الخليج الدولية للخدمات

Gulf International Services

2020

ANNUAL **REPORT**

Disclaimer

The companies in which Gulf International Services Q.P.S.C. directly and indirectly owns investments are separate entities. In this annual report, "GIS" and "the Group" is used for convenience in reference to Gulf International Services Q.P.S.C.

This annual report may contain forward-looking statements concerning the financial condition, results of operations and businesses of Gulf International Services Q.P.S.C. All statements other than statements of historical facts are deemed to be forward-looking statements, being statements on future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the Group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the Group's services, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this annual report.

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"With challenging markets, harboring a multi layered optimization drive to support future operational and financial success"

Mission:

Gulf International Services (GIS) is committed to improve its quality of services, widen the services range and broaden its business across borders to help sustain profitable growth, adding value to its shareholders and satisfy its customer's expectations.

Vision:

GIS aims to be a premier quality service provider mainly to the national and / or international oil and gas industry and other industries.

Content

Content

His Highness

Sheikh Tamim bin Hamad Al Thani

The Amir of the State of Qatar

His Highness

Sheikh Hamad bin Khalifa Al Thani

The Father Amir

Board of **Directors**

Board of Directors

Sheikh Khalid Bin Khalifa Al-Thani
Chairman

Mr. Ali Jaber Al-Marri
Vice Chairman

Mr. Ghanim Mohammed Al Kuwari
Board member

Mr. Saad Rashid Al-Muhannadi
Board member

Sheikh Jassim Bin Abdullah Al-Thani
Board member

Letter from the **Chairman**

"Despite weak market conditions, GIS continued to maintain market share, with an eye on growth and diligently chased the industry benchmarks on cost competitiveness"

Letter from the Chairman

Dear Shareholders,

I am honored to present to you the 2020 Annual Report of Gulf International Services Q.P.S.C., one of the largest services groups in Qatar with interests in a broad cross-section of industries, ranging from insurance and re-insurance to onshore and offshore drilling, accommodation barges, helicopter transportation and catering services.

I would like to thank and congratulate my fellow Gulf International Services ("GIS" or "Group") Board members and the management of the Group's companies for their dedication, hard work and commitment. Together we have delivered sustained and resilient results in the challenging times. I would also especially like to thank our shareholders for their continuing trust and support.

Macroeconomic Challenges

With crude oil prices plunging to a record low, especially during the first half of 2020, coupled with the outbreak of the COVID-19 pandemic, created another layer of pressure, while the Group companies were relentlessly working to recover from the previous down cycle within the oil and gas industry. These unprecedented external factors negatively affected the Group's operational and financial performance for the year.

Our Strategy

From a strategic view point, GIS continued its journey towards repositioning its segments led by the Group's focus on higher utilization of assets, combined with a commitment to expand market share, both domestically and internationally, and rationalizing its operating costs, so as to build solid foundations for revenue and profit growth.

With the current macroeconomic headwinds, the Group companies revisited their corporate and business strategies in order to stay ahead of uncertain and turbulent economic environment, while expanding the market position and maintaining a low cost base. Therefore, the Group proactively embarked on a number of new initiatives to identify opportunities, where costs could be minimized and utilization of the assets could be optimized. These initiatives also included the re-assessment of CAPEX, OPEX, human resource, operational processes and financing needs so that a value can be delivered to our customers and shareholders via optimizing and rationalizing our costs and operations.

Our Markets

The Group's drilling business, Gulf Drilling International (GDI), is Qatar's drilling market leader, with a 100% share in the onshore oil and gas drilling services sector and a majority of market share within the offshore drilling services sector in Qatar. During 2020, the domestic drilling market had witnessed expansions through Qatar's North Field Expansion Project, where two new rigs under the new JV (GulfDrill JV, a 50:50 joint venture between GDI and SeaDrill) were deployed and commenced operations. Furthermore, GDI went through a strategic transformation in order to further optimize its cost structures. On the other hand, as the oil and gas industry faced momentous challenges during the year, due to macroeconomic headwinds amid COVID-19 lockdowns, leading to a lowered economic activity, the Group's drilling segment was also not immune to these industry conditions, where rig suspension was noted within the onshore fleet, while drilling day rates were also re-priced below their previous levels.

The Group's aviation business, Gulf Helicopter Company (GHC), is the only supplier of helicopter services in Qatar, and one of the largest helicopter operator in the MENA region, with operations in Europe, Africa and Asia. GHC is also operating subsidiaries in Turkey and India, as well as, through joint ventures in Morocco and Malta. GHC owns a fleet of 55 aircrafts, a well-established maintenance and commercial base and an evitable safety record. The aviation segment continued to build up on the strong financial performance with superior revenues and quality earnings.

The Group's insurance business, Al-Koot Insurance, serves not only oil and gas sector clients, but increasingly large corporate customers from a range of industries in Qatar. During the year, Al-Koot continued the upward trajectory over last year through its continuous expansion efforts, especially into the medical line of business by adding additional clients to their portfolio and repricing existing contracts with superior pricing terms. Al-Koot has become a key player in the medical insurance segment with key Qatari corporates as clients.

The Group's catering business, AMWAJ, is one of Qatar's leading catering and facilities management service provider. During the year, Amwaj continued to win new contracts within its various business segments.

On overall basis, during 2020, GIS group companies has managed to grow its presence in Qatar through enhancing its market share and winning new contracts despite the challenges imposed amid spread of COVID-19 pandemic.

Outlook

Although, the recent economic headwinds have posed short term challenges to all the segments of the Group. Looking ahead, GIS is well positioned to strategically grow and benefit from the public sector initiatives such as Qatar's North Field Expansion (NFE) project, 2022 FIFA World Cup and Qatar's 2030 National Vision, all of which are key in supporting an optimistic outlook for GIS and enhancing its market share across all business segments.

In Drilling, as market conditions remains very challenging, we believe that gradual recovery of the oil prices would in turn lead towards a rise in demand for drilling services with favorable terms for the drilling contractors. In the meantime, GDI is poised to maintain its current market share in the onshore segment and well positioned for growth opportunities that may arise in the off-shore segment, once the market conditions thrive.

In Aviation segment, the focus will continue on key international markets, which provide opportunities in oil and gas aviation services sector, where close and long terms relationships with all the international oil companies (IOCs) is expected to unlock future growth prospects. GHC is working to further enhance capabilities in the maintenance and overhaul business, where business development efforts are expected to bring more contracts both domestically, as well as, internationally. Moreover, the segment will aim to upgrade its fleet and diversify revenue sources, via capturing helicopter transportation business, within emerging markets, other than the oil and gas sector.

In Insurance segment, Al-Koot is focused to increase its medical segment market share domestically with better terms, with an aim to minimize the loss ratio. International growth is expected with new clients within the general insurance market and with new investments opportunities aimed at optimal returns.

The Catering business is focused domestically with an intent to consistently grow its market share by winning new clients through aggressive pricing and cost-modeling to expand product offering to cater additional market demand. Amwaj would leverage its strong brand reputation to expand its footprints in other industry segments away from the oil and gas industry, such as government, health care, manufacturing and construction.

Overall, GIS intends to drive further shareholders value through expansion programs that would lead to growth in the market share domestically and internationally and would ensure better utilization of assets, while further optimize its costs structures, including finance costs, contributing towards greater financial flexibility to better leverage Group's competitive advantages.

Financial Results

During the financial year 2020, GIS group companies witnessed significant external challenges outside Group's control, mainly due to the downturn in the crude oil prices and the financial consequences linked to the outbreak of COVID-19 pandemic, which affected the overall profitability and the Group reported a net loss of QR 319 million for the year ended 31 December 2020, with Group's total assets amounted to QR 10.0 billion as at 31 December 2020. The Group's profitability was also impacted by the booking of one-off, non-cash impairment loss of QR 308 million in relation to certain drilling and aviation assets.

Creating Shareholder Value

From the initial public offering back in February 2008 through till 2016, the Group's shareholders have received accumulated cash dividends of approximately QR 2.7 billion, which is equivalent to approximately QR 16.6 per share, with an average payout ratio of approximately 52%. In addition, shareholders have received a total of 63 million additional shares through three bonus issuances since inception.

With the current external challenges and 2020 financial performance of the Group, the Board of Directors believes that a dividend payment in 2020 will be an additional burden on the Group's liquidity position, and may create obstacles to the future expansion strategy while reducing reliance on external sources of finance. The Group will deploy these retained funds carefully to capture the present and future opportunities. We thank our shareholders for their support and expect fullest cooperation to execute our plans.

Conclusion

On behalf of the Board of Directors, I express our deep gratitude to His Highness the Amir, Sheikh Tamim Bin Hamad Al-Thani, for his inspired leadership, unwavering efforts and continued support and guidance in promoting Qatar's oil and gas sector. His Highness has been the driving force for Qatar's growth into an advanced society capable of sustaining its development through human, social, economic and environmental progress. As a proud Qatari company, GIS is fully committed to support the national vision.

Finally, I am confident that my fellow Board members and the senior management of the Group and its companies are well prepared for the year ahead and will continue to put tremendous efforts to improve GIS's financial and operational performance and overcome the temporary challenges instigated by the turbulent business environment, and to achieve excellence in the years to come. No doubt there will be new opportunities and new challenges, and much work would be required towards realizing our strategic targets, but together we look forward to ensure GIS remains one of the largest oil and gas service provider in Qatar, with strategic footprints in key regional and international markets.

Board of Directors' Review

"Cost optimization and sustainable topline performance, with a focus on market expansion has remained the key objective for the Group in a challenging time"

The Board of Directors is pleased to present its annual review of the financial and operational performance of Gulf International Services for 2020.

GIS Ownership Overview

GIS's ownership structure includes the parent shareholder (founder), Qatar Petroleum, which holds a 10% stake and a special share. The General Retirement and Social Insurance Authority of Qatar (GRSIA) is the largest shareholder in the Company, and currently holds 22%, whereas, Qatar Investment Authority holds 3.8% with the remainder of the shares being held by the public.

Our Strategy

The Group's base-case business strategy revolve around its core objectives of increasing its market share in Qatar, while entering into new international markets. The Group's top priority is to reposition its core oil and gas services business, by minimizing costs and maximizing asset utilization, in order to become more efficient and better leverage its domestic and international strengths in order to enhance shareholder value. In addition, the Group intends to strategically build new revenue streams through benefiting from Qatar's NFE project expansion, while exploring diverse avenues for future growth.

Another key strategy is to significantly reduce financing costs to provide GIS with the flexibility to grow the business and deploy capital strategically in the core oil and gas services sector to unlock further growth and enhance shareholder value. Currently, the work is in progress in relation to the debt restructuring.

Macroeconomic Overview

The growth of oil and gas services industry is purely linked to oil price levels and the overall expansion of the industry in terms of investments. The year 2020 was a challenging year, and witnessed the worst plunge in the oil prices coupled with the global economic downturn amid COVID-19 outbreak, which led to severe cuts in oil and gas exploration, production and maintenance activities across the globe.

The drilling business, globally, witnessed the downward pressure on rig day-rates and reduced demand for drilling rigs worldwide caused by projects deferral or cancellation, which in turn decreased the global utilization rates of rigs. GDI was also not immune to these macroeconomic challenges, where day-rates were negatively affected with temporary rig suspension was noted within the on-shore fleet. On a positive note, the new GulfDrill JV started its operations where two new rigs were deployed and commenced operations.

In the oil and gas aviation business, where the sector is heavily dependent on the level of offshore oil and gas exploration and production activities. The current market volatilities led to fall in demand for the off-shore aviation services worldwide, as many oil companies required fewer journeys. From GHC's perspective, our contracts remained unaffected and was only impacted by lower flying hours due to the travel restrictions, which was only for a short period of time, during April and May.

In Qatari market, with the announcement of the North Field Expansion (NFE) project, the outlook for GDI and GHC remained buoyant and will provide opportunities to unlock future growth for the Group's drilling and aviation segments.

Within the insurance business, the general insurance within the Qatari market saw a favorable market turnaround with positive rate revisions. Although, the downstream energy market remained under pressure in terms of General Insurance market. On the claims side within General Insurance business, there was no unusual significant claims noted, with business interruptions linked to COVID-19 outbreak remained insignificant. On the medical insurance business, the renewals sustained with an ability to positively reprice some of the contracts, with COVID-19 risk excluded from the insurance coverage. Moreover, due to the COVID-19 lockdowns a reduced doctor's consultations and minor medical procedures was noted, leading to a reduction in medical insurance claims.

The Catering segment is expected to grow in line with Qatar's population, with Amwaj being well-positioned to benefit through its wholesome coverage of the industry's value chain. In addition, the FIFA 2022 world cup, stands as a growth opportunity for catering and accommodation services within the hospitality sector.

Outlook

GIS group companies will continue to strive to maintain market share, with an eye on growth, and would diligently chase the industry benchmarks, in term of cost competitiveness, which could drive future profitability and lead towards shareholder value creation.

Moreover, a major catalyst for GIS's positive medium-term outlook is Qatar's North Field Expansion Project, a multi-year effort to significantly increase the nation's output of natural gas. This, along with other national infrastructure projects such as the 2022 FIFA World Cup and Qatar's 2030 National Vision Plan, will sustain GIS's growth, and will provide new avenues of demand for its services.

Achieving cost efficiencies and asset utilization

GIS group companies have proactively initiated several cost optimization initiatives amid current macroeconomic challenges, to mitigate the business and operational risks and build profitability. Also, the capital expenditure programs across the Group have been carefully re-assessed and several expenditure requirements have either been cancelled or deferred to the future years, in order to enhance and preserve the overall liquidity position of the Group. GIS is on a continuous journey to transform itself into a leaner, more efficient organization, and strict cost discipline will guide these efforts going forward.

In terms of asset utilization, GIS's main focus in 2020 was to ensure optimal utilization of its assets without compromising quality and safety standards. Within the drilling segment, rig utilization stood at 82%, while Musherib and GDI-3 remained off-contracted throughout the year and was impaired at the year-end. As for the aviation segment, the company managed to increase its operational fleet, while adding one new helicopter in its Qatar's operations during the year.

Market Expansion

Despite the macroeconomic challenges posed to the Group due to the spread of COVID-19 pandemic and recent deterioration of oil market, GIS continued the journey towards expanding its market share, with all the businesses scoring growth, except drilling business. The expansion of our businesses is essential for the Group in building solid foundation for future revenue and profit growth.

The drilling segment achieved a key milestone this year, and validated the Group market expansion strategy, as two new rigs under the new JV (GulfDrill LLC) commenced its operations in relation to the NFE Project, while the remaining rigs are expected to be deployed during the first half of 2021. The deployment of the rigs enabled GDI to improve its access to the domestic market and to grow its asset under management. The new JV is exemplary of GDI's continuous efforts to grow and protect its leading market position.

The Aviation segment expanded its international footprints by securing contracts in Africa and the Middle East, in addition to expanding the MRO business through winning new contracts.

The Insurance segment managed to add several new clients within its rapidly expanding medical business and capturing additional market share, while able to renew its contracts with existing client with better pricing terms.

The catering segment was also able to expand on its manpower segment through winning new clients, along with higher occupancy levels noted at Mesaieed and Dukhan Camps.

Competitive Advantages

GIS was established with the aim of bringing together some of the State's key Oil and Gas support services companies within one group. The Group is uniquely placed within the region due to its distinctive competitive advantages, offering shareholders an exciting opportunity to invest in Qatar's Oil and Gas service industry.

GIS's drilling business is the only Oil and Gas onshore drilling services provider in Qatar, with a dominant market share in the off-shore drilling segment in Qatar and extensive experience of rig management and operations in Qatari waters in collaboration with other major Oil and Gas exploration companies.

Similarly, in the aviation business, the key competitive advantage is being a first class operator with highly trained and experienced flight and ground crews with an enviable safety record. With its modern and well-maintained fleet of 55 aircrafts, it has 100% market share in Qatar, while being one of the largest helicopter operator in the MENA region. Moreover, the company has a cost efficient in-house MRO capabilities and maintenance services, which supports in-house maintenance requirements, as well as, having contracts with several external clients.

