Initial Public Offering of 86,005,000 ordinary shares of Gulf International Services Q.S.C

This is an unofficial translation of the Arabic version of this prospectus (the "Arabic Prospectus"). The Qatar Financial Markets Authority ("QFMA") has reviewed the Arabic Prospectus and approved its publication. The QFMA has not reviewed this prospectus (the "Prospectus"). The QFMA takes no responsibility for the contents of this Prospectus or Arabic Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus or the Arabic Prospectus

Qatar Petroleum Q.S.C. ("**QP**") is offering 86,005,000 ordinary shares (the "**Offer Shares**" and each an "**Offer Share**") with a nominal value of QR10 each, of Gulf International Services Q.S.C. ("**GIS**" or the "**Company**") through an Initial Public Offering (the "**Offering**"). The Offer Shares represent 69.9967 per cent of the total issued share capital of the Company, and are offered to Qatari individual investors (the "**Individual Investors**") and certain selected Qatari institutions (the "**Selected Institutions**"). The Selected Institutions are: General Retirement and Pension Authority, Qatar Education and Health Fund and Qatar Foundation for Education, Science and Community Development. The Offer Shares are being offered at an Offer Price of QR21 per Offer Share, with additional QR0.6 offering costs per Offer Share.

GIS was duly incorporated under the Commercial Companies Law No. 5 of 2002 of the State of Qatar (the "**Companies Law**") as an Article (68) Qatari Shareholding Company by Ministry of Economy and Commerce ("**MOEC**") Resolution No. 42, dated 12 February 2008. The authorised capital of GIS amounts to QR10,000,000,000, divided into 1 special share (the "**Special Share**") with a par value of QR10 and 999,999 ordinary shares (each an "**Ordinary Share**" and collectively the "**Ordinary Shares**" and, together with the Special Share, the "**Shares**"). QP subscribed and fully paid for 1 Special Share and 499,999 Ordinary Shares.

The issued share capital of GIS was subsequently increased on 24 February 2008, as a result of a reorganisation (as discussed herein), with all new Shares being issued to QP (as the sole shareholder of GIS). Currently, GIS' share capital comprises 499,999 Ordinary Shares and 1 Special Share, all fully paid by QP.

Prior to the Offering, there has been no public market for the Shares. Following the Offering, GIS will submit an application to the QFMA to list the Shares on the Doha Securities Market ("**DSM**").

See "Risk Factors" beginning on page 36 for a discussion of certain factors to be considered in connection with an investment in the Offer Shares.

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IMPORTANT NOTICE

The information in the Prospectus is provided to potential investors to inform their decision whether to invest in Offer Shares pursuant to the Offering, in accordance with the terms and conditions described in the Prospectus and in accordance with GIS' Memorandum and Articles of Association. The Prospectus does not contain misleading information, nor has any material information been omitted that might affect potential investors' decisions regarding their investment in Offer Shares.

Potential investors are required to carefully review the Prospectus prior to making an investment decision regarding the Offer Shares, taking into account all facts described therein in light of their own investment considerations.

The Board of Directors of GIS (the "**Board**") and the Board of Directors of QP (the "**QP Board**") each accepts responsibility for the information contained in the Prospectus. They declare that, to the best of their knowledge, the information contained in the Prospectus (for which each of them has assumed responsibility) is, at the date hereof, factually accurate in all material respects and that there is no omission of any information that would make any statement herein materially misleading.

The QFMA and the DSM take no responsibility for the contents of this Prospectus or the Arabic Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus or the Arabic Prospectus.

The distribution of the Prospectus and the offer of the Offer Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. The Prospectus does not constitute an offer to sell or an invitation by or on behalf of QP or GIS to purchase any of the Offer Shares in any jurisdiction outside of the State of Qatar. The Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. QP, GIS, HSBC Bank Middle East Limited ("**HSBC**") and the Receiving Banks require persons into whose possession the Prospectus comes to inform themselves of and observe all such restrictions. None of QP, GIS, HSBC or any of the Receiving Banks accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares is in any jurisdiction outside of the State of Qatar, and whether such offer or solicitation was made orally or in writing, including by electronic mail.

The Prospectus is not intended to constitute a financial promotion, an offer, sale or delivery of shares or other securities under the Dubai International Financial Centre (the "**DIFC**") Markets Law (DIFC Law 12 of 2004, as amended) (the "**Markets Law**") or under the Offered Securities Rules (the "**OSR**") of the Dubai Financial Services Authority (the "**DFSA**"). The Offering and the Offer Shares and interests therein have not been approved or licensed by the DFSA, and do not constitute an offer of securities in the DIFC in accordance with the Markets Law or the OSR.

None of the Offer Shares has been or will be registered under the United States of America's (the "**US**") Securities Act of 1933, as amended (the "**Securities Act**"). The Offer Shares may not be offered or sold within the US except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Neither the Prospectus nor any other document issued in connection with the Offering may be passed on to any person in the United Kingdom ("**UK**"). All applicable provisions of the Financial Services and Markets Act of 2000, as amended, must be complied with in respect of anything done in relation to the Offer Shares in, from or otherwise involving the UK.

No person is or has been authorised to give any information or to make any representations other than the information and those representations contained herein in connection with the Offering. If given or made, such information or representations must not be relied upon as having been authorised by QP, GIS or any of their respective legal or accounting advisers, or by HSBC or any of the Receiving Banks. Each prospective investor should conduct its own assessment of the Offering and consult its own independent professional advisors. Neither the delivery of the Prospectus nor any sale made hereunder shall, under any circumstances, constitute a recommendation to purchase Offer Shares or create any implication that there has been no change in the affairs of GIS or Al Koot Insurance and Reinsurance S.A.Q., Gulf Drilling International Limited Q.S.C and Gulf

Helicopters Company Q.S.C. (together the "**Portfolio Companies**", and together with GIS the "**GIS Group Companies**") since the date hereof or that the information contained herein is correct as of any time subsequent to its date. The content of the Prospectus may, however, still be subject to change until the completion of the Offering. If required, these changes will be made through an amendment to the Prospectus. The Financial Advisor and Lead Manager, HSBC, is acting for GIS and QP in connection with the matters described in this document, is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of the Financial Advisor and Lead Manager or for advising any other person in connection with the matters described in this document.

