

Gulf International Services Q.S.C.

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 September 2013

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2013

	<i>30 September 2013</i>	<i>30 September 2012</i>
<i>Notes</i>	<i>QR '000 (Unaudited)</i>	<i>QR '000 (Restated)</i>
Revenue	1,694,432	1,033,336
Direct costs	<u>(1,353,008)</u>	<u>(829,477)</u>
GROSS PROFIT	341,424	203,859
Finance income	15,470	19,025
Net gains on financial assets at fair value through profit or loss	(4,604)	9,343
Other income	24,716	23,346
Share of profit from joint ventures	161,854	120,408
Finance cost	(11,981)	(14,386)
General and administrative expenses	<u>(67,691)</u>	<u>(43,348)</u>
PROFIT FOR THE PERIOD	<u>459,188</u>	<u>318,247</u>
Other comprehensive income		
Net movement in fair value of available-for-sale investments	3,798	9,171
Net foreign exchange difference on translation of foreign operations	<u>(136)</u>	<u>(23)</u>
Other comprehensive income for the period	<u>3,662</u>	<u>9,148</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>462,850</u>	<u>327,395</u>
Earnings per share		
Basic and diluted earnings per share (Qatari Riyals)	<u>3.09</u>	<u>2.14</u>

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	<i>Notes</i>	30 September 2013 (Unaudited) QR '000	31 December 2012 (Restated) QR '000
ASSETS			
Non-current assets			
Property, plant and equipment	4	936,745	940,312
Intangible assets		303,559	303,559
Investment properties		1,125	1,125
Interest in joint ventures	3	1,296,586	1,109,387
Held-to-maturity investments		85,452	85,412
Available-for-sale investments		<u>100,526</u>	<u>52,393</u>
		<u>2,723,993</u>	<u>2,492,188</u>
Current assets			
Inventories		81,248	62,183
Due from related parties		292,035	354,534
Accounts receivable and prepayments		740,987	723,476
Insurance receivables		301,613	460,036
Financial assets at fair value through profit or loss		367,746	409,624
Cash and bank balances	5	<u>760,024</u>	<u>756,505</u>
		<u>2,543,653</u>	<u>2,766,358</u>
TOTAL ASSETS		<u>5,267,646</u>	<u>5,258,546</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	1,486,727	1,486,727
Legal reserve		60,079	64,667
General reserve		74,516	74,516
Foreign currency translation reserve		(296)	(161)
Fair value reserve		8,561	4,763
Retained earnings		<u>1,247,007</u>	<u>1,006,245</u>
Total equity		<u>2,876,594</u>	<u>2,636,757</u>
Non-current liabilities			
Loans and borrowings		529,662	667,995
Employees' end of service benefits		<u>36,173</u>	<u>30,139</u>
		<u>565,835</u>	<u>698,134</u>
Current liabilities			
Due to related parties		35,143	90,002
Accounts payable, insurance payables and accruals		1,650,746	1,720,904
Loans and borrowings		<u>139,328</u>	<u>112,749</u>
		<u>1,825,217</u>	<u>1,923,655</u>
Total liabilities		<u>2,391,052</u>	<u>2,621,789</u>
TOTAL EQUITY AND LIABILITIES		<u>5,267,646</u>	<u>5,258,546</u>