GIS's medical insurance business is one of the leading providers of medical insurance in the country, serving not just oil and gas sector companies, but leading corporate accounts. Al-Koot Insurance has adaptability to cater customer needs and quickly act upon opportunities based on market trends and regulatory requirements.

The catering business is a leading provider of services to Qatar's offshore operations and has in-depth experience in catering for large volume industrial workforce with tight budgetary constraints and have a proven track record of successfully delivering high quality services safely, especially for the Oil and Gas sector, where Amwaj has a major market share.

These competitive advantages have been pivotal in enabling the Group, to further improve its operational excellence, asset utilization, cost positioning, access to markets, operating asset base and funding position.

Financial Results

The Group posted a net loss of QR 319 million, down 831% from a net profit of QR 44 million in 2019. The Group's total revenue for the year ended 31 December 2020 remained flat compared to 2019 and amounted to QR 3 billion for the year ended 31 December 2020, as compared to QR 3 billion for last year. For the year ended 31 December 2020, the Group reported an EBITDA of QR 565 million.

The profitability was mainly impacted by the drilling segment as a result of a significant drop in revenue due to four operational rigs being terminated prematurely and drilling day-rates being re-priced, well below their previous levels. In addition to this an impairment loss of QR 308 million related to GDI-3 rig, Msheireb rig and 19 old non-operating bell aircrafts was booked, after being off-contract for past few years. Results were offset by the growth in revenues of the aviation business and higher premium within the insurance segment and realizations from the new GulfDrill JV, where two new rigs under the JV commenced its operations. Moreover, the lowered finance costs due to decline in interest rates contributed positively to the Group's bottom line profitability.

The Group's total assets declined by 8% during the year, to reach QR 10 billion as at 31 December 2020. On the liquidity front, the closing cash, including short-term investments, stood at QR 691 million. The Group reported a total debt of QR 4.4 billion as at 31 December 2020.

Funding Strategy

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

The current levels of debt have a significant impact on the Group's net earnings, as finance cost is one of the key cost ingredients and especially limits the drilling segment, considering major amount of Group's debt relates to the drilling segment, in acquiring additional rigs due to the large debt leveraging the overall balance sheet.

Given the overall corporate strategy and future growth prospects, the debt restructuring is inevitable and would not only build a more optimum interest cover, but provide greater flexibility to manage liquidity and ease pressure on the Group's financial position. With the similar intentions the Group management was actively engaged throughout the year to finalize the restructuring initiative announced during earlier part of the year. Due to the uncertainties emanating from the unforeseen lowered operating backdrop across the Oil and Gas industry globally, caused by the spread of COVID-19 pandemic, the management of GIS deferred the restructuring and refinancing, with an intent to adopt a more prudent and conservative approach to the business, which would allow management to reformulate and quantify the impacts of the current challenging external factors on its businesses new scenarios and options are being developed and considered that would allow management, as well as all the other stakeholders, to apprehend better certainty with a stable view of the market, in relation to the debt profile and the repayment structure.

Going forward, we foresee that the funding strategy will be able to achieve its targeted direction, which could lead to optimum funding levels with an efficient and effective interest cover for the Group and would unlock future growth opportunities, that could translate into realizable shareholder value creation, offering greater confidence and sustainability in turbulent times.

Dividends

Given the potential opportunities available to the Group to expand its market share, and the need to remain financially flexible with the current debt structure, the Board of Directors believes that a dividend payment in 2020 will be a burden on the Group's liquidity position and will place pressure on future strategy. Hence, the Board of Directors recommends no dividend payment for the financial year ended 31 December 2020 and GIS will deploy the retained funds to capture the present and future opportunities.

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

Board of Directors' Segments Review

Drilling

Strategy

The business strategy for the Drilling segment has been built on key pillars: improving safety, buoyant asset utilization levels, stream lining cost structures to a leaner organization levels, diversifying internationally while expanding client base and optimizing debt structures.

Key Achievements

The key highlights of GDI in 2020, was the delivery and operation of two rigs for the new Joint Venture. During 2019, GDI in joint venture with Seadrill Limited, has formed 'GulfDrill JV' with a 50% stake, with an objective to support the execution of the drilling contracts which have been awarded to GDI in relation to the North Field Expansion project. The contract cover provision of five premium jack-up rigs, which was planned to commence operations in various phases in 2020 & 2021.

Industry Updates

Globally, the drilling industry is heavily tied to oil and gas prices. In Qatar, as well as a majority of the Middle East, drilling industry has been going through a challenging time, where many of the drilling contractors were going through a downturn since 2015/16, as operators sharply reduced their exploration and development activities amid sluggish demand, which in turn decreased the demand for drilling rig services, leading to an oversupply cycle for rigs in the market. However, with segment's continuous efforts, success was achieved to an extent until the end of 2019, where the drilling segment started to reflect some sign of recovery with improved financial and operational matrix.

Since the start of 2020, the overall challenging situation was further augmented with the outbreak of COVID-19 pandemic, which affected the oil and gas industry heavily due to lockdown measures implemented by the Governments, directly affecting the demand for oil and gas products and enforced upstream companies worldwide to effectively optimize their operational cost structure, which led to day rates for rigs to collapse sharply, with too many rigs chasing limited opportunities for new contracts.

Key HSE Realizations

GDI have always put strong emphasis on safety measures and continuous efforts to prevent serious safety incidents. The company works relentlessly to strengthen safety and improve quality and operational efficiency.

During 2020, HSE records remained positive for the technical, onshore and offshore drilling teams with total recordable incident rate (TRIR) for the year was at 0.14, which was far better than the industry benchmarks. Moreover, in an effort to enhance the safety standards within the fleets, GDI conducted goal zero workshop in March 2020 and currently organizing onboard goal zero for the offshore crew team.

Achieving Cost Efficiencies

Effective cost optimization has always been a top priority to GDI and well embedded concept into GDIs culture regardless of market condition. Given the current downturn in the drilling industry, GDI effectively made continuous efforts to optimize cost in every possible area of business to withstand and mitigate challenges and performance impacts during the difficult times.

GDI view cost optimization as a continuous improvement exercise that would result in giving the segment more financial flexibility to pursue new growth opportunities and make GDI to stand in good stead to navigate the sector downturn. Moreover, minimizing down-time and maximizing compliance with our preventative maintenance KPI's are key to achieving that efficiency.

In terms of achievements, GDI made significant progress during the year in reducing operating and capital expenditure costs. The segment was able to save 10% in terms of operational costs against the budget, these include savings in material cost, inspection cost, logistic costs etc. On the other hand, general and administrative costs were reduced by 8% against the budget. Optimization on operational and manpower costs assisted GDI to offset the drop in revenue during the year.

Asset Utilization

The Group is committed to maintaining the optimum utilization level of the rig fleet, while ensuring that safety and performance standards are not compromised.

In the face of a deep business downturn that has impacted drilling contractors worldwide, GDI has stayed true to its commitment to operational excellence and has continued to perform safely and at a high level of performance for its clients. Actual rig utilization reached 82% for the year 2020, while 1 off-shore and 1 on-shore rig remained off-contract throughout the year.

Financial Performance

The performance of the drilling segment was inevitably affected by the tough market conditions during 2020, as four onshore rigs were terminated prematurely during the year, coupled with re-pricing of rig rates within the onshore and offshore segment was on the lower side. This lead to revenue reduction of 21% to reach QR 923 million versus last year. However, revenue reduction was partially offset by the deployment of two rigs as part of the new JV formed last year with Sea Drill in relation to the realizations of NFE project.

The segment made good progress by cutting operating costs through reducing manpower costs, improving operational efficiencies and deferral of non-essential projects. As a result, the segment reduced directs costs and G&A expenses by 2% and 16% respectively. Bottom line performance was further impacted by one-off impairment loss of QR 221 million in relation to GDI-3 and Msheireb. As a result, a total net loss of QR 453 million was reported for the year 2020, from a loss of QR 102 million in 2019.

Outlook

Looking ahead, given the current uncertainty and with Oil and Gas market conditions partially recovered, but still remains very challenging, we believe the cyclical nature of the industry will ultimately bring forth a recovery that will drive an incremental demand for drilling rig services that are more favorable for drilling contractors.

Aviation Services

Strategy

The business strategy of the Aviation services segment is mainly built on expanding domestically and growing the international footprint with focus on MENA and Africa. The strategy also targets growing the fleet to meet anticipated growth requirements, upgrading the fleet to retain the existing customer base, with the most advanced aircraft; and growing maintenance, repair and overhaul activities.

Key Achievements

GHC efficiently utilized its entire available fleet during the year, while expanding its presence in the international markets, and pushing ahead with the growth of its MRO business into new markets such as Kuwait, where GHC secured a long-term government contract.

Moreover, GHC has been also successful in securing an extension for the contracts in Africa, GCC and a VVIP contract in Qatar, in addition to adding one new aircraft (AW139) to its fleet.

Moreover, in terms of awards and certification, the company was awarded a safety award -post successful completion of its operations during 2020 with zero accidents. In addition, the company was also accredited with ISO 45001:2018 certification.

Market Expansion Updates

Growing the international footprints of the Company with a focus on MENA and Africa, has remained the Aviation segment's main priority during 2020. Another key objective is to expand GHC's Maintenance and Repair Overhaul (MRO) business.

In 2020, GHC took several steps to further these goals, and has successfully secured & delivered additional helicopters on the domestic Oil and Gas contract during 2020. Moreover, the company also secured an extension for the VVIP contract in Qatar. In terms of the international segment, the company was not only able to secure extensions for existing international contracts, but also successfully won short-term contracts in various locations.

Key HSE Realizations

2020 was a milestone for the occupational health and safety (OHS) in GHC. Gulf Helicopters was first in the Middle East Region to get certified for ISO 45001:2018 standard by Intertek in the helicopter sector, this in turn would lead to increase employee, customer and stakeholder confidence in our management systems and enhance GHC's brand value and enrich its competitive advantage. Moreover, there was no major HSE incidents reported during the year.

Achieving Cost Efficiencies

During 2020, GHC implemented several cost-saving measures that will not compromise the quality and safety of operation. Controllable expenditures were closely monitored to ensure that costs are fully optimized and profitability is sustained at the optimal level and shareholder value is created. As part of these optimization initiatives, GHC also decided to defer new capital expenditures originally planned for 2020 amounting to QR 57 million. Also as part of the recent manpower optimization programs a total manpower costs amounting to QR 24 million was saved during the year.

Asset Utilization

The fleet utilization (i.e. number of aircrafts on contract) compared to 2019 has increased, however, the flying hours of the fleet was decreased compared to 2019, mainly due to lower flying hours recorded across the Company, especially during the first half of the year, as clients reduced their flight requirements due to COVID-19 related international travel restrictions.

The AW139 and AW189 fleets were actively deployed on contracts during 2020, and utilization rates has remained in line with the budget rates. An additional AW139 helicopter was procured during the year in order to meet the growing domestic demand. The plan to induct an additional AW189 was deferred till next year considering the lower flying levels due to COVID-19. An additional Bell 412 helicopter was added to the dry lease contract in Europe.

Going forward, GHC is in continuous process of enhancing and upgrading its current fleet to ensure retention of its existing customers and to maintain a core fleet that has the latest aircraft technology. Moreover, the AW139 and AW189 fleets are being actively marketed on Tenders for Oil & Gas companies internationally.

Financial Performance

The aviation segment grew by 17% in terms of revenue during the year, to reach QR 688 million at the end of 2020, which translated into 42% growth in the segment's net profit (excluding the impact of one-off impairment losses, capital gains and income taxes) to QR 202 million. The segment profitability was also impacted by one-off, non-cash impairment loss of QR 87 million, in relation to 19 old non-operating bell aircrafts.

Growth in revenues mainly came from all segments, international segment witnessed an improvement mainly due to commencement of new contracts in Angola, South Africa and Oman. While the domestic segment saw the realizations of price increase of QP-JAOC for 2018 and 2019 and mobilization of 1 new aircraft within QP, which further added to the revenue growth. Additional revenue contribution came from MRO business, as a new contract from Kuwait was awarded to GHC during the year. This was mainly offset by lowered flying hours during first half of 2020, as clients reduced their flight requirements due to COVID-19 related international travel restrictions.

Outlook

Looking ahead, the Aviation segment is well positioned to unlock additional growth opportunities in Qatar as increased demand is anticipated from the nation's NFE project, which will drive greater exploration activity leading to growth in the fleet. The continued focus on key international markets that require extensive oil and gas aviation services will also drive growth and shareholder value.

GHC is also focused on tapping opportunities for its inorganic growth potential across the world and is closely monitoring its fleet revolving strategy to ensure its fleet remains state of the art as per lasted requirements of its Oil and Gas customers in Qatar and repositioning its existing fleet for deployment in international market, not only in the Oil and Gas but also thriving opportunities in non Oil and Gas sector.

Insurance

Strategy

The key strategy for the insurance segment is mainly to promote both the medical and energy line of business through building up on premiums either by reaching newer clients, within or outside the Oil and Gas sector, or benefiting from national projects such as the NFE project and potential implementation of "Seha" regulation which would represent an attractive upside in the near term.

The growth will also be driven through pricing improvement of new and re-newel of contract with existing clients. Other key strategies include implementation effective claims management policies & procedures and diversification of the investment portfolio, coupled with strategic re-allocation of investable assets to support the overall profitability of the segment and to ensure strong liquidity position.

Key Achievements

The segment recorded several notable achievements during the year, among them includes the significant growth both on the general and medical line of business through price improvements and obtaining new SME clients, as well as new Corporate clients, in addition to retention of all major clients and reduction and successful renegotiation of Third Party Administrator (TPA) for processing insurance claims and management fees.

During the year, Al-Koot achieved a solvency ratio of 246%, which aided the Company to maintain its credit rating of A- (S&P) with a stable outlook.

Market Expansion Updates

During the year 2020, the key objective of the segment, was to expand its medical line of business and to capture small to medium enterprises which was successfully implemented and resulted in additional clients leading to improved premiums.

On the other hand, key clients were maintained on the general insurance and premium pricing have also been improved. Al-Koot currently stands as the second largest in terms of gross written premiums within the medical insurance business in Qatar.

Going forward, to further enhance market share, better services are being rendered while expansion to other product lines of business are being explored, such as family insurance products.

Achieving Cost Efficiencies

Al-Koot focused on two main objectives to achieve its optimal cost efficiency level during the year. Firstly, the claim exposure was minimized due to the reinsurance program for the medical line of business coupled with increased efforts on claims validation and audits which is being performed to recover uncovered costs. Secondly, the general and administrative expenses, where the company was able to further optimize manpower costs and improve operational efficiency of manpower.

Going forward, the company would continue in identifying other expenses which could be optimized without impact on the overall business operation.

Financial Performance

Revenue rose 18% as compared to last year to reach QR 981 million, mainly on the back of aggressive market expansion strategies. Segment's net profit also improved by 226% to reach QR 52 million during 2020. Bottom-line profitability was slightly impacted due to un-realized mark-to-market losses reported on the investment portfolio, especially during first half of the year amid financial markets turmoil due to COVID-19 outbreak. This was mainly offset by the overall decline in claims, which also aided segment's profitability growth.

Outlook

Looking ahead, the insurance segment will continue to revisit its current contracts pricing structures, coupled with negotiation for discounts with the key medical providers in Qatar. By renewing policies with better terms and reorganizing its exposure, the company is working towards maintaining its market share and bringing in growth potential across both the medical and energy segment. The outlook of medical business is positive considering the projected renewal of previously lost clients during 2018-19 and further expansion on the SME market. As for the general insurance, the focus will be on both non-energy and international clients. In addition, on the claims side, improving management of claims is expected to ensure loss ratio is maintained below its set target leading to improved prospects.

Catering services

Strategy

The business strategy for the Catering services segment has been built on enhancing client retention, improving the tender success ratio and raising the quality level of manpower and facility management services and maximizing occupancy level in the camps, to enhance shareholder value. Other key elements of the strategy include continuous cost optimization and diversification to non Oil and Gas sector clients.