FORWARD-LOOKING STATEMENTS

The Prospectus contains forward-looking statements that are subject to risks and uncertainties, including statements about GIS' management's beliefs and expectations. All statements other than statements of historical or current fact included in the Prospectus are forward-looking statements. Forward-looking statements express the current expectations and projections of the management of the GIS Group Companies relating to the condition, results of operations, plans, objectives, future performance and business of the GIS Group Companies, as well as their expectations in relation to external conditions and events relating to the GIS Group Companies and their respective sectors, operations and future performance. Prospective investors can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. The statements may include words such as "anticipate", "estimate", "believe", "project", "plan", "intend", "prospective" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

These forward-looking statements are based on assumptions that the management of the GIS Group Companies have made in light of their experience in the industries in which they operate, as well as their perceptions of historical trends, current conditions, expected future developments and other factors which they believe are appropriate under the circumstances. As prospective investors read and consider the Prospectus, prospective investors should understand that these statements are not guarantees of future performance or results. They involve risks, uncertainties (some of which are beyond the control of the management of the GIS Group Companies) and assumptions. Although the management of the GIS Group Companies believe that these forward-looking statements are based on reasonable assumptions, prospective investors should be aware that many factors could affect the GIS Group Companies' actual financial condition or results of operations and cause actual results to differ materially from those in the forward-looking statements. These factors include, among other things, those discussed under the heading "*Risk Factors*" in the Prospectus.

Due to these factors, GIS' management cautions that prospective investors should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time-to-time, and it is impossible to predict these events or how they may affect the GIS Group Companies. Except as required by Qatari law, the rules of the QFMA or the rules of the DSM, the management of GIS has no duty to, and does not intend to, update or revise the forward-looking statements (relating to GIS or any of the GIS Group Companies, as the case may be) in the Prospectus after the date of the Prospectus.

DESCRIPTION OF THE OFFERING AND THE OFFER SHARES

Key Terms of the Offering

The Company	Gulf International Services Q.S.C., organised as a Qatari Shareholding Company under the laws of Qatar.
Share capital and total Shares of the Company	The Company's share capital is comprised of 122,869,995 Ordinary Shares and 1 Special Share (i.e. a total of 122,869,996 Shares) with a par value of QR10 each. QP subscribed and paid in cash for a total of 500,000 Shares (i.e. 499,999 Ordinary Shares and 1 Special Share) following the transfer of all of its shares in the Portfolio Companies to GIS in return for 122,369,996 Shares (as detailed under the heading "*Reorganisation*" on page 10 of the Prospectus). QP is retaining the Special Share in accordance with the memorandum and articles of association of GIS (the "**Articles**"). In addition to the rights as a holder of Ordinary Shares, the Special Share confers on QP certain special rights (as more fully described on page 14 of the Prospectus under the heading "*Rights attached to Special Share*").
Number of Offer Shares	86,005,000 Ordinary Shares representing 69.9967 per cent of the Shares.
Selling Shareholder	All of the Offer Shares are being offered by QP. Following the successful completion of the Offering, QP will own 30.0033 per cent of the Shares, with the balance thereof (69.9967 per cent) to be owned by the new shareholders.
Offer Price	The Offer Shares are offered at QR21 (with additional QR0.6 offering costs) per Offer Share.
Offering Split	The Offer Shares are offered to the following: • Individual Investors: 80,844,700 Offer Shares (representing 94 per cent of the Offer Shares), are offered solely to, and are only capable of acceptance by, Individual Investors. • Selected Institutions: 5,160,300 Offer Shares (representing 6 per cent of the Offer Shares) will be allocated to Selected Institutions, namely: General Retirement and Pension Authority; Qatar Education and Health Fund; and Qatar Foundation for Education, Science and Community Development. Each Selected Institution will be allocated 1,720,100 Offer Shares (representing 2 per cent of the Offer Shares). After the Closing Date all institutions and individuals will be allowed to purchase Shares on the secondary market in accordance with applicable laws and the rules of the QFMA and the DSM.

Applications by Individual Investors	The minimum application by an Individual Investor is set at 250 Offer Shares ("**Minimum Application**"). No application by an Individual Investor for less than the Minimum Amount shall be accepted. Any application exceeding the Minimum Application shall be in multiples of 50 Offer Shares. The maximum application by an Individual Investor is set at 10,000 Offer Shares ("**Maximum Application**"). No application by an Individual Investor exceeding the Maximum Application shall be accepted. Multiple applications in the name of the same Individual Investor are prohibited. In the event of multiple applications by an Individual Investor, the first application will be accepted and subsequent applications will be rejected in their entirety.
Allocations per Individual Investor	The minimum allocation per Individual Investor ("**Minimum Allocation**") is expected to be 250 Offer Shares. The Minimum Allocation may be revised downwards depending on the number of applications received. Allocations will be made in whole numbers of Offer Shares. In excess of the Minimum Allocation, Offer Shares will be allocated on a pro rata basis.

Offering procedures for Individual Investors

Offering Period

The Offering will be open from 28 February 2008 (the "**Opening Date**") until 12 March 2008 (the "**Closing Date**") (inclusive). During the Offering Period, Individual Investors may apply for Offer Shares by completing and submitting a special application form (the "**Application Form**").