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

.....
 Saeed Mubarak Al-Muhanadi
 Vice-Chairman

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2013

	<i>Share capital QR '000</i>	<i>Legal reserve QR '000</i>	<i>General reserve QR '000</i>	<i>Foreign currency translation reserve QR '000</i>	<i>Fair value reserve QR '000</i>	<i>Retained earnings QR '000</i>	<i>Total QR '000</i>
Balance at 1 January 2013	1,486,727	60,079	74,516	(161)	4,763	1,010,828	2,636,752
Profit for the period	-	-	-	-	-	459,188	459,188
Other comprehensive income	-	-	-	(135)	3,798	-	3,663
Total comprehensive income	-	-	-	(135)	3,798	459,188	462,851
Dividends paid (Note 7)	-	-	-	-	-	(223,009)	(223,009)
Balance at 30 September 2013	1,486,727	60,079	74,516	(296)	8,561	1,247,007	2,876,594
Balance at 1 January 2012	1,351,570	50,733	74,516	(154)	142	878,415	2,355,222
Profit for the period	-	-	-	-	-	318,247	318,247
Other comprehensive income	-	-	-	(24)	9,171	-	9,147
Total comprehensive income	-	-	-	(24)	9,171	318,247	327,394
Bonus Share Distributed (Note 6)	135,157	-	-	-	-	(135,157)	-
Dividends paid (Note 7)	-	-	-	-	-	(175,704)	(175,704)
Balance at 30 September 2012	1,486,727	50,733	74,516	(178)	9,313	885,801	2,506,912

Gulf International Services Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2013

	<i>Notes</i>	30 September 2013 QR '000 (Unaudited)	30 September 2012 QR '000 (Restated)
OPERATING ACTIVITIES			
Profit for the year		459,188	318,247
Adjustments for:			
Depreciation	4	66,158	59,839
Provision for employees' end of service benefits		9,397	9,436
Finance costs		11,981	14,386
Loss/(profit) on disposal of property, plant and equipment		(464)	(8)
Loss/(profit) on sale of securities		1,376	(2,348)
Unrealised loss (profit) on financial assets through profit and loss		4,604	(9,343)
Share of profit from joint ventures	3	(161,854)	(120,408)
Finance income		(15,470)	(19,025)
		374,916	250,776
Working capital changes:			-
Inventories		(19,065)	(20,884)
Accounts receivable and prepayments		203,405	(598,492)
Accounts payable, insurance payables and accruals		(125,017)	498,006
		434,239	129,406
Cash from operations			
Employees' end of service benefits paid		(3,362)	(3,586)
Finance costs paid		(11,981)	(14,386)
Net cash from operating activities		418,896	111,434
INVESTING ACTIVITIES			
Interest income		15,470	19,025
Net Movement in financial assets		(8,476)	(255,176)
Proceeds from disposal of property, plant and equipment		1,619	54
Dividend from a joint venture	3	101,920	50,960
Time deposits with maturities in excess of three months		282,009	66,245
Investment in a joint venture	3	(127,400)	(127,400)
Acquisition of property, plant and equipment	4	(63,747)	(19,425)
Acquisition of subsidiary net of cash received		-	(278,054)
Net cash from investing activities		201,395	(543,771)
FINANCING ACTIVITIES			
Proceeds from Loan		-	618,827
Repayment of loans and borrowings		(111,755)	(72,132)
Dividends paid	7	(223,009)	(175,704)
Net cash used in financing activities		(334,764)	370,991
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		285,527	(61,346)
Cash and cash equivalents at 1 January		391,995	308,303
CASH AND CASH EQUIVALENTS AT 30 September	5	677,522	246,957

1 CORPORATE INFORMATION

Gulf International Services Q.S.C. (the “Company” or together with its subsidiaries referred to as the “Group”) is a Company incorporated in the State of Qatar under commercial registration number 38200 as a Qatari Shareholding Company on February 12, 2008. The principal activity of the Company is to operate as a holding company. The registered office of the Company is situated in Doha, State of Qatar.

The Company was incorporated by Qatar Petroleum (“QP”) as a sole shareholder with an initial capital of QR. 5 million on February 12, 2008 which is the date of incorporation of the Company.

Until February 24, 2008, the equity interests in the portfolio companies Gulf Helicopters Q.S.C. (“GHC”), Gulf Drilling International Q.S.C. (“GDI”) and Al Koot Insurance and Reinsurance Company S.A.Q. (“Al Koot”) were held directly by QP and Japan Drilling Company (“JDC”) (In case of GDI – 30.01% is owned by JDC) and the equity interests of QP were transferred to the Company on February 24, 2008.