Key Achievements

In 2020, the business achieved its major targets of retaining existing clientele, tender success ratio and customer satisfaction, in addition to exceeding the target percentage set for attaining non oil and gas businesses. The Company received several appreciation and recognition certificates from many reputable clients due to the exceptional and high quality services delivered.

Market Expansion Updates

2020 was a challenging year for the catering segment mainly due to the outbreak of COVID-19 pandemic, which hindered Amwaj market expansion strategy and posed several obstacles, however, despite these challenges, Amwaj made continuous efforts to grow its client base where new clients were added to the manpower segment and higher occupancy levels were achieved within the accommodation segment.

Achieving Cost Efficiencies

During 2020, AMWAJ made significant efforts in optimizing manpower costs through various measure including streamlining organization structures and optimizing payroll costs. Moreover savings from purchase of commodities and consumables have been continuously explored. All of these steps has been taken to mitigate the revenue loss and negative impacts arising from COVID-19, and led to a reduction in the overall general and administrative expenses during the year.

Financial Performance

The Group's catering segment saw revenues decline by 6% to reach QR 406 million during the year as a result of lowered number of meals served across majority of catering locations, due to COVID-19 restrictions and lockdown imposed, in addition to demobilization of one of the manpower contracts during Q4 2020. Net profits also fell and a loss of QR 10 million was reported during the year. Loss reported was mainly due to the implication of COVID-19, where the impact was mainly on the catering segment mainly due to lowered margins and declining revenues. Going forward, the segment continues to seek new opportunities for business in the oil and gas, as well as non-oil sectors.

Outlook

Looking ahead, Qatar's catering services market is expected to grow at a positive rate from 2021 to 2025. This will be mainly driven by the NFE Project and FIFA 2022 World Cup in Qatar, where a high volume of visitors are expected. This will further increase demand for catering and accommodation services in the hospitality sector, where AMWAJ is well positioned to act on these opportunities.

GIS Group
at a Glance

Overview

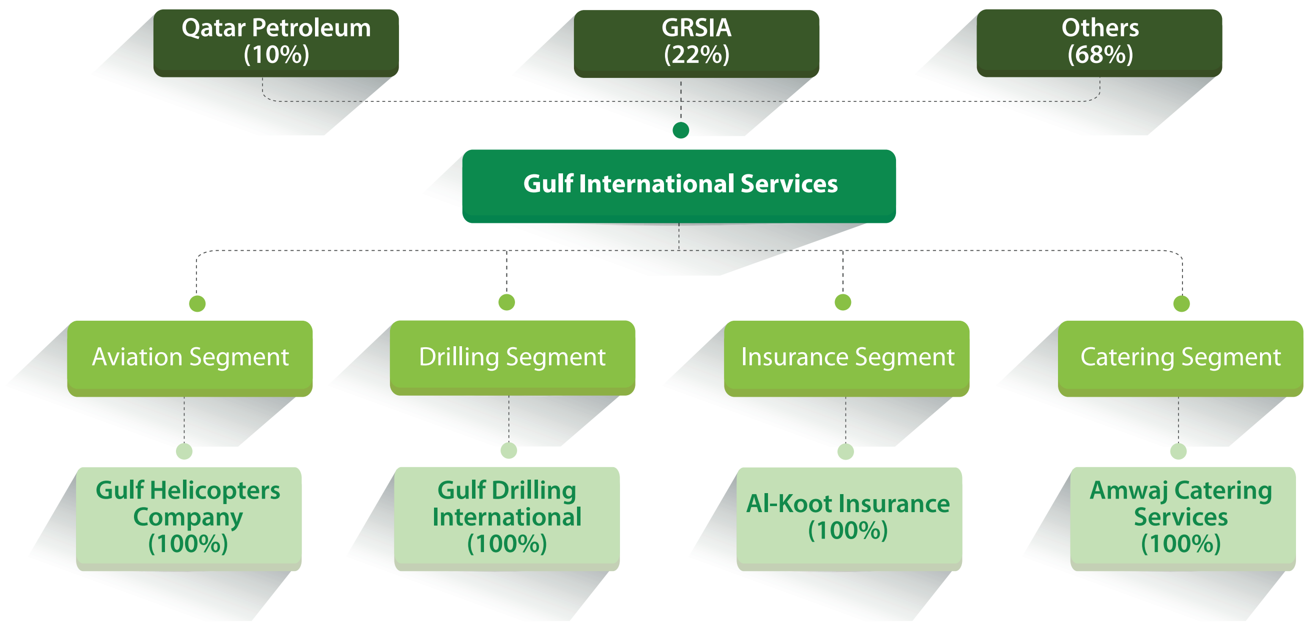
Gulf International Services, a Qatari public shareholding company listed on the Qatar Stock Exchange, was established on February 12, 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, and in line with the specific nature of its incorporation.

Through its Group companies, GIS operates in four distinct segments: insurance and reinsurance, drilling and associated services, helicopter transportation services and catering services.

Head Office Functions and Management Structure

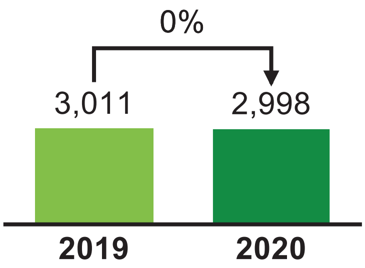
Qatar Petroleum provides all of the head office functions for GIS through a comprehensive services agreement. The operations of the subsidiaries remain independently managed by their respective Boards of Directors and senior management teams.

Ownership Structure

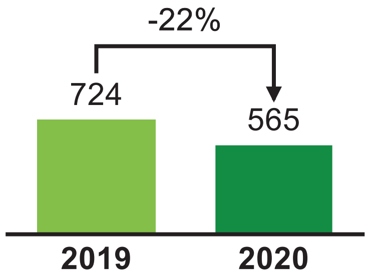


GIS 2020 Performance

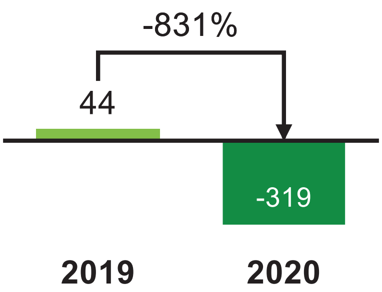
Revenue (QR 'million)



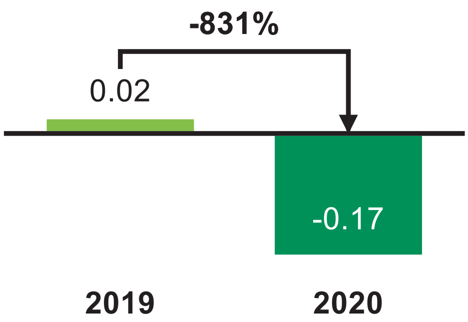
EBITDA (QR 'million)



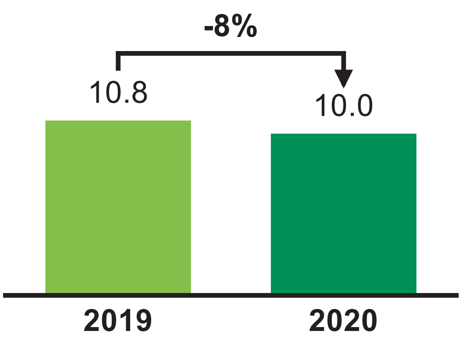
Net Profit (QR 'million)



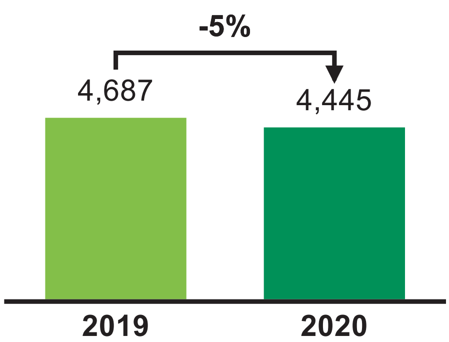
Earnings per share (QR)



Total Assets (QR 'billion)



Total Debt (QR 'million)



GIS Business Segments

at a Glance

GIS Business Segments at a Glance

GIS operates in four business segments: Drilling, Insurance, Aviation and Catering.

Drilling

Gulf Drilling International ("GDI")

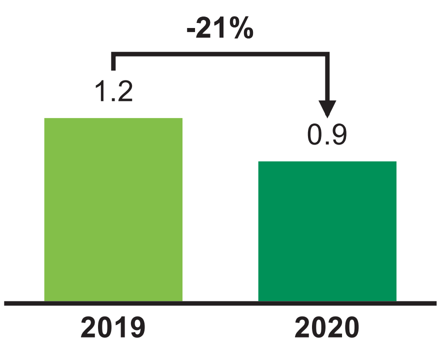
GDI was incorporated in 2004 as a joint venture between Qatar Petroleum (60%) and Japan Drilling Company (40%). Subsequent to exercising a share option provision within the joint venture agreement, QP increased its stake to 69.99% and then transferred this shareholding to GIS. With effect from May 1, 2014, GIS exercised an option in the joint venture agreement and acquired the remaining 30% of GDI, resulting in GDI becoming a wholly-owned subsidiary of GIS.

GDI currently has direct ownership of 16 drilling rigs (8 offshore rigs and 8 onshore rigs), which are used to drill wells suitable for oil and natural gas extraction, 1 jack-up accommodation barge and 2 lift boats.

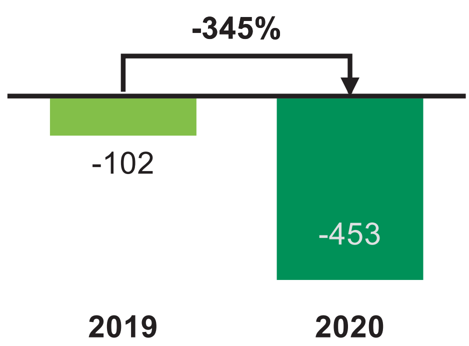
GDI in joint venture with Sea Drill Limited, has formed "GulfDrill LLC" with a 50% stake, with an objective to support the execution of the drilling contract which have been awarded to GDI in relation to North Field Expansion project. The contract cover provision of five premium jack-up rigs, where the operations for certain rigs has already started in phases in 2020 and for rest of rigs the operations to be commenced in 2021. As part of the agreement, the joint venture will source the rigs from Sea Drill and an unrelated third-party shipyard, on chartering basis (operating lease), where the JV will pay the supplier of rigs based on an agreed day rate. GDI has no required capital contribution to the joint venture and has been subcontracted by the joint venture to mobilize and manage the rigs to meet the requirements of the drilling contract.

Drilling segment financial performance for 2020

Revenue (QR 'billion)



Net Loss (QR 'million)



Gulf Helicopters Company ("GHC")

Originally incorporated in 1970 under the name of Gulf Helicopters Limited as a subsidiary of British Overseas Airways Corporation, the company was subsequently acquired by Gulf Air, and then sold to Qatar Petroleum (QP) in 1998. QP transferred its 100% shareholding to GIS in 2008. GHC provides helicopter transportation services in Qatar, Gulf Region, Africa, Europe, India and Turkey.

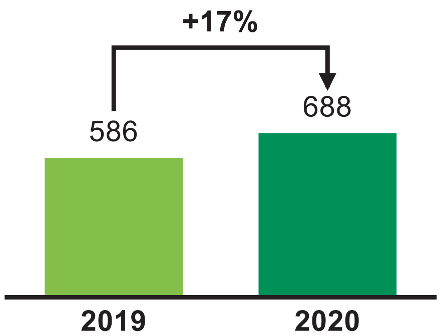
GHC is one of the leading commercial aviation service provider, with global footprints extending to Europe, Africa, Middle East and South Asia with a fleet of 55 aircrafts. GHC's core operational activities consist of a variety of helicopter transportation services, including offshore / onshore transporting, long and short-line load lifting, seismic support, VIP executive transport, and ad-hoc short-term contracts, simulator training and component maintenance.

GHC holds direct / indirect ownership in the following companies in various international locations:

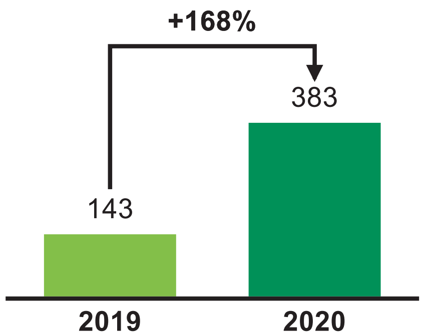
Name of Company	Relationship	Country of Incorporation	Percentage of Holding	
			2020	2019
Air Ocean Maroc	Joint venture	Morocco	49%	49%
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
United Helicharters Private Limited	Subsidiary	India	90%	62%
Al Maha Aviation Company	Subsidiary	Libya	92%	92%
Redstar Havacilik Hizmetleri A.S.	Subsidiary	Turkey	49%	49%
Gulf Helicopters Investment & Leasing Company	Subsidiary	Morocco	100%	100%

Aviation segment financial performance for 2020

Revenue (QR 'million)



Net Profit (QR 'million)



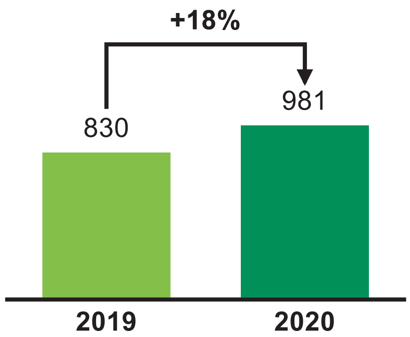
Insurance

Al Koot Insurance and Reinsurance Company

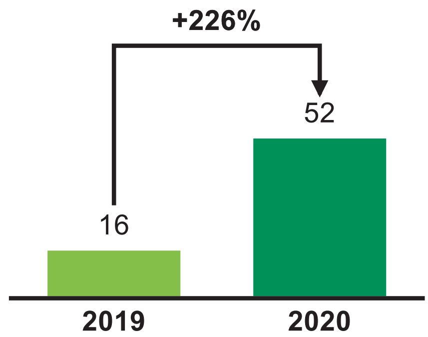
Incorporated in 2003, it is currently a wholly-owned subsidiary of GIS. All of the Company's services are principally provided within the construction, operations, marine, and medical insurance and reinsurance fields.

Insurance segment financial performance for 2020

Revenue (QR 'million)



Net Profit (QR 'million)



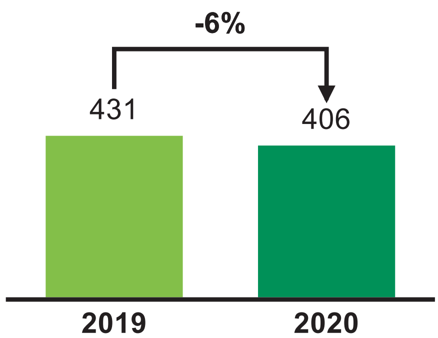
Catering

AMWAJ Catering Services Company Limited

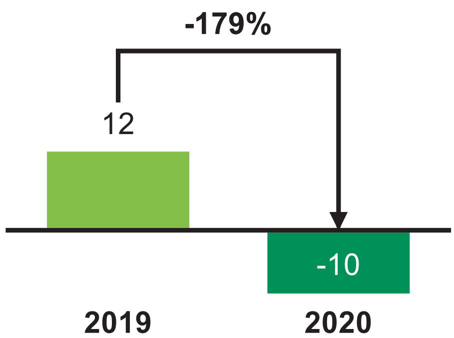
Incorporated in 2006 as a wholly-owned subsidiary of Qatar Petroleum, and was subsequently acquired by GIS on June 1, 2012. In addition to its original objective of providing high quality catering services, AMWAJ has diversified to encompass cleaning, pest control, manpower supply, facilities management, camp management, retail and VIP catering. With soft facility management services, which include commercial cleaning services that cover both internal and external areas, the company offers comprehensive and efficient services that include cleaning & janitorial and laundry services for clients. AMWAJ Catering Services also offers distinguished and high quality Corporate Hospitality and VIP dining services for small exclusive gatherings or large high profile celebrations, also catering for Wedding Banquets etc.

