177,764
Segment liabilities	1,472,930	204,633	258,318	4,777,774	6,713,655

33.1 Reconciliation of reportable segments revenues

	2022	2021
Total revenues for reportable segments	3,720,138	3,140,385
Elimination of inter segment revenue	(54,599)	(49,335)
Consolidated revenue	**3,665,539**	3,091,050

33.2 Reconciliation of reportable segments direct costs

	2022	2021
Total direct costs for reportable segments	3,036,560	2,784,371
Elimination of inter segment direct costs	(54,559)	(49,335)
Other consolidation adjustments	10,874	9,520
Consolidated direct costs	**2,992,875**	2,744,556

33.3 Reconciliation of reportable segments profit for the year

	2022	2021
Total profit for reportable segments before tax	299,563	65,146
Other unallocated profits or loss (profits of parent company)	156,333	146,201
Elimination of dividends from subsidiaries to parent company	(188,890)	(143,902)
Other consolidation adjustments	28,732	(7,724)
Consolidated profit for the year before tax	**295,738**	59,721

33.4 Reconciliation of reportable segments total assets

	2022	2021
Total assets for reportable segments	10,078,078	9,396,314
Other un-allocable assets	3,244,470	3,111,754
Elimination of investments in subsidiaries	(2,574,398)	(2,574,398)
Assets relating to purchase price allocation	83,773	94,000
Asset relating to goodwill	303,559	303,559
Elimination of inter-segments assets	(270,651)	(411,837)
Consolidated total assets	**10,864,831**	9,919,392

33.5 Reconciliation of reportable segments cash and bank balances

	2022	2021
Cash and bank balances for reportable segments	300,112	212,307
Other un-allocable assets	96,335	137,100
Consolidated cash and bank balances	**396,447**	349,407

33.6 Reconciliation of reportable segments total liabilities

	2022	2021
Total liabilities for reportable segments	7,258,497	6,713,655
Other un-allocable liabilities	86,620	102,986
Elimination of inter-segments liabilities	(48,771)	(153,438)
Consolidated total liabilities	**7,296,346**	6,663,203

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss or total assets or total liabilities since 31 December 2022.

34. FINANCIAL INSTRUMENTS

(a) Insurance risk

The Group does not have any single insurance contract or a small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that may involve significant litigation. A 10% change in the net claims incurred will have an increase/decrease of QR 20.01 million in profit or loss (2021: QR 31.83 million).

(b) Credit risk

The carrying value of financial assets represent the maximum credit exposure.

The table below summarizes the exposure to credit risk:

	2022	2021
Reinsurance contract assets	823,579	612,836
Due from related parties	759,939	686,354
Trade and other receivables	749,647	669,209
Short-term investments	746,126	348,632
Financial investments in debt securities	429,632	516,000
Bank balances (including time deposits)	395,356	348,460
	3,904,279	3,181,491

Reinsurance contract assets

The Group seeks to limit its credit risk in respect of insurance contract receivables by monitoring outstanding receivables. On the other hand, three reinsurer companies account for 65% (2021: 65%) of the reinsurance contract receivables as at 31 December 2022.

Due from related parties

Management periodically reviews the expected credit loss of its receivables from related parties and provides for any amounts whose collection is no longer probable and writes-off any amounts whose recovery is unlikely.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for all corporate customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group does not require collateral in respect of trade and other receivables. The group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

Loss rates are calculated using a simplified approach method defined under IFRS 9, which is based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The provision for impairment on trade and other receivables as at reporting date includes specific provision of QR 15.33 million (2021: QR 25.85 million) and weighted average loss rate range between 2.1% to 9.9% (2021: 2.1% to 11.6 %).

Financial investments in debt securities

The Group manages credit risk on its investments in debt instruments by ensuring that investments are only made in counterparties that have a good credit rating.

Bank balances and short term investments

The Group held bank balances of QR 395,356 at 31 December 2022 (2021: QR 348,460) and short-term investments in fixed deposits of QR 746,126 (2021: QR 348,632). These bank balance and short-term investments are held with banks, which have good, accredited credit ratings from independent international rating agencies.

ECL on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for bank balances to those used for debt securities.

(c) Liquidity risk

The table below summarizes the maturity profile of the financial liabilities of the Group as at 31 December based on remaining undiscounted contractual obligations.

	Carrying amounts	Contractual cash flows Total	Less than 1 year	More than 1 year
At 31 December 2022				
Loans and borrowings	4,289,232	(4,296,719)	(1,659,071)	(2,637,648)
Insurance contract liabilities	1,177,707	(1,177,707)	(1,177,707)	-
Trade payables, accruals and other payables	721,311	(721,311)	(721,311)	-
Payable to reinsurers	278,083	(278,083)	(278,083)	-
Dividends payable	48,619	(48,619)	(48,619)	-
Lease liabilities	41,371	(44,827)	(35,781)	(9,046)
Due to related parties	27,812	(27,812)	(27,812)	-
	6,584,135	**(6,595,078)**	**(3,948,384)**	**(2,646,694)**