The Receiving Banks

The only persons authorised to distribute Application Forms to Individual Investors on behalf of QP are the Receiving Banks. Distribution and collection of all Application Forms and orders and collection of proceeds during the Offering Period shall be solely performed by and processed through the Receiving Banks. Notification of final allocation of Offer Shares and refunds of proceeds for unallocated Offer Shares (if any) shall be solely performed by, and processed through, the Lead Receiving Bank.

The Receiving Banks are the following banking and financial institutions:

Bank	**Branches where Application Forms are available**
Al-Ahli Bank	Al Rayan branch, Mansoura-Markhiya branch, Merqab branch, Old Airport branch, Salwa branch and Wakra - Al Khor branch
Arab Bank	Al-Sadd branch, C-Ring Road branch and Doha branch
Commercial Bank of Qatar	All branches
Doha Bank	City Centre branch
HSBC	All branches

Bank	Branches where Application Forms are available
International Bank of Qatar	Main branch and Markiya branch
Islamic Investment Bank	Al Hilal branch, Gharafa branch, Kahraba branch, Main branch, Salwa branch, Wakrah branch and West Bay branch
Qatar Islamic Bank	All branches
Qatar National Bank	All branches
Rayan Bank	All branches

Application for Offer Shares

During the Offering Period, Individual Investors may apply for Offer Shares by completing the Application Form and complying with the instructions set out in the Application Form and the Prospectus. Any Application Form in connection with Offer Shares that is completed without fully complying with the requirements indicated in such Application Form may be rejected without any right to damages or any other recourse. Each Individual Investor waives any right to take any action against any of QP, GIS, the Lead Manager, the Lead Receiving Bank or any of the Receiving Banks.

In the event an Individual Investor submits more than one Application Form, the first Application Form will be accepted (if duly completed) and the other Application Forms will be rejected in their entirety. It is the sole responsibility of each Individual Investor to ensure that their Application Form is duly completed in all respects and submitted to the designated branches of the Receiving Banks before the Closing Date. The Receiving Banks will not accept any Application Forms submitted to them after the normal working hours on the Closing Date.

Full payment for Offer Shares (including the offering costs) will be required upon submission of Application Forms. Payment may be made by cheque (made out to "*Qatar Petroleum Initial Public Offering*"; cheques made out to any of the Receiving Banks will not be accepted), or by debit from funds held on account with any one of the Receiving Banks. Each Individual Investor shall be required to attach a copy of his/her passport or identity card to the Application Form. GIS and/or QP reserve the right to reject any Application Form which is not duly or fully completed, and/or if any documents which are required to be attached (as stated in the Prospectus and/or the Application Form itself) are missing.

With regard to each minor Individual Investor (a minor being a person who has not yet attained the age of eighteen years), the guardian of such minor shall apply for Offer Shares on behalf of the minor. In this case, the guardian will be required to enclose the document evidencing his/her appointment as the guardian of the relevant minor with the Application Form, together with copies of the identity card of the guardian and the relevant minor (or, in the case of the minor, a copy of his/her birth certificate). An application by a guardian on behalf of a minor does not prevent the guardian from subscribing in the Offer Shares in his/her name.

Application Forms submitted on behalf of third parties must be accompanied by a duly certified power of attorney. In all cases, applicants should ensure that where copies of documents are to be annexed to an Application Form, the original of each document is available for inspection by the Receiving Bank to which the Application Form is being presented.

By subscribing or seeking to subscribe in the Offer Shares, each Individual Investor undertakes to indemnify QP, GIS and their respective advisors against all and any losses which result or which may result from any non-compliance with the terms of the Application Form and/or any failure or omission on the part of an Individual Investor to fulfil the requirements set out in the Application Form and/or the Prospectus.

Copies of the Prospectus, Application Forms and the Articles are available at the designated branches of the Receiving Banks.

Allocation of Offer Shares and refund of oversubscription amounts

Individual Investors who have duly completed and submitted their Application Forms and deposited the corresponding funds (Offer Price plus offering costs) with the Receiving Banks during the Offering Period are expected to obtain information with regard to their allocations within fourteen days of the Closing Date.

Any additional funds in respect of Offer Shares not so allocated (if any) will be refunded following the Closing, either by cheque or by credit of account (depending on the method of payment), within fourteen days of the Closing Date.

Offering costs

In addition to the Offer Price of QR21 per Offer Share, offering costs in the amount of QR0.6 per Offer Share will be payable by Individual Investors. The offering costs charged in connection with the Offering will cover, inter alia:

(a) the costs and fees associated with the solicitation, distribution and processing of Offer Shares by, and the opening and maintaining of bank accounts with, the Receiving Banks in connection with the Offering;

(b) the settlement of the costs of professional advisors relating to the structuring and preparation of the Offering (including the Financial Adviser and Lead Manager, legal counsel and auditors); and

(c) other costs associated with the Offering (including advertising, printing, and publishing costs).

GIS shall bear any additional costs which it incurs in connection with the Offering. If, following payment of the offering costs, there is an excess of funds available then that excess will be transferred into a legal reserve account held by GIS.

Listing and trading of the Shares

Subsequent to the Closing Date, GIS will submit an application to the QFMA to list all of the Shares on the DSM, in accordance with the requirements of the QFMA and the DSM. Trading in the Shares will be effected on an electronic basis, through GIS' share registry maintained by the DSM.

After the Closing Date, and following commencement of trading in the Shares on the DSM, all institutions and individuals will be allowed to purchase shares on the secondary market in accordance with the applicable laws and the rules of the DSM. The Shares may be freely traded and transferred in accordance with the rules and regulations of the DSM and in compliance with applicable laws in Qatar.