Catering segment financial performance for 2020

Revenue (QR 'million)



Net Profit (QR 'million)



Independent Auditor’s Report

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

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 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information, as set out on pages 8 to 74.

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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's 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.

Description of key audit matter	How the matter was addressed in our audit
Impairment of property and equipment – refer to note 6 of the consolidated financial statements. 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 2020 is QR 5,478 million. This represents 55% of the Group's total assets, hence a material portion of the consolidated statement of financial position. ◆ There is increased complexity and 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, 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 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.

Description of key audit matter	How the matter was addressed in our audit
Valuation of insurance contract liabilities – refer to note 13 of the consolidated financial statements. We focused on this area because: ◆ The Group's insurance contract liabilities represent 18% 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, 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.

Description of key audit matter	How the matter was addressed in our audit
Impairment of goodwill – refer to note 7 of the consolidated financial statements. The Group has recognized goodwill in the amount of QR 303 million. The goodwill arises 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, 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 judgements.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's 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 auditor's 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 the 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 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.

Auditor's 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 auditor's 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISA, we exercise professional judgment and maintain professional skepticism 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 auditor's 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 auditor's 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 auditor's 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 and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. 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. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto 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 2020.

18 February 2021
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
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Auditors' License No. 120153

INDEPENDENT REASONABLE ASSURANCE REPORT

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

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Gulf International Services Q.P.S.C. (the "Company") to carry out a reasonable assurance engagement over Board of Directors' description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Company's internal controls over financial reporting (the "ICOFR") as at 31 December 2020 (the "Directors' ICOFR report" presented in section 4 of the Company's 2020 corporate governance report).

Responsibilities of the Board of Directors

The Board of Directors is responsible for fairly stating the Directors' ICOFR report that is free from material misstatement and for the information contained therein and includes:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of compliance, general ledger and financial reporting, investment management, treasury management and information Technology General Controls;
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
- planning and performance of the management's testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" or "COSO Framework").

This responsibility includes designing, implementing, maintaining and testing internal controls relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Company's ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved in the preparation of the Directors' ICOFR report are properly trained, systems are properly updated and that any changes in reporting encompass all significant processes of the Company.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Directors' ICOFR report prepared by the Company and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Directors' ICOFR report is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of Parts A and B of the International Code of Ethics for Professional Accountants, including international independence standards, issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Directors' ICOFR report, whether due to fraud or error. Our engagement included assessing the appropriateness of the Company's ICOFR, and the suitability of the control objectives set out by the Company in preparing and presenting the Directors' ICOFR report in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Directors' ICOFR report, and whether the internal controls over financial reporting are suitably designed, implemented and are operating effectively as of 31 December 2020 based on the COSO Framework. Reasonable assurance is less than absolute assurance.

The procedures performed over the Directors' ICOFR report include, but are not limited to, the following:

- Conducted inquiries with management of the Company to gain an understanding of the risk assessment and scoping exercise conducted by management;

- Examined the in-scope areas using materiality at the Company's separate financial statement level;

- Assessed the adequacy of the following:

    - Process level controls documentation and related risks and controls as summarized in the Risk & Control Matrix ("RCM");

    - Entity level controls documentation and related risks and controls as summarized in the RCM; and

    - Information Technology risks and controls as summarized in the RCM.

- Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;

- Examined the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;

- Assessed the significance of any internal control weaknesses identified by management;

- Assessed the significance of any additional gaps identified through the procedures performed;

- Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;

- Examined the management's testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and

- Re-performed tests on key controls to gain comfort on the operating effectiveness of management testing.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Directors' ICOFR report nor of the underlying records or other sources from which the Directors' ICOFR report was extracted.

Other Information

The other information comprises the information to be included in the Company's annual report. We have not obtained the other information to be included in the annual report except for the report of the Board of Directors, which is expected to be made available to us after the date of this report. The Directors' ICOFR report and our reasonable assurance report thereon will be included in the annual report. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Directors' ICOFR report

The Company's internal controls over financial reporting, because of their nature, may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Historic evaluation of design, implementation and operating effectiveness of an internal control system may not be relevant to future periods if there is a change in conditions or that the degree of compliance with policies and procedures may deteriorate.

The Directors' ICOFR report is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Company, based on the criteria established in the COSO Framework.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

In our opinion, based on the results of our reasonable assurance procedures, the Directors' ICOFR report fairly presents that the Company's ICOFR was properly designed, implemented and operating effectively as at 31 December 2020.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

18 February 2021
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251
Licensed by QFMA: External
Auditors' License No. 120153

INDEPENDENT LIMITED ASSURANCE REPORT

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

Report on compliance with the Qatar Financial Markets Authority's law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies & Legal Entities Listed on the Main Market

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Gulf International Services Q.P.S.C. ("the Company") to carry out a limited assurance engagement over Board of Directors' assessment whether the Company has a process in place to comply with QFMA's law and regulations and other relevant legislation and it is in compliance with the Code as at 31 December 2020.

Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for preparing the corporate governance report that covers at the minimum the requirements of Article 4 of the Code. The Board of Directors provided its 'Report on compliance with QFMA's law and regulations and other relevant regulations including Code' (the 'Statement'), which is shared with KPMG on 24 January 2021, as part of the annual corporate governance report of the Company.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Company and to issue a report thereon including an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, in accordance with the Code, as the basis for our limited assurance conclusion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics

Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Company's compliance with the Code and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Company's compliance with QFMA's law and regulations and other relevant legislation, the Company's compliance with the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design assurance procedures that are appropriate in the circumstances.

Our engagement included assessing the appropriateness of the Company's process for compliance with QFMA's law and regulations and other relevant legislation and the Company's compliance with the Code, and evaluating the appropriateness of the methods, policies and procedures, and models used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by the Board of Directors to comply with the requirements of the Code.

The procedures performed over the Statement include, but are not limited to:

- Examining the assessment completed by the Board of Directors to validate whether the Company has a process in place to comply with QFMA's law and regulations and other relevant legislation including Code;
- Examining supporting evidence provided by the Board of Directors to validate the Company's compliance with the Code; and
- Conducting additional procedures as deemed necessary to validate the Company's compliance with the Code (e.g. review governance policies, procedures and practices, etc.).

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

Other information

The other information comprises the information to be included the Company's annual corporate governance report which are expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement is the assessment of process for compliance with QFMA's law and regulations and other relevant legislation and compliance with the provisions of the Code.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on our limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Board of Directors' Statement does not present fairly, in all material respects, that the Company has a process in place to comply with QFMA's law and regulations and other relevant legislation and the Company is in compliance with the provisions of the Code as at 31 December 2020.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

18 February 2021
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251
Licensed by QFMA: External
Auditors' License No. 120153

Consolidated Financial Statements

In thousands of Qatari Riyals

	2020	2019
ASSETS		
Non-current assets		
Property and equipment	5,828,631	6,421,124
Goodwill	303,559	303,559
Right-of-use assets	45,352	68,659
Contract assets	14,959	7,381
Equity-accounted investees	14,593	5,235
Financial investments	369,496	288,316
Total non-current assets	6,576,590	7,094,274
Current assets		
Inventories	238,301	215,491
Contract assets	410	9,529
Due from related parties	658,091	501,237
Financial investments	365,457	342,220
Trade and other receivables	620,926	766,322
Reinsurance contract assets	806,130	929,964
Short term investments	229,034	482,638
Cash and bank balances	461,538	425,191
Total current assets	3,379,887	3,672,592
TOTAL ASSETS	**9,956,477**	10,766,866
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,858,409	1,858,409
Legal reserve	371,389	366,295
General reserve	74,516	74,516
Foreign currency translation reserve	(25,712)	(11,578)
Fair value reserve	22,475	(1,095)
Retained earnings	951,292	1,294,376
Equity attributable to owners of the Company	3,252,369	3,580,923
Non-controlling interests	(52)	-
Total equity	3,252,317	3,580,923
LIABILITIES		
Non-current liabilities		
Lease liabilities	25,682	45,456
Loans and borrowings	3,702,262	3,862,016
Contract liabilities	306	5,741
Provision for decommissioning costs	41,598	41,598
Provision for employees' end of service benefits	91,388	91,281
Total non-current liabilities	3,861,236	4,046,092
Current liabilities		
Bank overdraft	14	8
Lease liabilities	28,238	27,478
Dividends payable	75,238	78,488
Loans and borrowings	743,127	825,212
Trade and other payables	713,432	841,857
Due to related parties	45,264	33,299
Insurance contract liabilities	1,228,652	1,317,242
Contract liabilities	8,959	16,267
Total current liabilities	2,842,924	3,139,851
Total liabilities	6,704,160	7,185,943
TOTAL EQUITY AND LIABILITIES	**9,956,477**	10,766,866

These consolidated financial statements were approved by the Board of Directors of the Company and signed on its behalf by the following on 18 February 2021:

Khalid Bin Khalifa Al-Thani
Chairman

Saad Rashid Al-Muhannadi
Board member

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020 In thousands of Qatari Riyals

	2020	2019
Revenue	2,998,325	3,010,812
Direct costs	(2,666,097)	(2,604,708)
Gross profit	332,228	406,104
Other income	43,783	58,756
Other expenses, net	(348,462)	(20,356)
General and administrative expenses	(212,853)	(197,525)
Operating (loss) / profit	(185,304)	246,979
Finance income	30,198	32,826
Finance costs	(162,388)	(236,922)
Net finance costs	(132,190)	(204,096)
Group's share of profit in equity-accounted investees, net of tax	9,356	705
(Loss) / profit before tax	**(308,138)**	43,588
Income tax expense	(10,623)	-
(Loss) / profit for the year	**(318,761)**	43,588
Other comprehensive (loss) / income		
Items that will not be reclassified to profit or loss		
Equity investments at Fair Value Through Other Comprehensive Income (FVOCI) – net change in fair value	13,745	6,441
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations – foreign currency translation differences	(14,137)	(77)
Other comprehensive (loss) / income for the year	**(392)**	6,364
Total comprehensive (loss) / income for the year	**(319,153)**	49,952
(Loss) / profit attributable to:		
Owners of the Company	(318,525)	43,588
Non-controlling interests	(236)	-
	(318,761)	43,588
Total comprehensive (loss) / income attributable to:		
Owners of the Company	(318,914)	49,952
Non-controlling interests	(239)	-
	(319,153)	49,952
(Loss) / Earnings per share		
Basic and diluted (loss) / earnings per share (Qatari Riyal)	(0.171)	0.023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners		
	Share capital	**Legal reserve**	**General reserve**
Balance at 1 January 2019	1,858,409	364,698	74,516
Total comprehensive income:			
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Social fund contribution	-	-	-
Transfer to legal reserve	-	1,597	-
Balance at 31 December 2019	1,858,409	366,295	74,516
Balance at 1 January 2020	1,858,409	366,295	74,516
Other adjustments	-	-	-
Acquisition of a subsidiary with non-controlling interests	-	-	-
Total comprehensive income:			
Loss for the year	-	-	-
Other comprehensive income / (loss)	-	-	-
Total comprehensive income / (loss) for the year	-	-	-
Transfer to legal reserve	-	5,094	-
Fair value reserve transferred to retained earnings	-	-	-
Balance at 31 December 2020	**1,858,409**	**371,389**	**74,516**

In thousands of Qatari Riyals

of the Company					
Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
(11,501)	(7,536)	1,253,475	3,532,061	-	3,532,061
-	-	43,588	43,588	-	43,588
(77)	6,441	-	6,364	-	6,364
(77)	6,441	43,588	49,952	-	49,952
-	-	(1,090)	(1,090)	-	(1,090)
-	-	(1,597)	-	-	-
(11,578)	(1,095)	1,294,376	3,580,923	-	3,580,923
(11,578)	(1,095)	1,294,376	3,580,923	-	3,580,923
-	-	(9,640)	(9,640)	-	(9,640)
-	-	-	-	187	187
-	-	(318,525)	(318,525)	(236)	(318,761)
(14,134)	13,745	-	(389)	(3)	(392)
(14,134)	13,745	(318,525)	(318,914)	(239)	(319,153)
-	-	(5,094)	-	-	-
-	9,825	(9,825)	-	-	-
(25,712)	**22,475**	**951,292**	**3,252,369**	**(52)**	**3,252,317**

In thousands of Qatari Riyals

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit for the year	(318,761)	43,588
Adjustments for:		
Depreciation of property and equipment	412,237	434,350
Depreciation of right-of-use assets	23,307	26,423
Impairment loss on property and equipment	308,262	-
Provision for employees' end of service benefits	20,017	22,403
(Gain) / loss on sale of property and equipment	(75)	5,870
Write-off of property and equipment	-	8,545
Net change in fair value of financial investments at FVTPL	4,315	(29,995)
Net gain from sale of financial investments	(12,327)	(7,892)
Provision for slow-moving and obsolete inventories, net of reversals	4,408	3,245
Provision for impairment of financial assets	5,901	1,179
Profit distribution from managed investment funds	(3,822)	(3,891)
Share of profit of equity-accounted investees	(9,356)	(705)
Impairment of goodwill	7,328	-
Finance income	(30,198)	(32,826)
Finance costs	162,388	243,452
Dividend income	(4,361)	(4,332)
Gain on remeasurement of an equity-accounted investee	(1,157)	-
	568,106	709,414
Changes in:		
- Inventories	(27,218)	21,018
- Contract assets	1,541	11,012
- Trade and insurance receivables, prepayments and due from related parties	112,930	(528,560)
- Contract liabilities	(12,743)	(30,680)
- Trade and insurance payables, accruals and due to related parties	(205,050)	640,452
Cash generated from operating activities	**437,566**	822,656
Employees' end of service benefits paid	(19,966)	(11,339)
Net cash generated from operating activities	**417,600**	811,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(149,226)	(177,597)
Acquisition of financial investments	(528,454)	(236,771)
Net movement in short-term investments	253,604	(224,018)
Finance income received	30,198	32,826
Proceeds from sale and maturity of financial investments	434,153	166,293
Proceeds from sale of property and equipment	75	2,918
Net movement in cash at banks – restricted for dividends	3,250	7,976
Profit distribution from managed investment funds	3,822	3,891
Cash received from acquisition of a subsidiary	1,395	-
Dividends received	4,361	4,332
Investment in equity-accounted investee	(2)	(3,650)
Net cash generated from / (used in) investing activities	**53,176**	(423,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(22,750)	(26,829)
Proceeds from loans and borrowings	496,860	618,800
Repayment of loans and borrowings	(744,815)	(934,667)
Dividends paid	(3,250)	(7,976)
Finance costs paid	(158,652)	(232,249)
Net cash used in financing activities	**(432,607)**	(582,921)
Net increase / (decrease) in cash and cash equivalents	**38,169**	(195,404)
Effect of movements in exchange rates on cash held	1,301	216
Cash and cash equivalents at 1 January	346,817	542,005
Cash and cash equivalents at 31 December	**386,287**	346,817

2020 Corporate Governance Report

1. Introduction

Gulf International Services (hereinafter referred to as "GIS" or "the Company"), a Qatari public shareholding company listed on the Qatar Stock Exchange, was established on 12th of February 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, and in line with the specific nature of its incorporation.

Qatar Petroleum, the founder, Special Shareholder and 10% shareholder, provides GIS with all the required financial and head office services under a service-level agreement. GIS therefore applies some of QP's established rules and procedures. As part of its Board of Directors' efforts aimed at complying with the principles of corporate governance and applying industry-standard best practices, GIS management made an agreement with a consultant to develop a Corporate Governance Framework, which was approved by the Board of Directors at its first meeting of 2013 held on 25th of February 2013.