However, the management concluded that the effective date of transfer of interest from QP to the Company was February 12, 2008, being the date on which control as well as joint control, over these portfolio companies, was transferred by QP to the Company and hence from this date, the results of operations of these portfolio companies are consolidated with the results of operations of the Company.

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

On May 31, 2012, the Group acquired 100% shares of Amwaj Catering Services Limited Q.S.C., a company incorporated in the State of Qatar. The Group has obtained control over the Subsidiary in accordance with the sale and purchase agreement effective from June 1, 2012.

		Country of incorporation	Percentage of Holding
Al Koot Insurance & Reinsurance Company S.A.Q.	Subsidiary	Qatar	100%
Amwaj Catering Services Company Ltd. Q.S.C	Subsidiary	Qatar	100%
Gulf Helicopters Company Q.S.C.	Subsidiary	Qatar	100%

Also, included in the interim condensed consolidated financial statements are the share of income and other comprehensive income of the below joint venture companies, using equity accounting.

		Country of incorporation	Percentage of Holding
Gulf Drilling International Limited Q.S.C.	Joint venture	Qatar	70%
United Helicharters Private Limited	Joint venture	India	36%

1.1 CHANGE IN ACCOUNTING POLICY

Starting from January 1, 2013, the Group changed its accounting policy for investment in a joint ventures from proportionate consolidation to equity method as required per the new standard of accounting for joint venture IFRS 11 “Joint Arrangement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2012. In addition, results for the nine month period ended September 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2012 except for the adoption of new and revised standards and interpretations effective as of January 1, 2013

3 INTEREST IN A JOINT VENTURE

The movements in interest in joint ventures during the year/period are as follows:

	<i>QR '000</i>
Investment balance as of 01 January 2012 (Restated)	897,323
Investment during the year	127,400
Net profit for the year	148,371
Fair value movement	(7)
Dividend received during the year	(63,700)
Investment balance as of 1 January 2013	1,109,387
Investment during the period	127,400
Profit for the period	161,854
Fair value movement	(135)
Dividend received during the period	(101,920)
Investment balance as of 30 September 2013	1,296,586

4 PROPERTY, PLANT AND EQUIPMENT

	<i>30 September 2013 QR'000</i>	<i>31 December 2012 QR'000 (Restated)</i>
Opening net book value	940,312	947,363
Additions	63,946	56,342
Disposals and transfers	(1,355)	(46)
Depreciation	(66,158)	(63,347)
Closing net book value	936,745	940,312

5 CASH AND CASH EQUIVALENTS

	<i>30 September 2013 QR'000</i>	<i>31 December 2012 QR'000 (Restated)</i>
Bank balances and cash	<u>760,024</u>	<u>756,505</u>

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise:

	<i>30 September 2013 QR'000</i>	<i>31 December 2012 QR'000 (Restated)</i>
Bank balances and cash	760,024	756,505
Less: Fixed deposits maturing after 90 days	<u>(82,502)</u>	<u>(364,510)</u>
	<u>677,522</u>	<u>391,995</u>

6 SHARE CAPITAL

	<i>30 September 2013 QR'000</i>	<i>31 December 2012 QR'000</i>
Authorised, issued and paid-up: 148,672,695 shares of QR 10 each (31 December 2012 : 148,672,695 shares of QR 10 each)	<u>1,486,727</u>	<u>1,486,727</u>

	<i>30 September 2013 No of shares</i>	<i>31 December 2012 No of shares</i>
Balance at the beginning of the period	148,672,695	135,156,995
Bonus share issue	<u>-</u>	<u>13,515,700</u>
Balance at the end of the period	<u>148,672,695</u>	<u>148,672,695</u>

7 DIVIDENDS PAID

During the year, a cash dividend of QR 1.50 per share amounting to QR 223 million relating to 2012 was approved by the shareholders at the Annual General Meeting held on 18 March 2013 (2011: QR 1.30 per share amounting to QR 175.7 million).

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period.