Indicative timetable of key events

The dates set out below are indicative only of the expected timing of certain key events relating to the Offering. QP and GIS reserve the right to change any of the dates or times and/or shorten or extend the time periods (in accordance with applicable rules and regulations).

Date	**Event**
28 February 2008	Opening Date
12 March 2008	Closing Date
28 February 2008 to 12 March 2008, inclusive	Offering Period
14 days from the Closing Date	Allotment of Offer Shares and refund of excess application amounts, if any

REGISTRATION, OBJECTS AND ACTIVITIES OF GIS

Incorporation

GIS was duly incorporated under the Companies Law as an Article (68) Qatari shareholding company by MOEC Resolution No. 42, dated 12 February 2008. An Article (68) Company is one established under Article (68) of the Companies Law. As is set forth in the provisions of the Companies Law, Article (68) status is only reserved for those companies with some form of government ownership. GIS is registered and incorporated in Qatar with commercial registration number 38200. GIS was incorporated for an initial period of 50 years.

GIS' head office is located at Qatar Petroleum headquarters building, the Corniche, PO Box 3212, Doha, Qatar.

GIS was incorporated with QP as its sole shareholder, with an initial capital of QR5,000,000, divided into 499,999 Ordinary Shares and 1 Special Share. All Shares are fully paid in cash. GIS' authorised capital is QR10,000,000,000.

Objects and activities

The objects of the Company are to acquire, buy, create, establish, hire, lease, own, manage, sell and/or hold shares, assets of and interests in companies (and in their subsidiaries and/or associated undertakings) engaged in the business of the provision of services to the national and/or international oil and gas industry (including well support services, offshore and onshore drilling services, helicopter maintenance and transportation services and catering services), insurance and reinsurance services (and related advisory services and investment activities in connection therewith) and/or in any other company or undertaking which the Company deems beneficial to its business, and/or its development, diversification or expansion from time-to-time.

The principal activity of GIS is to operate as a holding company. Currently, GIS owns and controls the stakes in the following Portfolio Companies:

- 100 per cent of Al Koot Insurance and Reinsurance Company S.A.Q. ("**Al Koot**") – Al Koot provides a range of insurance and reinsurance services (together the "**Insurance and Reinsurance Services**") to QP and its subsidiaries (which, together with QP, are referred to below as the "**QP Group**") and the other Portfolio Companies across three sectors: operations, onshore/offshore construction and marine (hull and cargo);
- 69.99 per cent of Gulf Drilling International Limited Q.S.C. ("**GDI**") - GDI provides drilling and drilling-related services (together the "**Drilling Services**") to the QP Group and its international co-ventures; and
- 100 per cent of Gulf Helicopters Company Q.S.C. ("**GHC**") – GHC holds an air operator's certificate ("**AOC**") issued by the Qatar Civil Aviation Authority ("**QCAA**"). GHC is approved by the US Federal Aviation Administration ("**FAA**") as a Repair Station and by the QCAA as a maintenance organisation. It operates as the sole provider of helicopter transportation services in Qatar. GHC also operates as a provider of helicopter transportation services in the Middle East and North Africa (the "**MENA region**").

The Reorganisation

Until 24 February 2008 (the "**Reorganisation Date**"), all equity interests in the Portfolio Companies were held directly and separately by QP (and, in relation to GDI, by QP in conjunction with its joint venture partner, Japan Drilling Company Co. Ltd. ("**JDC**")). Prior to the Reorganisation Date, QP incorporated GIS as a vehicle to reorganise its equity interests in the Portfolio Companies. This reorganisation (the "**Reorganisation**") was effected by GIS resulting in a capital increase to which QP subscribed through contribution of all of QP's shares in the Portfolio Companies in exchange for 122,369,996 newly-issued shares of GIS. Pursuant to this subscription by QP, GIS' issued share capital was increased to QR2,580,269,916, divided into 122,869,995 Ordinary Shares and 1 Special Share. The authorised capital remains at QR10,000,000,000.

In effecting the Reorganisation, each Portfolio Company has obtained the necessary consents or approvals, where applicable, from all its shareholders (including taking all necessary resolutions and making amendments to corporate documents), as well as from relevant lenders whose agreement was required to approve the transfer of shares held by QP in the relevant Portfolio Companies.

Basis of valuation

GIS' value has been derived using two methodologies: namely, discounted cash flow analysis and the comparable companies analysis, while adopting a 'sum-of-the-parts' approach. The 'sum-of-the-parts' approach calls for valuing each of the Portfolio Companies on a stand-alone basis and deriving the value of GIS in relation to its ownership stakes in the Portfolio Companies.

Discounted cash flow methodology

Discounted cash flow analysis values a company using the net present value of the projected free cash flows generated by a company to all providers of capital (debt and equity) using the weighted average cost of capital as the discount rate to reflect the time value of money and the risk connected with the cash flows. A discounted cash flow analysis yields the enterprise value of a business regardless of capital structure. The equity value of a business is then computed after deducting net debt from the enterprise value. Where projected equity free cash flows were used, the cost of equity will be used as a discount rate to determine the equity value of a business.

Comparable companies methodology

Comparable companies analysis values a company based on benchmarking trading multiples of comparable publicly traded companies. These multiples are derived based on valuation levels and basic operating and financial ratios of peer companies. Use of the comparable companies methodology yields the implied 'public' value of the company as if it was listed and traded on a regulated stock exchange.