2. Scope of implementation of the governance and compliance with its principles

Out of a firm belief in the importance and need for establishing the principles of good governance to enhance the value added to shareholders, GIS Board of Directors is firmly committed to implementing the principles of governance set out in the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA) pursuant to QFMA Board decision no. 5 of 2016, and in line with the provisions of the Company's AoA. GIS Board of Directors attaches greater importance to achieving justice and equality among shareholders, enhancing transparency and disclosure and providing timely information to shareholders in a way that enables them to make their decisions and properly conduct their business. The Board is also committed to upholding the values of corporate social responsibility, putting the interest of the Company and its stakeholders ahead of any other interest, performing roles and responsibilities in good faith, integrity, honor and sincerity and taking the arising responsibility to the stakeholders and community.

The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance implementation, as and when required. The Board is also committed to updating the Company's Code of Ethics in a way that reflects the values held by the Company.

Taking into account the provisions of Article no. 2 of QFMA Governance Code, the Company strictly observes the provisions of QFMA Governance Code and endeavors to maintain its official documents in conformity with such Code to ensure full and proper application of the provisions thereof.

3. Board of Directors

3-1 Board Structure

GIS was established by Qatar Petroleum, a Qatari state-owned public corporation established by Decree Law no. 10 of 1974, as a parent company of a group of companies with interests in a broad cross-section of industries, ranging from insurance and re-insurance, onshore and offshore drilling, accommodation barge, helicopter transportation and catering services. GIS went public by Qatar Petroleum in 2008 to serve as a mechanism for the distribution of wealth to Qatari nationals. This was primarily achieved via the discounted IPO price. All shareholders receive generous dividends in proportion to their shareholdings.

Recognizing the specific nature of GIS' activities and its strategic position, especially in drilling and aviation segments, and taking into account the public interest, the Board shall, in accordance with the Company's Articles of Association, consist of seven (7) Directors, three (3) of whom shall be appointed by the Special Shareholder (Qatar Petroleum). Four (4) Directors shall be elected by secret ballot of the General Assembly. The Special Shareholder shall not participate in the voting process. As the Special Shareholder, Qatar Petroleum has the right to appoint three (3) Directors for the following reasons that show how closely the Company's financial and operational performance is connected to Qatar Petroleum. which make it vital to maintain aligned strategy and vision:

- Qatar Petroleum is the founder, Special Shareholder and 10% shareholder.
- The strategic activities of the Company, particularly in the aviation and drilling segments.
- Qatar Petroleum provides technical and technological support to group companies.
- Qatar Petroleum provides all financial and head office services to the Company under a service-level agreement. These services are provided as and when requested to ensure that the operations of the Company are fully supported.

Except for those matters that are decided by shareholders as provided in the Company's Articles of Association, the Board of Directors has the widest powers to give full effect to the objects of the Company. The Board may delegate any such power to any one or more of the Directors.

3-2 Board Composition

Directors are appointed for renewable terms of three (3) years or such shorter periods (being no less than one (1) year). Pursuant to the resolution of the Company's General Assembly held on 5th of March 2018 on the elected Directors and Qatar Petroleum's decision no. 5 of 2018 passed on 7th of March 2018 on the appointment of its representatives, GIS Board of Directors was reconstituted in accordance with Article no. 22 of the Company's Articles of Association (contrary to some provisions of Article no. 6 of QFMA Governance Code). Accordingly, three (3) Directors were appointed by Qatar Petroleum and four (4) Directors were elected with effect from 6th of March 2018.

In accordance with the Company's amended Articles of Association:

1. Four (4) Directors shall be elected as per their eligibility in satisfaction of Article (23) ("Eligibility of Directors"), which provides that the elected director of the Board shall own a number of shares that are not less than one million (1000000) shares of the company's capital to guarantee the rights of company, shareholders, creditors and third parties from any responsibility that falls on the Board of Directors, and these shares should be deposited within one week from the commencement of membership date and shall not be negotiated or mortgaged or blocked until the period of membership is expired, and the balance sheet of the last fiscal year in which the director conducted his work shall be approved. If the director fails to submit the guarantee, as mentioned above, his membership will be invalid.
2. Directors shall be elected by secret. The Special Shareholder shall not participate in the voting process. voting should take place in accordance with the applicable rules and regulations.
3. Each shareholder, without exception, that satisfies the eligibility criteria set forth in Article 23 ("Eligibility of Directors") may nominate only one representative regardless of the percentage of his shares. For the purposes of this Article, a legal person, its subsidiaries and companies and/or individuals under its control, shall be deemed one person.

4. With exception of the Directors elected by the Special Shareholder, no person, either in person or as a proxy, can be a member of the Board of Directors unless by holding that post he becomes:

   1. A director in the Boards of two companies undertaking business activities similar to the Company or its Affiliates; or

   2. A director in the Board of Directors of more than three Qatari shareholding companies.

   3. The chairman or deputy chairman in more than two Qatari companies.

The membership becomes invalid if the above is violated and everything received from the Company must be returned to the Company.

Subsequently, the Company convened an Extraordinary General Assembly meeting on 2/5/2018 to amend its Articles of Association by adding a definition of the Independent Director and identification mechanism so that Independent Directors could be appointed for the next term of the Board. Pursuant to this amendment, For the purpose of determining whether a person is suitable to be appointed as an Independent, the determination of an Independent Director shall be in accordance with the regulations and requirements of such stock exchange. The relevant Independent Director must not be under the influence of any factor that may limit his/her capacity to consider, discuss and decide on the Company's matters in an unbiased and objective manner.

Accordingly, and for the purposes of this report, Independent Directors in the current composition have been identified among elected Directors based on the definition set out in QFMA relevant regulations in this regard.

In accordance with the composition of the Board and its roles and responsibilities under Board Charter, Manual of Authority and Company's Articles of Association, no one or more of Directors may have control over passing resolutions. Resolutions of the Board shall be passed by a simple majority of those Directors present and entitled to vote at the relevant meeting of the Board, each Director present having one vote.

Qatar Petroleum appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. Qatar Petroleum ensures that all of its representatives in the subsidiaries attend appropriate training and awareness programs so that subsidiaries' boards of directors can achieve the highest levels of performance and adopt the best governance practices.

Qatar Petroleum makes timely disclosure of any and all decisions on the composition of the Board of Directors or any change thereto (Directors' bios are attached).

With regard to the current composition of the elected members, the following actions were taken in 2020:

- On 9th of March 2020, GIS disclosed the appointment of Mr. Ali Jaber Hamad Al-Marri as a member of the Company's Board of Directors, replacing Mr. Abdulla Khalifa Al Rabban, the representative of the General Retirement and Social Insurance Authority.

- The Company disclosed the resignation of Mr. Mohammad Abdullah Ali Al-Mannai from his position as a member of the Company's Board of Directors w.e.f. 5th of October 2020.

- The resignation of Mr. Sulaiman Haidar Al Haidar from his position as Vice Chairman of the Company's Board of Directors w.e.f 26th of October 2020, was also disclosed. In its meeting held on 29th of October 2020, the Board of Directors has unanimously approved the appointment of Mr. Ali Jaber Hamad Al-Marri as the Vice Chairman with immediate effect. The Board also decided that the membership guarantee shares of the two resigned members would continue to be deposited and may not be traded, mortgaged, or subject to seizure until the term of membership expires and the budget of the last financial year during which the two board member undertook their actions is approved.

3-3 Key roles and responsibilities of the Board

As one of the most important pillars upon which the implementation of the governance at Company level rests, the Board of Directors is accountable to shareholders for exercising due care and diligence in managing the Company in an effective manner, as well as establishing the principles of good governance at all levels to serve the interests of the Company, its shareholders and stakeholders for the greater good. Accordingly, the Board developed a Board Charter within the Corporate Governance Framework in accordance with the industry-standard best corporate governance practices. The roles and responsibilities of the Board and the duties which must be fully performed by Directors are specifically identified in the Charter, which is reviewed and amended following any relevant new changes made by regulators. In addition, the Governance Framework developed by the Board contains the job descriptions of all Board Directors according to their classification and the positions they may have in any Board Committee. The Framework also contains the job description of the Board Secretary.

According to Board Charter, which is available on the Company's website, the Board, among other responsibilities, provides strategic guidance to GIS in line with the Company's vision and mission. This is achieved through approving and supervising the implementation of the Company's strategic directions, main objectives and business plans. The Board develops and supervises proper internal control systems and risk management, ensuring that an effective executive management is in place and in succession to achieve GIS goals and objectives to maximize value in a profitable and sustainable manner.

The Board of Directors oversees all aspects of GIS corporate governance, monitors its effectiveness and makes amendments as required. The Board also reviews the Company's policies and procedures to ensure compliance with the relevant laws, regulations and GIS Memorandum of Association and Articles of Association.

The Board may delegate some of its functions or authorities to Board Committees or Special Committees. Special Committees are constituted to undertake specific tasks under written and clear instructions. In accordance with the Company's Manual of Authority, the Board shall determine the authorities it may delegate to the executive management and the procedures for decision-making. The Board may also determine the matters that it retains the right to decide on. In any event, the Board remains liable for all of its functions or authorities so delegated.

In accordance with the Company's AoA, all Directors shall be jointly and individually liable for any fraudulent act, abuse of power, negligent errors in management or violations of the Articles or Law.

3-4 Board Chairman

The Chairman is primarily responsible for the proper management of the Company in an effective and productive manner, making available for Board Directors all data and information in a timely manner. The Corporate Governance Framework includes the Chairman's job description (roles and responsibilities). As described in detail under the Governance Framework, these roles and responsibilities, whether strategic, operational or administrative, are well aligned with the Chairman's main objective of protecting shareholders' rights and achieving the Company's vision and strategic objectives profitably and sustainably.

In accordance with the Company's Articles of Association, the Chairman shall represent the Company towards Third Parties. The Vice Chairman shall substitute for the Chairman in his absence.

The Chairman is not a member of any Board Committee referred to in QFMA Governance Code. The Chairman does not hold any executive position at the Company. In this regard, the Company's management ensures that:

- No one person in the Company should have unfettered powers of decision at the time of developing the Company's Manual of Authority and the relevant regulations.

- The Chairman in his capacity as the Chairman or as the Managing Director is not a member in any of the Board Committees or Special Committees.

- The roles and responsibilities of the Chairman are separated from those of the rest of Board Directors and members of the Company's executive management.

3-5 Board Directors

Board members are committed to exercising due care and making full use of their diverse skills and experience in managing the Company and complying with the relevant regulations and laws, including Board Charter and the Code of Ethics, and to work in accordance with the ethical principles of integrity, respect, objectivity, accountability, excellence, sustainability and confidentiality to ensure upholding the interests of the Company, its shareholders and other stakeholders to be priority before any other interest. In accordance with Company's Articles of Association and Conflict of Interest Policy, Directors shall declare any financial and commercial transactions and judicial proceedings that may adversely affect the performance of their assigned duties.

3-6 Board meetings

In accordance with the Company's AoA, the Board of Directors convenes to conduct the Company's business and shall adjourn and otherwise regulate its meetings as it thinks fit. The Board shall meet at least six (6) times during the Company's fiscal year, and a three-month period may not lapse without a meeting of Board. The number of Directors required to constitute a quorum shall be five (5) Directors (present or duly represented by an alternate) as a minimum, and the Chairman shall be. In accordance with Article no. 30-1 of the amended Articles, the Board has met for the required number of times in 2020.

In accordance with Board Charter and the Company's Articles of Association, all Board meetings are convened by a notice from the Chairman or, in his absence, the Vice Chairman (if any), or any two Directors or such other Director as is duly authorized by the Chairman. Meeting agenda and invitations shall be given to every Director not less than seven (7) days prior to the date set for the meeting. A meeting of the Board shall, with a notice of less than seven (7) days, be deemed to have been appropriately convened in the absence of any objection by Directors and as agreed by those Directors to attend.

In accordance with the Company's Articles of Association, an absent Director may appoint in writing a Director to represent him in attendance and voting, provided that no Director may represent more than one Director. The office of a Director shall be vacated by such Director if he absents himself from three (3) consecutive or four (4) non-consecutive Board meetings without an excuse being accepted by the Board.

To ensure full participation of all Directors in Board meetings, Director has the right to use any secure technological means of communications to enable him to hear and actively participate in discussing Board agenda items and passing resolutions. A participating Director in such a manner shall be considered as personally present at the meeting and counted in the quorum and shall be entitled to vote.

3-7 Board resolutions

In accordance with the Company's Articles of Association and bylaws, resolutions of the Board shall be passed by a majority of those Directors present and the Chairman of the Board at a duly constituted Board meeting. The Board shall keep minutes of all resolutions and proceedings of Board meetings and those absent from and attending such meetings. The Chairman, Secretary and all attendants shall sign on the minutes. Any objecting Director shall enter his objection in the minutes of meeting.

The Board of Directors may, in case of necessity and on urgency grounds, pass resolutions in writing by circulation subject to written approval on such resolutions by all Directors. The resolution shall be deemed in force and effective for all purposes as if it was adopted at a duly called meeting of the Board. In all cases, the written resolution shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting.

3-8 Board Secretary

In accordance with the Company's Articles of Association, the Board or the Special Shareholder may take a decision to appoint a Secretary of the Board for such period and on such terms as it may decide and may revoke such appointment. The Board shall decide on the duties of the Company's Secretary and on the scope of his/her authority and his/her annual remuneration.

The detailed roles and responsibilities of the Board Secretary are included in in the Board of Directors Job Descriptions within the Corporate Governance Framework. These roles and responsibilities meet the main role objective of providing comprehensive and confidential administration and support services to the Board of Directors. The Secretary keeps safe Board documents and coordinates among Board Directors in a timely and appropriate manner.

The Secretary ensures that Board documents are safely maintained and Board meeting agendas, invitations, other required documents, meeting minutes and resolutions are distributed and safely maintained. The Secretary is also responsible for providing orientation material and scheduling orientation sessions for the new Board Directors.

The current Board Secretary has a legal experience that spans more than 17 years. In addition, the Secretary has long experience in handling the affairs of listed companies.

The Secretary may, as he/she deems appropriate and upon approval of the Chairman, delegate to a representative any of his/her duties, powers or discretionary authorities. However, the representative shall not have the right to delegate such duties, powers and authorities to another person.

3- 9 Board Committees

As part of implementing governance, the Board of Directors established some Board Committees and some Special Committees and delegated to these committees some powers and authorities to carry out specific tasks and conduct Company's business. The Board of Directors remains liable for all the powers and authorities so delegated. Board Chairman is not a member of any Board Committee or Special Committee. The Board also reviews and assesses the performance of the committees on an annual basis. Board Committees are as follows:

3-9-1 Audit Committee

The Board Audit Committee (BAC) was constituted pursuant to Board resolution no. 5 of the fourth meeting of GIS Board of Directors of 2010. The current BAC was formed by virtue of resolution no. 5 of 2020 passed on 2nd of June 2020 concerning the reconstitution of Board Committees. The BAC currently consists of 3 members, all of whom have the required experience necessary to effectively perform their duties and exercise all authorities and powers vested in or exercisable by the Committee. Committee Chairman is not a Chairman or a member of any other Committee.

As previously mentioned, the Company has convened an Extraordinary General Assembly meeting on 2nd of May 2018 to amend its AoA by adding the definition of the independent member and identification mechanism, so that independent members could be appointed with effect from the coming Board term. Independent members in the current composition have been identified among elected members based on the definition set out in QFMA relevant regulations in this regard.

By applying the definition referred to in QFMA Governance Code and based on candidate applications and related declarations submitted by all elected members, Committee Chairman and one of the elected members are considered as independent members. In addition, no one of the current members has directly or indirectly conducted external audit for the Company during the two years prior to their membership in the Committee.

The Corporate Governance Framework, which was developed in line with QFMA Governance Code and industry-standard best governance practices, contains BAC Terms of Reference. Committee responsibilities include financial aspects, external and internal audits, internal controls, compliance and risk management.

Committee meeting agendas for 2020 covered the following:

1. Approve the External Auditor's report on the financial statements for the financial year ended 31st of December 2019.

2. Review and endorse the financial statements for the financial year ended 31st of December 2019 and present the executive summary report.