	Carrying amounts	Contractual cash flows Total	Less than 1 year	More than 1 year
At 31 December 2021				
Loans and borrowings	4,325,409	(4,332,854)	(613,946)	(3,698,900)
Insurance contract liabilities	957,950	(957,950)	(957,950)	-
Trade payables, accruals and other payables	578,803	(578,803)	(578,803)	-
Payable to reinsurers	204,597	(204,597)	(204,597)	-
Dividends payable	50,429	(50,429)	(50,429)	-
Due to related parties	44,507	(44,507)	(44,507)	-
Lease liabilities	44,815	(48,514)	(30,183)	(18,331)
	6,206,510	(6,217,654)	(2,480,415)	(3,717,231)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(d) Market risk

(i) Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	2022	2021
Fixed rate instruments		
Financial assets		
Short term investments and term deposits	**776,177**	493,111
Variable rate instruments		
Financial liabilities		
Loans and borrowings	**4,289,232**	4,331,128

Exposure to interest rate risk

Bank deposits are agreed at fixed rates, and hence does not exposes the Group to interest rate risk. Interest bearing loans and borrowings are issued at variable rates, which exposes the Group to cash flow interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Cash flow sensitivity analysis for variable rate instruments

A reasonably change of 100 basis points in interest rates at the reporting date would have increased or decreased profit by QR 42,892 (2021: QR 43,311). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(ii) Equity price risk

The Group is exposed to equity price risk, which arises from equity securities at FVTPL. The Group has investment primarily in shares which are listed on Qatar Stock Exchange and classified as FVTPL.

	2022	2021
Financial investments at FVTPL	**315,142**	323,344

Sensitivity analysis – Equity price risk

A 10% increase / decrease in the market price of the securities held at FVTPL at the reporting date would have increased / decreased equity by QR 31,514 (2021: QR 32,334).

(iii) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily Qatari Riyal and US Dollar. The currencies in which these transactions are primarily denominated are US Dollar, Euro and British Sterling Pound. The transactions of the Group in the US Dollar bear no foreign currency risk as the US Dollar is pegged with the Qatari Riyal. With respect to Euro and British Sterling Pound, management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

35. FINANCIAL INSTRUMENTS – FAIR VALUE

The fair value of financial investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities at the close of business at the end of the reporting period.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

If the fair values cannot be measured reliably, these financial instruments are measured at cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of the financial assets and liabilities approximates their fair values. The estimated fair values of the Group's major financial instruments are provided in the tables below:

31 December 2022	**FVTPL**	**FVOCI**	**Amortized cost**	**Total carrying value**	**Fair value**
Assets					
Cash and bank balances	-	-	396,447	396,447	396,447
Short-term investments	-	-	746,126	746,126	746,126
Trade and other receivables	-	-	749,647	749,647	749,647
Reinsurance contract assets	-	-	823,579	823,579	823,579
Due from related parties	-	-	759,939	759,939	759,939
Financial investments	438,185	306,592	-	744,777	744,777
	438,185	**306,592**	**3,475,738**	**4,220,515**	**4,220,515**
Liabilities					
Loans and borrowings	-	-	4,289,232	4,289,232	4,289,232
Due to related parties	-	-	27,812	27,812	27,812
Trade payables, accruals and other liabilities	-	-	721,311	721,311	721,311
Insurance contract liabilities	-	-	1,177,706	1,177,706	1,177,706
Reinsurance premium payable	-	-	278,083	278,083	278,083
Dividends payable	-	-	48,619	48,619	48,619
	-	**-**	**6,542,763**	**6,542,763**	**6,542,763**

31 December 2021	**FVTPL**	**FVOCI**	**Amortized cost**	**Total carrying value**	**Fair value**
Assets					
Cash and bank balances	-	-	349,407	349,407	349,407
Short-term investments	-	-	348,632	348,632	348,632
Trade and other receivables	-	-	669,209	669,209	669,209
Reinsurance contract assets	-	-	612,836	612,836	612,836
Due from related parties	-	-	686,354	686,354	686,354
Financial investments	448,872	390,475	-	839,347	839,347
	448,872	390,475	2,666,438	3,505,785	3,505,785
Liabilities					
Loans and borrowings	-	-	4,325,409	4,325,409	4,325,409
Due to related parties	-	-	44,507	44,507	44,507
Trade payables, accruals and other liabilities	-	-	577,861	577,861	577,861
Insurance contract liabilities	-	-	957,951	957,951	957,951
Reinsurance premium payable	-	-	204,597	204,597	204,597
Dividends payable	-	-	50,429	50,429	50,429
	-	-	6,160,754	6,160,754	6,160,754

Fair value hierarchy

The fair value of financial instruments approximates their carrying values.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that is not based on observable market data.

At the reporting date, the Group held the following financial investments measured at fair value.

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2022				
Assets measured at fair value				
Financial investments at FVTPL	438,185	-	-	438,185
Financial investments at FVOCI	306,589	-	3	306,592
	744,774	**-**	**3**	**744,777**
31 December 2021				
Assets measured at fair value				
Financial investments at FVTPL	448,872	-	-	448,872
Financial investments at FVOCI	390,472	-	3	390,475
	839,344	-	3	839,347

During the year ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

36. IMPACT OF COVID-19

Although the challenges posed by the COVID-19 pandemic reduced significantly, management is still closely monitoring associated potential risks. Despite facing challenges because of post-pandemic worldwide supply chain and other disruptions, the Group is making steady progress towards complete business recovery.

As of the date of approval of these consolidated financial statements, there has not been a considerable financial impact on the Group from the situation and the operations have never been suspended due to the pandemic.

37. COMPARATIVE FIGURES

Certain other comparative financial figures for the previous year have also been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profit, net assets or equity.

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