Relationship with Qatar Petroleum

QP, previously known as Qatar General Petroleum Corporation, was established in 1974 as a national corporation wholly-owned by the State of Qatar. Today QP is engaged, whether directly or through its subsidiaries and affiliated companies, in all phases of Qatar's oil and gas industry processes, including exploration and drilling for oil, natural gas and other hydrocarbons and production, refining, transport and storage of hydrocarbons, derivatives and by-products, as well as trading in, distribution, sale and export of hydrocarbons, derivatives and by-products. Certain regulated products (excluding for this purpose Liquefied Natural Gas ("**LNG**") are purchased by and marketed and sold by Qatar Industrial Petroleum Marketing Company.

QP has its headquarters in Doha, and is the parent company of a broadly diversified group of oil and gas, chemicals, petrochemicals and industrial joint ventures and companies in the upstream, midstream and downstream petroleum sector. The QP Group's products are exported to and sold in numerous countries.

The Portfolio Companies will continue to have a close relationship with QP in many areas of their business, and may seek to extend their business through additional service contracts with QP and other companies within the QP Group. It should be noted that because of the unique size of its shareholding, and the rights accorded to it as a result of it holding the Special Share, QP will continue to act as if it were the parent of GIS notwithstanding the Reorganisation. In addition, for at least the foreseeable future, the QP Group will remain the principle trading partner of the GIS Group Companies and, accordingly, GIS will be reliant on the QP Group for the bulk of its revenues. In this regard, the attention of prospective shareholders is drawn the wording in the section headed "*Risk Factors*" which begins on page 36 of the Prospectus.

Business strategy

GIS' strategy is to maximise shareholder value by capitalising on the Portfolio Companies' competitive strengths and position in the servicing segment of Qatar's oil and gas industry, while pursuing attractive opportunities to expand other complementary businesses. GIS intends to improve the overall value and return to shareholders by:

- de-centralising at the Portfolio Company level all operational decisions through the empowerment of the respective management teams to conduct all day-to-day operational matters, which will continue to be carried out independently by their respective management teams;
- monitoring implementation plans and results of the Portfolio Companies through discussions and reviews between the Board and the board of each of the Portfolio Companies;

- monitoring the cash management operations of the Portfolio Businesses on a regular basis and providing advice on optimal cash allocation and cash utilisation;
- evaluating other companies/subsidiaries of QP and deciding whether to combine such businesses within the corporate structure of GIS, hence providing shareholders with the benefits of added diversification and enhancing the overall revenue stream;
- evaluating, at the level of each Portfolio Company, the capital investment requirements and the retention of profits to determine annual dividend distributions, if any, by GIS; and
- considering, at the appropriate time, widening the shareholder base of GIS by offering additional shares to new investors.

The day-to-day management of the Portfolio Companies and all operational decision-making at the level of each Portfolio Company will remain with the respective management teams of the Portfolio Companies. The centralisation of the ownership structure at GIS level, as a result of the Reorganisation, will have no significant or adverse effect on the decision-making process at the level of each of the Portfolio Companies. GIS expects that allocations of revenues and expenses at the level of each of the Portfolio Companies will remain unchanged and will be combined at GIS level. Consequently, investors are cautioned to place proper reliance on historic Portfolio Company operating revenues, operating expenses and operating income as measures of the economic efficiency of each such Portfolio Company and to treat total combined revenues of the Portfolio Companies as the aggregate economic return to GIS.

RIGHTS AND LIABILITIES OF GIS SHAREHOLDERS

The information below constitutes a summary of the Articles. Copies of the Articles are available at the Receiving Banks' designated branches during the Offering Period.

Shareholders' rights

Generally

In accordance with the Articles (and subject to the rights attached to the Special Share, as described below), each Share shall give its holder (a "**Shareholder**") equal rights (amongst holders of the same class of Share) in the Company's assets and dividends as well as rights to vote on a one-share, one-vote basis.

Dividends

GIS may declare dividends, but no dividend shall exceed the amount recommended by the Board and the Board shall not be obliged to recommend an amount of dividend in any year. Any resolution declaring a dividend shall be given effect by the Board within 30 days. Furthermore, the Board may declare and pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

If any Share is allotted or issued on terms that it shall rank for dividends as from a particular date or not at all or on particular terms, that Share shall rank for dividends accordingly. Any dispute among Shareholders as to whether or not dividends shall be paid or the level of any dividend payment shall, as regards the liability of the Company to the Shareholder in question, be determined by the Board. Any such determination shall be without prejudice to any rights or claims any Shareholder may have against any other Shareholder, under any other agreement or document.

Rights to attend general assemblies

A general assembly shall be convened by the Board and held at least once every year (at a date and venue determined by the Board), within six months of the end of the Financial Year (an "**AGM**"). The AGM shall consider the Directors' and auditors' reports and the balance sheet and profit and loss account for the preceding financial year, determine the amount of dividends to be distributed to Shareholders, determine the appointment of Independent Directors, determine the appointment and removal of auditors where relevant (after 12 February 2011) and appoint auditors for the period up to the end of the next financial year and determine their remuneration. All AGMs shall be held in Qatar.

A notice that an AGM is due to take place shall be distributed (by normal post) to Shareholders and shall be published in two Arabic daily Qatari newspapers not less than fifteen days prior to the proposed date of the AGM.

Voting rights

Except as otherwise provided in the Articles (and notwithstanding QP's rights as holder of the Special Share) each Shareholder whose name is entered in GIS' register of Shareholders at the close of business seven days prior to the day of an assembly of GIS' shareholders (a "**General Assembly**") and who is present in person or duly represented by proxy, shall be entitled to attend the General Assembly and shall have one vote for each Share held by such Shareholder.

Each share confers on its holder the right to attend and vote at all duly convened meetings of the General Assembly. Resolutions at a General Assembly shall, subject to the rights of the holder of the Special Share, be passed by a simple majority of the votes of the Shareholders present or duly represented and entitled to vote at the meeting and in respect of the matter to be voted on.