3. Endorse the appointment of the External auditor for the financial year ending 31st of December 2020.

4. Endorse 2019 Corporate Governance Report.

5. Endorse the Company's General Assembly meetings' materials and related regulatory filings prior to release and consider the accuracy and completeness of the information as applicable.

6. Review and endorse the financial statements for the financial period ended 31st of March 2020 and present the executive summary report.

7. Review and endorse the financial statements for the financial period ended 30th of June 2020 and present the executive summary report.

8. Review and endorse the consolidated financial statements for the financial period ended 30th of September 2020 and present the executive summary report.

9. Periodic review of internal audit activities, including risk assessment update, audit plan, conclusions and related corrective actions.

10. Review update on the implementation of COSO Framework requirements /ICoFR test of design.

11. Audit plan for one of the group companies and the technical staff required to make the agreement.

12. Conduct annual self-assessment of the Committee's performance.

In accordance with Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Committee Chairman and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. In accordance with the Committee's amended Terms of Reference. Committee holds at least (6) meetings during the financial year. During 2020, Committee met 5 times (contrary to the provisions of Article no. 19 of QFMA Governance Code).

The Board Audit Committee currently consists of three members. The table below shows the current members of the Board Audit Committee:

Name	Position
Sheikh Jassim bin Abdullah Al-Thani	Chairman
Mr. Ali Jaber Al-Marri*	Member
Mr. Mohammad Abdullah Ali Al-Mannai**	Member

*Committee was reconstituted pursuant to Board resolution no. 5 of 2020 passed on 2nd of June 2020 concerning the appointment of Mr. Ali Jaber Al-Marri as a replacement of Mr. Saad Rashid Al-Muhannadi.

**Mr. Mohammad Abdullah Ali Al-Mannai resigned from his position as a member of the Company's Board of Directors with effect from 5th of October 2020.

3-9-2 Nomination and Remuneration Committee

As part of its efforts to comply with the provisions of QFMA Governance Code, the Company had established a Nomination and Remuneration Committee pursuant to Board resolution no. 3 of 2017. The current Committee was formed by virtue of resolution no. 5 of 2020 passed on 2nd of June 2020 concerning the reconstitution of Board Committees. Committee currently consists of three members, including a Board Director as Chairman, all of whom have the required experience to efficiently perform their duties and exercise all authorities and powers vested in or exercisable by the Committee. Committee Chairman is not a Chairman of another Board Committee, and the BAC Chairman is not a member of the Nomination and Remuneration Committee.

Committee's Terms of Reference were prepared in line with QFMA Governance Code and the industry-standard best corporate governance practices. The Committee conducted its work on Board nomination to fill four seats for a term of three (3) years (2018-2021) in accordance with the Company's AoA eligibility of Directors that requires the elected director to own a number of shares that are not less than one hundred thousand (100,000) shares (before the split of the nominal value of the share) of the company's capital and be deposited as a guarantee. Committee also assists the Board in selecting the qualified persons to serve on the Board by establishing objective criteria to be used by the General Assembly in electing the fittest among the candidates for Board Directorship (elected Directors).

The responsibilities of the Committee include setting the foundations for granting remunerations for Board Chairman and Board Directors, and for any remunerations, allowances or incentives to be paid to the senior executive management, taking into consideration the requirements of relevant regulators.

In determining the proposed remuneration, Committee takes into account the duties and responsibilities of Board Directors and the Company's performance and benchmarks with the best practices of the similar companies listed on the Qatar Stock Exchange. In addition, Committee reviews the self-assessment of Board Directors, taking into account many factors that best serve the long-term interests of the Company's shareholders and meet their expectations. Committee reports to the Board of Directors on its activities, issues and raises recommendations.

Committee meeting agendas for 2020 covered the following:

1. Review self-assessment of Board Directors and the proposed improvements to Board performance.

2. Propose the remuneration of the Board Directors for the financial year ended 31st of December 2019.

3. Update on the study of salary restructuring for some of the group companies, including job grading and salary structure and the consistency of job and salary grades with market practices.

4. Discuss the way forward for GIS Board of Directors in light of the resignation of two elected Board members, one of whom is the Vice-Chairman of the Company's Board of Directors.

5. Consider the appointment of a Vice-Chairman to replace the resigned member.

In accordance with Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Chairman of the Committee and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. In accordance with the Committee's Terms of Reference, Committee shall meet as and when necessary. Committee shall meet before the Board meeting to review the final financial statements and consider the proposed remuneration of Directors that should be presented and approved by the Annual General Assembly meeting.

Remuneration of Board of Directors

The Company developed a periodically revisited remuneration and allowances policy for Board Directors. The current policy has fixed component (allowance) for Board Directorship and attending meetings and a Company performance-related variable component (remuneration) with a determined ceiling. The main principles of this policy are included in the Corporate Governance Framework. In accordance with the Company's Articles of Association, the proposed remuneration of Board Directors shall be presented to the General Assembly for approval.

In its remuneration policy, the Company complies with the limits provided for in Article no. 119 of Law no. 11 of 2015, promulgating the Commercial Companies Law that such remuneration does not exceed (5%) of the net profit after deducting reserves, legal deductions and distributing a profit of not less than (5%) of the Company's paid up capital among its shareholders.

Remuneration of senior management

All financial, administrative and head office services are provided by resources from Qatar Petroleum under a service-level agreement. Accordingly, the Company's staffing structure does not include any senior executive positions, and therefore no remuneration amounts were approved for the senior executive management for 2020.

Committee currently consists of three members. A meeting was held on 16th of February 2020 to consider the proposed remuneration of the Board of Directors for the financial year ended 31st of December 2019. Board recommended that no remuneration would be given to the Directors as approved by the General Assembly held on 12th of April 2020. As for Board Committees, no remuneration is paid for membership. Allowances are given only to the members of the Nomination and Remuneration Committee for attending its meetings. The table below shows the current members of the Committee:

Name	Position
Mr. Ghanim Mohammed Al Kuwari	Chairman
Mr. Saad Rashid Al-Muhannadi*	Member
Mr. Mohammed Jaber Al-Sulaiti	Member

*Committee was reconstituted pursuant to Board resolution no. 5 of 2020 passed on 2nd of June 2020 concerning the appointment of Mr. Saad Rashid Al-Muhannadi as a replacement of Mr. Abdulla Khalifa Al Rabban.

All Committee members are GIS Board Directors, excluding Mr. Mohammed Jaber Al-Sulaiti who serves as the Manager of the Privatized Companies Affairs Department, Qatar Petroleum. Mr. Al-Sulaiti has long and extensive experience that is required to properly perform his duties and effectively all authorities and powers vested in or exercisable by the Committee.

3-10 Assessment of Board Performance

The Board of Directors conducts an annual self-assessment to ensure that Directors are efficient, honor their commitments, make the most efforts possible and exchange experiences. The assessment takes into account several factors that best serve the long-term interests of the shareholders and meet their expectations as follows:

1. Independence and impartiality in presenting views and ideas while avoiding conflicts of interest.

2. Directors' knowledge and experience that are relevant to the Company's activity.

3. Commitment, participation and team working at the Board and its committees.

4. The role of the Board and the extent to which it achieves the objectives set, including the outcome of the business and the achievement of the Company's strategy.

5. Communication between the Board on the one side and its committees and the Executive Management of the Company on the other side.

6. Decision-making mechanisms and the accuracy and adequacy of the required information

7. Providing constructive opinions, suggestions and recommendations and ideas in the best interest of the Company.

In its meeting for 2020, the Remuneration Committee will review Board self-assessment and make its recommendations in this regard as part of its report to the meeting of the Board of Directors.

During 2020, the Board performed the tasks and dispensed business decisions within its authorities as provided for in the Board Charter. Directors had no grievances or complaints. All proposals were discussed during Board meetings and necessary relevant actions were taken, whether corrective or reinforcing. The Board is satisfied that it has effectively discharged all of their duties and obligations

4. Company's control system

The primary purpose of internal controls is to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. To achieve this, the Company adopted an internal control system that includes the development of internal controls over financial reporting, policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.

The internal control system is overseen by the Audit Committee and the Board of Directors to discuss observations on the internal controls. The Internal Auditor periodically makes and submits reports in this regard.

To ensure that best standards are applied in developing internal control systems, the management adopted COSO Internal Control – Integrated Framework (2013) as a benchmark framework. COSO Internal Control – Integrated Framework (2013) consists of inter-related components, including control environment, risk assessment, control activities, information and communication, and monitoring.

Internal control is an integral part of GIS' corporate governance which involves the Board, Board Audit Committee, executive management and employees at all organizational levels. It is a process which includes methods and processes to:

1. Safeguard GIS' assets.
2. Ensure the reliability and correctness of financial reporting.
3. Secure compliance with applicable legislation and guidelines.
4. Ensure that objectives are met and continuous improvement of operational efficiency.

The objective for GIS' financial reporting is to be in line with the highest professional standards and to be full, fair, accurate, punctual and understandable.

Moreover, the benchmark framework will enable the management to establish and maintain an internal control system. Company's auditors can also refer it as benchmark framework to perform their duties in accordance with Article no. 24, in particular with regard to the assessment of the appropriateness and effectiveness of the applicable control systems.

To comply with the provisions of Article no. 4 of QFMA Governance Code, Gulf International Services should:

1. Establish and maintain adequate and effective internal controls over financial reporting to mitigate the risk of significant misstatements.
2. Evaluate and assess the adequacy and effectiveness of the internal controls over financial reporting to mitigate the risk of

significant misstatements.

To achieve this, the management developed a framework to assess the Company's internal controls over financial reporting. A top down approach was used in designing and testing of the Company's framework wherein it begins at the financial statement level and with the understanding of the overall risks to internal controls over financial reporting.

Business risks were assessed using the Company's standalone financial statements of 2019. The risk assessment, which involved application of "Materiality" on GIS' standalone financial statements of 2019 (considering the qualitative and quantitative factors) based on the inputs of the External Auditor and the best practices, was made to determine the significant accounts, disclosures, their relevant assertions and applicable business processes within the Company for controls identification, evaluation and testing.

This approach directs attention to accounts, disclosures, and assertions that present a reasonable possibility of material misstatement to the financial statements and related disclosures. The next activity involves understanding of the risks in the Company's processes relevant to the identified significant accounts, disclosures and assertions based on risk assessment and select for testing those controls that sufficiently address the assessed risk of misstatement to each relevant assertion. This process can be detailed as follows:

Risk assessment:

1. Identifying and assessing the risks of material misstatement in the financial statements.

2. Determining materiality (considering the qualitative and quantitative factors), external audit input, and other factors relating to the determination of material weaknesses.

3. Identifying classes of transactions, significant account balances, disclosures, their relevant assertions and applicable business processes based on determined materiality. The financial statement assertions include existence or occurrence, completeness, valuation or allocation, rights and obligations, presentation and disclosures.

Perform walkthrough:

Following the risk assessment, the relevant internal controls which mitigate the risk of material misstatements for applicable business processes are identified through walkthroughs by reviewing the established policies and procedures, enquiries with management and process owners and understanding the flow of transactions.

These internal controls are grouped as follows:

1. Entity Level Controls (ELCs) – present across the Company and include measures taken by management to equip staff to adequately manage risks through raising awareness, providing appropriate knowledge and tools as well as developing skills.

2. Information Technology General Controls (ITGCs) - The ITGC (applicable IT applications and infrastructure relevant to identified business process) on Company's general IT infrastructure and systems.

3. Business Process Controls - both manual and automated, are embedded in business processes applicable to financial transactions. These controls may change over time due to changes in the Company's business processes.

A walkthrough involves following a transaction from origination through the Company's processes, including information systems, until it is reflected in the Company's financial records, using the same documents and information technology that Company personnel use.

Walkthrough procedures usually include a combination of inquiry, observation, inspection of relevant documentation.

Test of internal controls:

Following the risk assessment and controls identification, control testing was conducted on each of the identified controls to assess if they are designed adequately and operating effectively. Control testing encompasses three components: test of design effectiveness, test of operating effectiveness, and ongoing monitoring.

Test of Design Effectiveness:

Testing the design effectiveness of controls involves determining whether the Company's controls, if they are operated as prescribed by persons possessing the necessary authority and competence to perform the control effectively, satisfy the Company's control objectives and can effectively prevent or detect errors or fraud that could result in material misstatements in the financial statements. This will conclude if the Company has an adequate system of internal controls over financial reporting.

Testing the design includes a mix of inquiry of appropriate personnel, observation of the Company's operations, and inspection of relevant documentation.

Test of Operating effectiveness

Testing the operating effectiveness of controls involves obtaining evidence about whether the control is operating as designed throughout the relevant financial reporting period. For each control selected for testing operating effectiveness, the evidence necessary to conclude that the control is effective depends upon the risk associated with the control which is assessed based on factors such as, nature and materiality of misstatement the control is intended to prevent, history of errors, frequency with which control operates, effectiveness of entity level controls, competency of personnel performing the control, nature of control i.e., automated or manual.

Evaluating identified deficiencies:

A 'deficiency' in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Evaluation of the severity of each control deficiency should be made to determine whether the deficiencies, individually or in combination, are significant deficiencies or material weaknesses as of the balance sheet date.

The Company's management recognizes that a significant deficiency or weakness in internal controls over financial reporting increases the possibility that a misstatement in the Company's annual or interim financial statements will not be prevented or detected on a timely basis, which is important enough to merit attention of those charged with management and governance.

A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operating effectiveness exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Remediation Testing:

The Company ensures that any issues or deficiencies either relating to design or operative effectiveness of specific controls are remediated. Once a new control is in place or remediated, it should be given enough time for its operations to validate the control's operating effectiveness. The amount of time that a control should be in place and operating effectively depends on the nature of the control and how frequently it operates.

Based on its assessment of the Company's current internal controls over financial reporting and Testing of Design and Operating Effectiveness, the management believes that the Company has developed an appropriate internal control framework that meets the requirements of the internal control over financial reporting. Moreover, the management considers the developed framework as appropriate to form the basis for compliance with the requirements of Qatar Financial Markets Authority in this regard.

The following are the main elements of the Company's internal control framework:

4-1 Risk management

As a service provider under a service-level agreement, Qatar Petroleum' established risk management rules and regulations are applied. However, the Board of Directors endeavors to maintain an appropriate risk management framework at Company level, as risk management is an integral part of company governance, which the shareholders expect from the Board of Directors.

This framework takes into consideration pursuing an integrated process for continuous risk management, starting from risk identification, assessment, measurement, management to monitoring as follows:

- Risk identification and assessment involve identifying and assessing all risks facing the Company. Risks are classified into four main categories: strategic, operational, financial and compliance related. For each risk, there must be measures to address it effectively, as well as a set of indicators to monitor changes in the overall risk structure and landscape. Risk are simulated in several scenarios in order to develop proper remedies and assess their cumulative impact on the performance of the Company.

- Risks are then measured based on the impact and possibility of their occurrence.

- Risks are managed with the possibility that their level is increased, decreased or maintained in a manner consistent with the determined level of risk accepted by the Company. During treatment, the Company takes into consideration that risks have a life cycle, ie. before, during and after the occurrence. The Company ensures protection and that regulations, operational procedures and controls are developed in accordance with the best practices to minimize and mitigate related risks.

- Risks are then monitored to ensure that any related problems are quickly identified and properly addressed.

4-2 Audit

4-2-1 Internal Audit

Gulf International Services periodically floats a tender for the engagement of an independent consultant to provide it with internal audit services according to the tendering procedures. Offers are received by an established Tender Committee. Based on its evaluation of the technical and commercial offers, the Tender Committee makes its recommendations to the Board Audit Committee on the selection of the appropriate consultant .An Internal Auditor was appointed on 1st of January 2018 for three years to provide the Company and its subsidiaries, as instructed by the Board Audit Committee and in accordance with the audit plan, with internal audit services as a "service provider". With the end of the agreement, the Company is currently in the process of floating a tender to appoint an internal auditor to provide it with internal audit services.

The appointed Auditor makes a risk assessment at the Company and subsidiaries levels, then they draw up an appropriate audit plan and follow up on the implementation of the outstanding observations and related corrective management plans.