The following reflects the income and share data used in the computation of basic and diluted earnings per share:

	<i>30</i> <i>September 2013</i>	<i>30</i> <i>September 2012</i>
Net profit for the period (QR'000)	<u>459,188</u>	<u>318,247</u>
Weighted average number of shares outstanding during the period	<u>148,672,695</u>	<u>148,672,695</u>
Basis and diluted earnings per share (expressed in QR per share)	<u>3.09</u>	<u>2.14</u>

9 SEGMENTAL REPORTING

The Group has four reportable segments, as described below. The segments offer different products and services, and are managed separately because they require different technology and marketing strategies. 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 in each of the Group's reportable segments:

- Insurance; provider of a range of insurance and reinsurance services to QP and its subsidiaries and other companies.
- Aviation; provider of helicopter transportation services in Qatar and India. Also operating in Middle East and North Africa (MENA region).
- Catering; Catering and manpower services to the QP Group and its affiliates.
- Drilling; drilling and drilling – related services to the QP Group and its international co-ventures.

Operating segments

The following table present revenue, expenses and profit information regarding the Group's operating segments for the period ended 30 September 2013 and 30 September 2012 and assets and liabilities as of 30 September 2013 and 31 December 2012 respectively:

At 30 September 2013

9 SEGMENTAL REPORTING (continued)

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Period ended 30 September 2013					
Segment revenue	517,704	463,202	713,526	620,276	2,314,708
Cost of goods sold	(455,730)	(263,704)	(633,574)	(389,237)	(1,742,245)
Depreciation	(655)	(51,668)	(13,835)	(116,504)	(182,662)
Finance charges	-	(1,795)	(424)	(8,805)	(11,024)
Segment results	77,565	187,529	49,188	162,652	476,934
Unallocated income					1,182
Unallocated expense					(18,928)
Profit for the period					459,188

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
As of 30 September 2013					
Cash	440,228	119,478	136,163	69,909	765,778
Other current assets	1,143,293	296,937	347,042	302,900	2,090,172
Non current assets	158,518	911,458	39,785	2,680,656	3,790,417
Total assets	1,742,039	1,327,873	522,991	3,053,465	6,646,367
Debts falling due within 1 year	-	56,821	-	299,259	356,080
Other current liabilities	1,196,716	95,496	338,673	89,794	1,720,679
Debts due after 1 year	-	75,849	-	1,362,935	1,438,784
Other non-current liabilities		18,439	14,763	13,425	46,627
Total liabilities	1,196,716	246,605	353,436	1,765,413	3,562,170

9 SEGMENTAL REPORTING (continued)

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Period ended 30 September 2012					
Segment revenue	439,486	369,750	224,100	455,182	1,488,518
Direct cost	(412,093)	(219,297)	(198,087)	(274,043)	(1,103,520)
Depreciation	(419)	(46,052)	(13,368)	(87,848)	(147,687)
Finance charges	-	(3,029)	(968)	(5,214)	(9,211)
Segment results	61,228	140,899	13,283	119,147	334,557
Unallocated income					3,031
Unallocated expense					(19,341)
Profit for the period					318,247

	<i>Insurance</i> <i>QR'000</i>	<i>Aviation</i> <i>QR'000</i>	<i>Catering</i> <i>QR'000</i>	<i>Drilling</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
As of 31 December 2012					
Cash	419,843	107,327	64,349	66,682	658,201
Other current assets	1,483,331	236,733	365,930	226,053	2,312,047
Non current assets	111,131	906,750	49,459	1,860,213	2,927,553
Total assets	2,014,305	1,250,810	479,738	2,152,948	5,897,801
Debts falling due within 1 year	-	65,082	25,000	142,370	232,452
Other current liabilities	1,452,576	73,660	228,895	109,964	1,865,095
Debts due after 1 year	-	113,089	-	787,659	900,748
Other non-current liabilities	2,351	16,237	13,334	11,161	43,083
Total liabilities	1,454,927	268,068	267,229	1,051,154	3,041,378

10 COMPARATIVES

Following the enactment of IFRS 11 the Group accounted for its interest in the joint venture using the equity method and accordingly restated the comparative periods. This restatement did not have any impact on the previously reported income and equity of the Group.