Any Shareholder that is a company may authorise any one person to act as its representative at any General Assembly (in such form as the Board may approve), and the person so authorised shall be entitled to exercise the same power as that Shareholder could itself exercise on behalf of the Shareholder he represents. Instruments appointing a proxy must be provided to the Company no less than 48 hours prior to the commencement of the General Assembly.

Rights attached to Special Share

In addition to its 30.0033 per cent shareholding in GIS, QP has certain rights beyond its rights as a shareholder because it holds the Special Share. The Special Share may not be cancelled or redeemed without the consent in writing of the Special Shareholder which, at present, is QP. The Special Share may be transferred only to the Government, any Government Corporation or any QP Affiliate (as defined in the Articles).

Notwithstanding any provision in the Articles to the contrary, each of the following matters (inter alia) shall be deemed to be a variation of the rights attaching to the Special Share and shall accordingly be effective only with the consent in writing of the Special Shareholder: the amendment, variation or removal, or alteration of the effect of any provision of the Articles or GIS' Memorandum of Association; any proposal being made for the voluntary winding up or dissolution of GIS or any subsidiary of GIS; the issue of any Ordinary Shares; the cancellation, increase, reduction, redemption, subdivision, consolidation or other change to the authorised or issued share capital of GIS (including the cancellation or redemption of Ordinary Shares); any proposal to merge any of GIS' activities with those of another company or entity or the entry into of any agreement or arrangement to acquire or dispose of any subsidiary or business of GIS; any proposal that GIS amend, supplement, vary or terminate any of the provisions of (i) the memorandum and articles of association of GDI.; or (ii) the JVA (as defined below); and any proposal that GIS give any assurance, guarantee (whether actual or contingent) or indemnity to Al Koot or that GIS give any assurance, guarantee (whether actual or contingent) or indemnity to any person in respect of any direct or indirect obligation or liability, to any person, of such company.

The Special Share also confers rights to appoint the Board without the need for approval at a General Assembly. In the event that QP transfers the Special Share, the right to appoint and nominate Directors (as applicable) shall pass with such Share.

QP shall be entitled to receive notice of, and to attend and speak at, any General Assembly or any meeting of any class of Shareholders of the Company. Other than as described in the Articles (as summarised in the Prospectus), the Special Share shall rank pari passu with each Ordinary Share.

Ownership restrictions

In accordance with the Articles, the maximum authorised ownership of Shares by any person, except for QP and the Selected Institutions, is 1 per cent of GIS' total share capital. There is no limit on ownership of Shares by QP; each Selected Institution is authorised to own 1.4 per cent of GIS' total share capital.

Shareholders' liabilities

Shareholders shall only be liable for unpaid subscription amounts (up to the nominal value of each Share held by them) and their liability shall not be increased. Shareholders shall have no further liability for the debts and obligations of the Company.

Dividend policy

Shareholders will be entitled to receive dividends, subject to GIS having sufficient distributable reserves and to the decision of the Shareholders in Shareholders' meetings. No dividend shall exceed the amount recommended by the Board and the Board shall not be obliged to recommend an amount of dividend in any year.

The Shares will be eligible for any dividend declared in respect of the fiscal year ending 31 December 2008, and subsequent fiscal years.

Reports to Shareholders

The Board shall prepare GIS' annual report and provide a copy of such annual report to Shareholders at least fifteen days before the AGM. Such annual report shall include GIS' profit and loss accounts, a balance sheet, a report of the Board (relating to the financial status and affairs of GIS) and the full text of a report of the auditors, for the immediately preceding financial year. A copy of the annual report shall be included with the notice of AGM sent to Shareholders, in accordance with the Articles.

Transfer of Shares

In addition to any relevant provisions contained in the Articles, the issue and transfer of Shares, loan notes, bonds, securities or other instruments shall be governed by and shall comply with the rules governing companies listed on the DSM, and any amendments thereto and/or any other regulated stock exchange on which the Company may be listed from time-to-time.

Any whole number of Shares may be freely transferred, sold, mortgaged, donated and disposed of in any manner and without restriction in accordance with the Articles. Transfers of Shares made other than in accordance with the Articles shall be void. Subscriptions for and dispositions and transfers of loan notes, bonds, securities (other than Shares) and other instruments shall be made in accordance with their terms of issue.

All subscriptions for and transfers of Shares shall be effected by an instrument of assignment in writing adhering to the Articles and in a form approved by the Board, duly signed by the transferor and the transferee, and accompanied by the relevant certificate, if any (or such form of lost certificate indemnity or such other documentation or evidence of title as is acceptable to the Board), for the Shares being transferred.

The Board may prevent the registration by the Company of a Share transfer if it: is made in breach of the Articles; relates to Shares not fully paid; is made to more than four joint owners; gives any person or entity (other than QP or an Affiliate (as defined in the Articles) of QP or a Selected Institution) a holding of Shares of a nominal value exceeding 1 per cent of GIS' capital or, in the case of a Selected Institution, a holding of Shares of a nominal value exceeding 1.4 per cent of GIS' capital; purports to transfer Shares which are mortgaged or subject to a court order preventing transfer; and/or purports to transfer Shares for which the certificates (if issued) have been lost and no replacement certificate (or other documentation satisfactory to the Board) has been issued prior to transfer.

The Board may prevent the registration by the Company or person acting on its behalf of any transfer of loan notes, bonds, securities (other than Shares) and other instruments where such registration and transfer is in breach of the terms of issue of such loan notes, bonds, securities or other instruments.

USE OF PROCEEDS

GIS will not receive any of the net proceeds (i.e. the proceeds of the Offering less the offering costs) from the Offering and (save in respect of certain offering costs) QP will receive all sale proceeds in relation to the Offering.