The Internal Auditor has access to business functions and all data are provided as and when requested. The Internal Auditor verifies control systems, financial oversight and risk management. The Internal Auditor also verifies the extent to which the Company is committed to applying internal control systems and complying with the relevant laws and regulations, including Company's compliance with the rules and provisions that govern listing and disclosure to the stock market.

Internal audit reports are prepared by the Internal

Auditor in accordance with the international auditing standards. All reports and recommendations are quarterly presented by the Internal Auditor to the BAC and subsequently submitted to the Company's Board of Directors as part of the BAC periodic report on audit results, follow up and current status of the executive management' plans of the corrective actions to address any weaknesses in the internal controls, risk assessment results and the applied systems. The executive management receives a copy of the report to take the necessary corrective actions as instructed by the Board Audit Committee.

During the contractual period, the Internal Auditor completed 13 audits and follow-up audits in accordance with the audit plan that covers GIS and its subsidiaries. The scope of the internal audit, which was based on risk assessment, included many areas across group companies, such as main operations (operations, maintenance, life insurance, general insurance and reinsurance etc.) and support functions (governance and compliance, finance and accounts, management reports, investments, procurement, marketing and business development, human resources, information technology, HSE etc.)

4-2-2 External Audit

The Board Audit Committee examines and evaluates offers received from external auditors registered in QFMA external auditors' list. Accordingly, the Committee makes its recommendation to the Board on the appointment of the External Auditor. Once approved by the Board, the recommendation shall be included in the agenda of the Company's General Assembly.

The General Assembly shall appoint an external auditor for one year, renewable for a similar period or other similar periods up to a maximum of five consecutive years, provided that no re-appointment shall be made before two consecutive years are passed. The agreement between the Company and the External Auditor provides that the External Auditor's employees are required to strictly maintain confidentiality. Under relevant regulations and laws, the External Auditor is prohibited from combining between their assigned business, functions and duties and any other business in the Company, and from working at the Company before at least one year from the date of relations end with such Company.

The Company floated a tender for the appointment of an external auditor as from 2019 for a period of five years. The recommendation made by the formed committee is presented in accordance with the Company's tender procedures for the proposed appointment at the Company's Annual General Assembly meeting. For 2020, the Company's General Assembly approved, at its meeting for 2019 which was held on 12th of April 2020, the appointment of KPMG as the Company's External Auditor for 2020 for an annual fee of QR 337,000 inclusive of additional work of ICoFR and corporate governance assessment as instructed by QFMA.

Taking into account the requirements of Article no. 24 of QFMA Governance Code, the scope of work of the External Auditor included internal control and assessment of the Company performance, particularly with regard to appropriateness and effectiveness of the applied internal control systems and internal controls over financial reporting and the Company's adherence to its Articles of Associations and compliance with the provisions of the Law and QFMA's relevant legislations, including the provisions of QFMA Governance Code.

The External Auditor provides assurance that the financial statements were properly and fairly prepared in accordance with the international accounting and auditing standards. The External Auditor reports on observations made on significant financial issues and applied financial controls. The External Auditor attended and submitted their report to the General Assembly of 2019 held on 12th of April 2020.

KPMG, the External Auditor, submitted their report for the financial year ended 31st of December 2019 to the Company's Board of Directors on key accounting and auditing matters. The External Auditor also submitted their independent report on the internal controls over financial reporting of significant and related assessment. The External Auditor, based on the results of our reasonable assurance procedures, concluded that the Board of Directors' Statement fairly presented that the Company's ICOFR was properly designed and implemented and are operating effectively as at 31st of December 2019.

In addition, the External Auditor submitted their independent report on compliance with the Qatar Financial Markets Authority's Governance Code for Companies and Legal Entities Listed on the Main Market. The External Auditor concluded that nothing came to their attention, based on their limited assurance procedures performed, that caused them to believe that the Board of Director's Statement , did not present fairly, in all material aspects, the Company's compliance with the QFMA's relevant legislations, including the Code, as at 31st of December 2019.

4-3 Compliance

GIS Board of Directors is strongly committed to maintaining full compliance with all applicable regulations, including QFMA requirements for listed companies. The Board makes every effort to ensure that a governance structure based on best practices, standards and regulatory governance requirements is developed and implemented.

Areas of non-compliance with particular provisions of QFMA Code, including the reasons for any such non-compliance, were highlighted in this report. The Company confirms that there is no material non-compliance with the provisions of the applicable QFMA laws and relevant legislations including the Code.

The main responsibility of the Compliance Section is to assist the Board of Directors, Board Audit Committee and the Company's management to comply with governance rules, and to manage and monitor risks by ensuring that relevant policies and procedures are in place to protect the Company, as a listed entity, against exposure to non-compliance risks.

The Compliance Section continuously monitors changes to governance regulations and best practices, and periodically updates the Board on any changes to governance practices / regulations.

As and when the Company is required to update its governance structure due to new changes to corporate governance regulations and leading practices, Compliance Officers are required to prepare and submit proposals on governance changes to the Board for approval.

To this end, a mechanism was developed to review, monitor and ensure that the Company is compliant with applicable laws, rules and regulations, and to enhance the Company's self-revision of risk management. The mechanism, which will be applied, generally aims to:

- Provide a reasonable assurance of the Company's compliance with the relevant applicable laws and regulations;
- Detect cases of non-compliance, whether accidental or intentional;
- Take the necessary disciplinary actions in accordance with the Company's regulations in cases of noncompliant behavior;
- Take the necessary corrective actions to address the consequences of noncompliance;
- Develop proposals to avoid non-compliance in the future.

Each and every company of GIS group companies, which are not the main focus of this report, is independently managed in accordance with the agreements under which it was established with other partners, by a Board of Directors having the necessary powers to manage and exercise its duties in full accordance with its fiduciary responsibility, guaranteeing the protection of all shareholder rights of different classes. Each company also has its own systems and internal controls, including risk management systems, which are overseen by the group company's Board of Directors, Board committees and other relevant executive committees, such as audit committees, institutional risk management committees and governance and compliance committees. All of this contributes positively to creating a control environment in line with the best standards and practices.

Moreover, GIS appoints only qualified and eligible Directors – its representatives to subsidiaries - who are sufficiently experienced to perform their duties effectively in the best interest of the subsidiary and dedicated to achieving its goals and objectives. Upon appointment, a Director shall be fully responsible to the subsidiary, in which he holds a seat on its Board, and shall be held accountable for his decisions to GIS as a shareholder in the meeting of the General Assembly, thereby increasing the level of independence from the appointee and non-interference in the management.

5. Disclosure and Transparency

5-1 Disclosure

The Company complies with disclosure requirements, including A) financial reports and notes thereto as disclosed to the regulators, published in the local newspapers and posted on the Company's website (www.gis.com.qa), B) number of shares owned by the Chairman, Board Directors and members of the senior executive management, and C) major shareholders. The Company also complies with the requirements of disclosing information on the Chairman, Directors, Board Committees, Chairman and Directors' qualifications and experience as noted from their bios, and whether any of them is a member of the Board of Directors of other listed company, a member of its senior executive management or its Board committees.

On the other hand, the Company has not been subject to any sanctions or financial penalties imposed by QFMA in 2020 for non-compliance with any provisions of the applicable QFMA laws and relevant legislations including the Code. No legal case was filed by or against the Company.

In addition, Qatar Stock Exchange, following correspondences and discussions with GIS management, has drawn the Company's attention to avoid any recurrence of typographic errors, as a typo was spotted in the Company's disclosure letter of the financial statements for the financial year ended 31st of December 2019, which was soon corrected in a timely manner by the Company's management on the same day the disclosure was made.

Disclosure is made in accordance with specific procedures approved by the Company's management. These procedures include ways of dealing with rumors by proving false or true, and how to clearly disclose in writing in a manner that is consistent with QFMA relevant legislations.

The Board takes appropriate measures to ensure that all disclosures are made in accordance with the instructions and rules of the relevant regulatory authorities, and that accurate and non-misleading information with the required quality and quantity is provided to all shareholders in an equitable manner to enable them to take informed decisions.

5-2 Conflict of Interest

The Board complies with QFMA Governance Code principals for the disclosure of any dealing and transaction the Company enters into with any "Related Party", in which such Related Party has an interest that may conflict with the Company's interest. In all cases, any transaction with Related Parties is disclosed in the notes to the Company's financial statements, which are published in the local newspapers and posted on the Company's website.

The Company also seeks the approval of the General Assembly before entering into a major deal or transaction, as defined by QFMA, with a Related Party. Such deal or transaction must be put on the agenda of the next General Assembly to complete.

Moreover, the Company developed a policy on Related Party transactions in its Corporate Governance Framework. This policy takes into account the following:

- Review of these transactions, if any, by the Board Audit Committee and the Board of Directors to ensure compliance with relevant regulations.

- Ensure that all transactions with, or for the benefit of, any related party are on terms and conditions that are acceptable and within safe and sound practices and fulfil the adequacy condition of the required documents and the appropriate levels of the approving authority.

- Ensure that a transparent process, when applicable, is in place with adequate disclosure of related party transactions to shareholders.

- Price in a manner consistent with the recognized market practices, or on an appropriate basis, being arms-length.

- Adequate documentation, and such documentation may take the form of, for example, a services agreement, sale and purchase agreement, loan agreement etc., as appropriate, and that the terms and conditions contained therein are consistent with market practices.

During 2020 and as part of managing cash and working capital needs at the Company and its subsidiaries levels, a number of foreign exchange transactions were made at the official exchange rates and at arm's length. The details of these transactions were included in the notes to the Company's financial statements.

In addition, the Board decided that the Company would provide one of its subsidiaries with interest-free facilities for a period of six months to cover working capital needs.

5-3 Transparency and upholding the interest of the Company

The Board of Directors recognizes that the risk of conflict of interest may arise from the fact that a Director or a member of the executive management is a "Related Party", or access to Company's information by employees, service providers and any other stakeholder. In order to avoid this, the Company adopted a conflict of interest policy within its Corporate Governance Framework to identify, as far as possible, conflict of interest situations, and to prevent losing objectivity by adhering to the appropriate professional conduct and establishing the principles of transparency, fairness and disclosure.

In accordance with the Company's bylaws and Conflict of Interest policy, if a Related Party is in a conflict of interest situation, it shall not be entitled to attend the discussion, cast vote, or pass a resolution in this respect.

In general, a Related Party shall avoid any situation that may involve or result in actual or potential conflict of interest. In all cases, all related decisions must serve the interests of the Company.

Moreover, Directors and employees / service providers understand that all information related to GIS, its subsidiaries and customers is confidential and only used for the Company's purposes. Using such information for personal or family purposes or for other benefits is considered unethical and illegal conduct.

5-4 Disclosure of share trading

The Company adopted procedures and rules that govern insider trading. These procedures and rules take into account the definition of the insider, whether permanently due to holding a position in the Company, or temporarily as a result of carrying out specific tasks for the Company. This insider has access to material information about the Company that could have a positive or negative impact on the investment decisions that can be taken by those who trade Company's share at Qatar Stock Exchange.

The Company updates Qatar Central Securities Depository (QCSD) with the details of the insiders, Directors and members of the Company's executive management, so that Qatar Stock Exchange could ban their trading on the Company's shares according to the applicable rules, and to disclose these tradings on a daily basis.

In general, insiders are not allowed to benefit directly or indirectly from the use of inside information that has not yet been disclosed. Trading Company's shares on the basis of inside information, regardless trade size, is a serious violation of the Company's ethical standards and policies. In addition, the insider may not assist others to trade the Company's shares by improperly disclosing inside information.

6. Stakeholder rights

6-1 Equal rights of shareholders

Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the Law, regulations and relevant decisions.

The Company's Articles of Associations and bylaws provide for the procedures and guarantees needed for all shareholders to exercise their rights, particularly the rights to dispose of shares, receive the determined dividends, attend the General Assembly and participate in its deliberations and vote on decisions, as well as the right to access information and request it with no harm to the Company's interests.

The Company has convened an Extraordinary General Assembly meeting on 5th of March 2018 to amend its AoA by adding a provision on shareholder's right to sell shares as follows:

"Should a Shareholder or a group of Shareholders reach an agreement to sell Shares in the Company equal to or exceeding fifty percent (50%) of the Company's market capitalization, such agreement shall not be enforceable unless an offer is extended to the remaining Shareholders to exercise, at such Shareholders' discretion, their Tag-Along Right."

6-2 Register of shareholders

The register of shareholders is managed in accordance with QE applicable rules and procedures. The register of shareholders is kept and updated by Qatar Central Securities Depository (QCSD). Under the agreement between GIS and QCSD, the latter undertakes the tasks of registering, maintaining and depositing of securities, clearing and settlement, entering dealings in securities, whether purchase, sale, transfer of ownership, registration or pledging in the respective registers.

6-3 Shareholder rights to access information

The Company's Articles of Association provide for the procedures to be followed by shareholders for accessing information permitted to be disclosed to enable them to exercise full rights without prejudice to other shareholders' rights or adversely affect the interests of the Company.

The Board of Directors and the Company's employees are making efforts to establish constructive relationship and maintain communication with shareholders and investors so that they can make sound investment decisions by:

a. Ensuring fair and transparent disclosure of the Company's information both in quality and quantity in accordance with applicable laws and regulations;

b. Publishing a presentation and holding a quarterly earning call;

c. Dedicating a professional team to meet shareholders and discuss their inquiries regarding the company's financial and operating performance;

d. Attending events and conferences;

e. Updating the Company's website (www.gis.com.qa) in line with the modern display techniques to better serve the shareholders of the Company and all related parties. The website contains a dedicated section for investor relations through which all information subject to regular and immediate release, including, financial reports, press releases and corporate governance reports and their requirements.

f. Making and maintaining strong partnerships with newspapers and other media.

Qatar Stock Exchange and Qatar Financial Markets

Authority are provided with the details of contact person. Further, an email account (gis@qp.com.qa) was created to receive any inquiries or questions from the Company's shareholders. The Company also seeks views and consider assessments and suggestions from the institutional and individual shareholders, with whom it maintains regular communication.

The representatives of the Company ensure that all information provided to shareholders / investors is of the type that is allowed to be disclosed to the public. Providing confidential information or favoring a shareholder more than another is strictly prohibited.

6-4 Shareholder rights to General Assembly

6-4-1 Attendance and invitation

In accordance with QFMA instructions, each shareholder, whose name is entered in the shareholders' register at the close of the business on the same day of the Company's General Assembly is entitled to attend the General Assembly meeting. Each share he/she holds is entitled to one vote. In accordance with the Company's Articles of Association, Company's shareholders have all of the relevant rights, including:

- The right of the registered shareholder to attend the General Assembly meeting, in person or by a proxy or legal deputy, at the end of trading session on the day on which the General Assembly is convened.
- The right to participate in deliberations and vote on such matters on the meeting agenda.
- The right of the shareholder to appoint by a proxy executed in writing another shareholder who is not a Director to attend the General Assembly on his behalf; provided that shareholder by proxy shall not own more than (5%) of the Company's share capital.
- The right of the shareholder (s) who owns at least (10%) of the Company's share capital, for serious grounds, to request an invitation to convene General Assembly. The right of the shareholders representing at least (25%) of the Company's share capital to invite Extraordinary General Assembly to convene pursuant to the procedures prescribed by the Law and the regulations in this regard.

6-4-2 Effective Participation

The Company saves no effort to ensure that shareholders have the opportunity to participate effectively, vote in General Assembly meetings and be well informed of the rules, including voting procedures, which govern general shareholder meetings. In achieving this, the Company:

- Provides the shareholders with sufficient information in quality and quantity on the date, location and agenda of the general meetings, as well as complete and timely information regarding the matters to be discussed at the meeting to enable them to make a decision. This is achieved through announcing the meeting agenda in the local newspapers and posting it on the Company's own website. It also communicates the agenda to Qatar Stock Exchange for announcement on its website.
- Enables shareholders to directly pose questions to the Board Directors, place items (if any) on the agenda of the meeting, and to propose or object to resolutions, subject to the procedures established by law and applicable regulations in this regard.
- Provides shareholders with a mechanism to attend and vote in person or in proxy. Equal effect should be given to votes whether cast in person or in proxy.

In accordance with the Company's Articles of Association, shareholder may object to any resolution deemed for the interest or harm of a certain group of shareholders; or brings personal benefits for Directors or others without regard to the Company's interests. Shareholder is entitled to enter such objection into the record of the meeting and to invalidate the objected resolution without prejudice to the provisions of the Articles of Association in this regard.

For 2020, the agenda of the Ordinary General Assembly meeting included the following:

1. Chairman's Message for the financial year ended 31st of December 2019.

2. Board of Directors' Report on GIS' operations and financial performance for the financial year ended 31st of December 2019, and the future plans of the Company.

3. External Auditor's Report on GIS' consolidated financial statements for the financial year ended 31st of December 2019.

4. Approve GIS' financial statements for the financial year ended 31st of December 2019.

5. Approve 2019 Corporate Governance Report.

6. Approve the Board's recommendation for no dividend for the financial year ended 31st of December 2019.

7. Absolve the Directors of the Board from liability for the year ended 31st of December 2019.

8. Appoint an External Auditor for the financial year ended 31st of December 2020 and approve their fees.

6-4-3 Election of Board Directors

GIS adheres strictly to disclosure requirements with regard to Board candidates (four elected Directors). The Company has already provided its shareholders with full information about all candidates, including their qualifications and experience as noted from their bios. On 20th of February 2018, GIS proactively provided the regulators with candidate names and posted them on the Company's website before the meeting of the General Assembly, which was held on 5th of March 2018, so that shareholders could take informed decisions on the selected candidates.

Election of Board members for the next term of office (2021-2024) will take place at the Company's Ordinary General Assembly meeting for the financial year ended 31st of December 2020 in accordance with the relevant regulations and legislations.

As for appointed Directors, Qatar Petroleum appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. Qatar Petroleum makes timely disclosure of any and all decisions on the composition of the Board of Directors or any change thereto.

6-4-4 Dividend distribution

In accordance with the provisions of the Company's Articles of Association amended by a resolution of the Extraordinary General Assembly held on 26th of February 2017, and pursuant the resolution of the Extraordinary General Assembly held on 5th of March 2018 and without prejudice to the Company's ability to fulfill its obligations towards third parties and pursuant to a resolution of the General Assembly, dividends of not less than five (5) percent of the net profits of the Company after deducting legal deductions shall be distributed to registered shareholders at the end of trading session on the day on which the General Assembly is convened, provided that the dividend shall not exceed the amount recommended by the Board.

The main lines of the dividend distribution policy included in the Company's Corporate Governance Framework are explained in the attachments to the meeting agenda of the Company's General Assembly.

In general, the dividend policy requires the Company to balance shareholders' expectations with its operational and investment needs. This is achieved through investigating the following factors before a recommendation on the dividend distribution could be presented to the General Assembly:

- Cash flow constraints: It is not obligatory on GIS to distribute full profit to the shareholders. GIS shall keep sufficient cash for its operational requirements before dividend distribution.
- Lenders Constraints: GIS shall satisfy the financial requirement of lenders, if any.
- Legal constraints: Any legal reserves shall be reserved before distributing the dividend.
- Future investment plan: investment plans of GIS shall be considered, and sufficient cash shall be retained before dividend distribution unless it has been decided to fund the investment through additional share capital or bank financing.

The proposed annual dividend distribution is subject to the final approval of the General Assembly. The Company, through its agreement with a local bank, Qatar National Bank, makes it easier for the entitled shareholders to claim their dividends for the current year and previous years. Shareholders can visit any of the bank branches to receive their dividends in cash, transfer these dividends to their accounts or receive dividend cheques. The Company's website is updated with the required documents and all related details to claim dividends.

As for the resolution of Company's General Assembly made in 2019 for the financial year ended 31st of December 2019, the General Assembly approved the Board's recommendation of no dividends for 2019.

6-5 Conducting Major Transactions

The Company is committed to treat all shareholders equitably. Shareholders of each class of shares are equal and have all the rights arising from the share ownership in accordance with the provisions of the relevant law, regulations and decisions. The Company ensures that minority shareholders are protected against abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

The Company ensures that minority shareholders are protected against abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

Therefore, the Company ensures that all shareholders are equitably treated at the General Assembly meeting, and that voting process is facilitated without prejudice to the provisions of its AoA.

In accordance with the Company's Articles of Association, Shareholders in general and Minorities in particular may, in the event that the Company conducts Major Transactions that might harm their interests or prejudice the ownership of the Company's share capital, object and enter such objection into the record of the meeting and to invalidate the objected transaction without prejudice to the provisions of these Articles in this regard.

The Company's capital structure is disclosed in the financial statements and herein. Additionally, Qatar Stock Exchange discloses the Company's major shareholders on its website.

With the exception of some selected entities identified in the Company's Articles of Association, and pursuant to the resolution of the Company's Extraordinary General Assembly held on 2nd of May 2018, no person or entity, shall hold either directly or indirectly (or be beneficially entitled to) shares of a nominal value exceeding 2% of the Company's share capital. The maximum ownership of the company's share capital is 2%. Qatar Central Securities Depository (QCSD), the entity entrusted with managing the register of the Company's shareholders, ensures that this maximum ownership limit is maintained.

Moreover, the Company convened an Extraordinary General Assembly meeting on 5th of March 2018 to amend its Articles of Association by adding an article on the mechanism for determining the Non-Qatari ownership percentage to a maximum of forty-nine percent (49%) of the portion of the shares listed on the Qatar Stock Exchange.

Details of shareholdings in GIS share capital could be obtained from Qatar Central Securities Depository as per the register of shareholders. Details of major shareholdings as at 31st of December 2020 are as follows:

Shareholder	Percentage of Shares (%)
Pension Fund - General Retirement and Social Insurance Authority	16.89%
Qatar Petroleum	10.00%
Military Pension Fund	5.19%
Qatar Investment Authority	3.76%
Other Shareholders	64.16%
Total	100.00%

GIS relies on QCSD to obtain valid up-to-date record of shareholdings. As per the information obtained from QCSD as at 31st of December 2020, no shareholder has exceeded the limit specified in the Company's Articles of Association, except as expressly provided therein.

6-6 Stakeholder rights (non-shareholders)

The Company safeguards and respects its stakeholders' rights. Each stakeholder may request the information related to his interest upon submitting a proof of identity. The Company is committed to provide the requested information in a timely manner and in a way that does not threaten others' interests or prejudice its interests.

A whistleblowing policy and related procedures were adopted within the Company's Corporate Governance Framework to disclose any wrong-doing that may adversely impact the Company, its customers, shareholders, employees or the public at large. Under the policy, GIS assigns a member of the Board Audit Committee to address whistleblowing concerns. The assigned Committee member ensures that issues raised through whistleblowing are raised and reported to the Board Audit Committee according to the materiality of the issue.

A whistleblowing hotline (+974) 4013-2802 was established and provided on the Company's website (www.gis.com.qa) to report malpractice, unlawful or unethical behaviour.

These procedures are also a key defense against management override of internal controls and thus can help improve corporate governance.

GIS recognizes that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. GIS will not tolerate harassment or victimization and will take action to protect the whistle-blower that raises a concern in good faith.

6-7 Community right

Realizing the importance of its responsibility and the comprehensive role it plays in community development, Gulf International Services Company makes unremitting efforts to support social initiatives and deepen its positive impact on the individual, community and the environment in general. The Company is making efforts to reduce the environmental impact of its operations to the lowest possible sensible level by adopting effective sustainability plans, while also providing job opportunities for qualified Qataris and maintaining suitable operating environment. As part of its ongoing efforts to diversify its sources of income and expand its complementary business, GIS and its subsidiaries support.

Qatar's overall strategy towards, achieving comprehensive economic development, in the interest of the community in which it operates through initiatives in the areas such as:

1. Health Safety and Environment: health awareness campaign, health service collaborations, safety engagement & culture, HSE training, operational excellence, energy efficiency, environment management which included water management, waste management, chemicals management, noise management, spill prevention and air emissions management etc.,

2. People: Qatarization programs (partnership with educational institutions, internships, career fairs, trainings and talent management), diversity and equal opportunities, employee retention, training and development, promoting health and fitness, sports activities etc.; and

3. Society: local procurement, sponsorships and donations, health awareness campaigns, community participation programs, such as cultural, social and sport events etc.

The Social and Sport Contribution Fund

Pursuant to Law no. 13 of 2008 amended by Law no. 8 of 2011, a 2.5% of the Company's annual net profit is allocated to support sports, cultural, social and charitable activities. For the financial year ended 31st of December 2019, the 2.5% amounted to approximately QR 1.1 million. The deducted amount was credited in full to the account of the Social and Sport Contribution Fund on 20th of April 2020.

As the Company did not make profits for the financial year ended 31st of December 2020, no amount was allocated to support these activities.

Conclusion

Through its Board of Directors, Gulf International Services Company is committed to implementing corporate governance principles and best practices, maintaining by-laws and internal procedures to achieve the highest levels of governance and create anticipatory (proactive) compliance environment aimed at safeguarding its assets and capital, protecting the interests of its customers and shareholders and preserving the Company's integrity and image.

The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate during 2020 as set out in its Charter and relevant legislation. The Board exercises due care and diligence in managing the Company in an effective and productive manner to achieve the interest of the Company, all shareholders and stakeholders in a balanced manner.

Khalid bin Khalifa Al-Thani
Chairman

Sheikh Khalid bin Khalifa

Chairman
Non-Executive / Non-Independent Member

Qualifications and experience:

Sheikh Khalid bin Khalifa Al-Thani holds a Master Degree in Business Administration (MBA) from Pacific Lutheran University, Tacoma, Washington, United States.

Khalid bin Khalifa Al Thani was appointed Chief Executive Officer (CEO) of Qatargas Operating Company Limited (Qatargas) in 2010. He also serves as Vice Chairman and CEO of the Qatargas group of companies.

Before his appointment to Qatargas, Sheikh Khalid was Director of Ras Laffan Industrial City since 2007 and prior to that he held the position of Business Development Manager of Mesaieed Industrial City. Sheikh Khalid held various key positions in Qatar Petroleum since joining the corporation in 1991.

Other positions*:

Vice Chairman, Milaha

Number of shares in GIS:

Nil

Mr. Suleiman Haidar Al Haidar

Vice Chairman
Non-Executive / Non-Independent Member

"Mr. Suleiman Haidar Al Haidar resigned from his position as the Vice Chairman w.e.f. 26th of October 2020"

Qualifications and experience:

Mr. Suleiman Haidar Al Haidar holds a BA in Business Administration from Qatar University.

Mr. Al Haidar has extensive experience acquired through the following current and previous positions: Chairman of Al–Haidar Holding; Chairman of Suleiman & Brothers; Board Member & Head of Audit Committee of Milaha; Board Member & Member of Audit Committee at Venture Capital Bank of Bahrain; Board Member and Head of Audit Committee of Qatar Navigation; Board Member & President of investments of Qatari German Medical Co.; Executive Manager of Private Banking at Qatar National Bank; Board Member of The Chamber of Commerce- Qatar; Board Member & Head of Audit Committee at International Investment Bank of Bahrain.

Other positions*:

-

Number of shares in GIS:

26352190 shares

Mr. Ghanim Mohammed Al-Kuwari

Chairman of the Nomination and Remuneration Committee
Non-Executive / Non-Independent Member

Qualifications and experience:

Mr. Ghanim Mohammed Al-Kuwari obtained Bachelor of Science in Computer Science from the University of Wisconsin in 1986.

Mr. Al-Kuwari joined QP in 1986 as fresh graduate in Information Systems Division. He has held various positions from 1989 to 1993.

In 1993, he was seconded to Qatargas and shortly became IT Manager. In 2006, he was promoted to the position of Chief Operating Officer-Administration. He is currently the Chief Human Capital Officer in Qatargas.

Other positions*:

Nil

Number of shares in GIS:

34160 shares

Mr. Mohammed Abullah Al-Mannai

BAC member
Non-Executive / Independent Member

"Mr. Mohammed Abullah Al-Mannai resigned from his position as a Board Member w.e.f. 5th of October 2020"

Qualifications and experience:

Mr. Al Mannai received a Bachelor of Engineering in Electrical and Electronics, UK, and a Master of Business Administration from the University of Sunderland, UK, in 2014.

He started his business career back in 2007 by establishing Al Sehmiah Cement Factory, a manufacturer of bricks and blocks of all types and supplying concrete products across Qatar.

In 2010, he set up Afuq Qatar Investment that focuses in investing in both stocks and real estate development. He managed to grow the company and has completed real estate projects, both residential and commercial buildings.

In 2017, he established Wadeen for Investment and Real Estate Development.

Other positions*:

Nil

Number of shares in GIS:

1000000 shares

Sheikh Jassim bin Abdullah Al-Thani

BAC Chairman
Non-Executive / Non-Independent Member

Qualifications and experience:

Sheikh Jassim bin Abdullah Al-Thani obtained a Bachelor Degree (B.SC) in Administrative Science and Economic majoring in Accounting from Qatar University in 2005.

Sheikh Jassim started his career as an Assistant Manager at the Qatar Takaful Company and was promoted to Assistant General Manager in 2006 and worked in that position until 2009. He then worked in the Business Development Department of QIA for 5 years and subsequently worked in the Training Department for two years. He is currently working as a Senior Performance Analyst within the CFO Office of QIA, a position he has held since April 2016.

Other positions*:

Nil

Number of shares in GIS:

Nil

Mr. Saad Rashid Al-Muhannadi

Member of the Nomination and Remuneration Committee
Non-Executive / Non-Independent Member

Qualifications and experience:

Saad Rashid Al-Muhannadi obtained BSC in Industrial & Systems Engineering from the University of Southern California (USC), LA, USA 1990.

Saad joined Qatar General Petroleum Company (QGPC) Engineering Department as a Developee in 1990.

He held various positions within the Engineering Business Department before he was appointed as Engineering Business Manager in 2001 where he was responsible for a wide spectrum of duties.

Saad became the first Corporate Manager – Contracts in 2003, reporting to the Managing Director (MD) of Qatar Petroleum (QP), where a Centralized Contracts Department was established to serve all QP Departments. This included the development of Systems, Processes with a full suite of related procedures.

In June 2006 Saad was appointed to the post of Director Technical and was reporting to the Managing Director (MD) of Qatar Petroleum (QP). Executive responsibility for planning, directing controlling and executing a diverse range of Oil and Gas related and Civil Infrastructure Capital Projects.

Saad was appointed as Chief Executive Officer of Qatar Chemical Company Limited (Q-Chem) in September 2015.

In April 2017, he was appointed as the Chief Executive Officer of WOQOD.

In July 2019, he was appointed as the managing Director and CEO of WQOOD.

Other positions*:

Managing Director and CEO, WQOOD

Number of shares in GIS:

97100 shares

Mr. Ali Jaber Hamad Al Marri

BAC member

Non-Executive / Non-Independent Member

"Mr. Ali Jaber Hamad Al Marri was appointed Vice Chairman as unanimously approved by the Board in its meeting held on 29th of October 2020 with immediate effect."

Qualifications and experience:

Mr. Ali Jaber Hamad Al Marri earned a Master of Business Administration from Gulf University, Bahrain, in 2009. He was graduated with a bachelor's degree in accounting from Beirut Arab University in 1991. He had also received a Diploma in Commerce.

Mr. Al-Marri currently holds the position of Director of the Internal Audit Department at General Retirement and Social Insurance Authority (GRSIA).

He has 34 years of experience in the management of financial and administrative affairs, human resources. Mr. Al-Marri participated in developing GRSIA strategic plans, objectives, vision, mission and reflection in achieving the general objectives of GRSIA in a manner that leads to improved effective performance.

Other positions*:

Nil

Number of shares in GIS:

Nil

*Positions on the Boards of other public shareholding companies. GIS Directors may also have positions in other entities / companies.