BUSINESS OF THE COMPANY AND THE PORTFOLIO COMPANIES

The principal activity of GIS is to operate as a holding company. Currently, GIS owns and controls the stakes in the following Portfolio Companies:

A - AL KOOT INSURANCE AND REINSURANCE S.A.Q.

Date and details of incorporation

Al Koot was incorporated in 2003 under Council of Ministers' Resolution No. 27 issued in accordance with Article (68) of the Companies Law (the "**AK Decree**"). It is registered and incorporated in Qatar with commercial registration number 36873. Al Koot was incorporated for an initial period of 25 years.

On the Reorganisation Date, QP transferred its 100 per cent shareholding in Al Koot to GIS in accordance with an Instrument of Assignment and Transfer entered into by QP and GIS. Also on the Reorganisation Date, the transfer was completed and approved by a resolution of the Board and by the QP Board.

Prior to the Reorganisation, Al Koot was the captive insurance company of QP. A captive insurer is a company established by its parent primarily to insure its parent. QP took the decision to incorporate a captive insurance company because it wished to:

- create a common risk management vehicle for the QP Group;
- reduce the QP Group's reliance on third party insurance companies;
- reduce costs by giving the QP Group direct access to insurers;
- arrange the insurance of risks (such as terrorism, sabotage and business interruption) which, particularly at the time Al Koot was incorporated, were either not covered in the ordinary course of business by commercial insurance companies or were covered at prohibitively expensive premium rates and/or on uncompetitive terms; and
- retain profits within the captive, thereby providing greater financial strength and the attendant ability to self-insure more of the QP Group's risks.

Following the Reorganisation, Al Koot (like all of the Portfolio Companies) is no longer a direct subsidiary of QP. However, Al Koot continues to provide Insurance and Reinsurance Services to the QP Group as if Al Koot were still the QP Group's captive insurer.

Scope of business

General

The scope of Al Koot's business is defined by two laws: firstly, as an insurance company, Al Koot provides insurance services in accordance with Decree No. 1 of the Supervision and Control of Insurance Companies and Agents Law of 1966 (the "**Insurance Decree**"); and secondly, Al Koot is limited by the AK Decree, which prevents Al Koot from offering motor insurance to the QP Group, life insurance to employees of the QP Group or medical expenses insurance to the QP Group. The AK Decree also prevents Al Koot from providing insurance to non-QP Group third parties.

Al Koot fully insures certain assets wholly-owned by the QP Group, and provides partial insurance coverage for certain assets partly-owned by the QP Group (for example, where assets have been acquired in accordance with joint venture agreements). Al Koot reinsures a portion of the QP Group's risks (with the portion of risk assumed depending on the nature of the risk and the QP Group company's exposure to it). Also, Al Koot currently manages the QP Group's 'group life and personal accident' fund.

Each of Al Koot's business activities is discussed in more detail below.

Insurance

Al Koot's insurance services, which it provides only to the QP Group, make up approximately 20 per cent of the company's business by income. The services provided take two forms: firstly, Al Koot directly underwrites certain risks on behalf of the QP Group. As set out above, Al Koot fully insures some risks (for example, by issuing the policy relating to the QP Group's Al Seef project, and then places it fully under its reinsurance facility) and only partially insures others (for example, by taking a share of risk relating to the operations of Qatargas Operating Company Limited ("**Qatargas**") and RasGas Operating Company Limited Q.S.C. ("**RasGas**") in each of which QP has an interest). Where the QP Group's interest in a company results from a joint venture, and therefore the QP Group's interest in an asset is limited by the extent of its equity stake in the relevant asset-owning joint venture vehicle, then historically Al Koot has insured the relevant asset to the extent of the QP Group's equity stake only.

Secondly, Al Koot provides advice to the QP Group's businesses in relation to those areas of risk which it does not cover (principally motor insurance and life assurance). This advisory service assists the QP Group to get the best insurance deals available in Qatar.

Reinsurance

Al Koot generally acts as a reinsurer. The reinsurance business differs from the insurance business because as a reinsurer, Al Koot will not insure risks directly. Instead, a third party insurer will contact Al Koot inviting it to reinsure a portion of the risk that the third party insurer has assumed.

Al Koot's reinsurance services (comprising the remaining 80 per cent of income) comprise a three-stage service. Firstly, Al Koot acts as an advisor to QP (under the terms of a service agreement dated 1 May 2005, the "**Service Agreement**") with regard to the tendering of contracts within the local reinsurance market for the provision of reinsurance services to the QP Group. Secondly, Al Koot then has the opportunity to accept a share of reinsurance risk from winning tender bidders, which it can either hold or pass on to other reinsurers. The final stage of the process is the reinsurance service itself. How Al Koot deals with risks it has agreed to reinsure depends on the nature of that risk.

The arrangement by which Al Koot is entitled to match winning tenders offered to QP by Qatari reinsurers is informal, reflecting Al Koot's relationship with the QP Group and its role as the de facto QP Group captive. The QP Group, when requesting tender offers from local insurers, makes it a condition of the tender that Al Koot is given the opportunity to match the terms of the winning bid and take an agreed percentage of the relevant risk. These arrangements do not oblige Al Koot to match the winning bid and thereby take the risk (and local market insurers who are asked to tender must do so on the assumption that they will take 100 per cent of the risk should their bid prove successful).

The percentage of the relevant risk that Al Koot takes on in accordance with the tendering arrangements described above has increased over the period since Al Koot's incorporation. Al Koot can increase (and has increased) the percentage that winning tender bidders are obliged to offer.

At the next stage of the process, the manner in which Al Koot passes on risks it has agreed to reinsure depends on the nature of the risk. Currently Al Koot has contractual arrangements in place (arranged through brokers) which pre-determine the allocation of an adopted range of risks amongst other reinsurers in the market. These facilities are suitable where the insured has a portfolio of risk which it will need to insure on the same (or a similar) basis every year. The sectors of risk to which these contractual arrangements apply are operations, offshore construction and marine (hull and cargo). Al Koot reviews these contractual arrangements annually.

With regard to onshore construction, Al Koot arranges specific facultative reinsurance (that is, insurance arranged on a case by case basis) directly through international brokers for the share of each risk which it accepts. The extent of reinsurance placed in this manner depends on the size and nature of the risk and the terms and conditions of reinsurance. Al Koot is currently negotiating with reinsurance brokers and reinsurers to arrange a reinsurance facility for all of its onshore construction insurance in line with the facilities it has in place for other classes of insurance it accepts.

With effect from 1 November 2007, Al Koot entered into an agreement with AXA Insurance Gulf ("**AXA**") in order to secure the provision of a medical expenses insurance benefit for employees of the QP Group. As a condition of its agreement with AXA, Al Koot reinsures 40 per cent of the risk created by the establishment of the AXA policy.

Fund management

Under the terms of the Service Agreement, Al Koot manages a 'group life and personal accident' fund to provide death and disability insurance benefits to QP employees. In order to gain access to the benefits of coverage, the QP Group pay premiums on behalf of their employees. The premiums are paid into a fund managed by Al Koot. Al Koot is responsible for the administration of claims on the fund by QP employees. If claims on the fund exceed the value of premiums paid into the fund by the QP Group, Al Koot makes up the shortfall from its reserves. If the value of premiums paid in exceeds the amount paid out in claims, then 30 per cent of the surplus is paid to QP (in reflection of its role in administering employers' contributions and employees' claims) and the remaining 70 per cent is paid to Al Koot (in reflection of the downside risk to Al Koot in the event premium revenue is insufficient to cover all claims).

Other activities

Al Koot seeks to benefit from a range of investments, which currently comprise US Dollar investments in a mutual fund operated by the Commercial Bank of Qatar Q.S.C. and an alternative investment fund operated by HSBC, the placing of money in fixed interest deposit accounts, the purchase of foreign exchange-linked notes and the investment in a product offered by Standard Chartered. These investments total approximately US$15 million. Al Koot also holds a number of other assets, as are listed under the heading "*Total Assets*" on page 58 of the Prospectus.

Al Koot is currently considering a diverse range of further investments. Al Koot recently entered into an agreement with Industries Qatar ("**IQ**", the largest company on the DSM, which is majority-owned by QP) and Qatar Real Estate Company Q.S.C. to evaluate its possible participation in real estate activities and investments in Qatar, including the possible acquisition of land and/or commercial property and the construction of commercial property.

Summary of insurance coverage

In the ordinary course of its business, insurance provided by Al Koot is broadly classified into construction insurance (offshore/onshore), operations insurance (offshore/onshore) and marine insurance (hull & machinery and cargo).

Construction Insurance

Construction insurance safeguards the insured party against damage to materials, plant and machinery. Policies can also cover property or related structures against fire or theft during construction, testing and commissioning and risks to the insured party as an employer against injuries sustained by, or the death of, workers on site.

In relation to this category of insurance, a certain percentage of the entire construction risk taken by the primary insurer is subsequently reinsured in part with Al Koot. The percentage of risk in which Al Koot participates has ranged since Al Koot began business between 20 per cent and 100 per cent (depending on the value of the business on offer). Al Koot currently participates at 30 per cent, but it intends to increase the level of its participation. Where Al Koot in turn reinsures risk with other reinsurers, it does so on the international reinsurance market.

Operations Insurance

Once construction works (or phases of large construction works) have been completed, tested and commissioned and have become operational, the constructed assets are covered by operations insurance. Al Koot's operations insurance offering usually comprises a package of different types of coverage, including (for example) all risks, directors' and officers' liability, machinery breakdown, third party liability, cost of well control and business interruption. Al Koot currently participates up to the level of the relevant QP Group company's interest in the relevant operating company, but it intends to increase the level of its participation. Where Al Koot in turn reinsures risk with other reinsurers, it does so on the international reinsurance market.

Marine Insurance

Marine policies cover risks relating to damage to ship hulls, machinery and cargoes. Al Koot does not provide direct insurance but reinsures up to the level of the QP Group's interest in the insured asset.

Other insurance

In the past, Al Koot has provided sabotage and terrorism insurance directly to the QP Group. Al Koot provided this coverage because either it was unavailable or only available at prohibitively expensive premium rates and/or on uncompetitive terms. Over recent years, the market has softened - that is, rates have decreased. It is now possible for Al Koot to arrange the reinsurance of the QP Group's sabotage and terrorism risk within the marketplace on reasonable terms, rather than retaining the risk itself. In the future, should market conditions change, Al Koot may decide to offer the QP Group sabotage and terrorism insurance cover once again and retain all or part of the risk.

Furthermore under the terms of the AK Decree, if the State of Qatar officially instructs Al Koot to provide certain insurances, and QP endorses this request, Al Koot is obliged to offer such insurances. The State's requirements may not fall within one of Al Koot's usual categories of business.

Competition and competitive advantages

Qatar's insurance industry comprises local and international companies which provide insurance as well as reinsurance services. As is explained under the heading "*Reinsurance*" above, Al Koot secures much of its reinsurance revenue through participation in tenders for local reinsurance business. As Al Koot gradually increases its local market share of reinsurance business (by increasing the percentage of reinsurance risk which local tenderers must offer Al Koot), local insurance companies have reacted by reducing the amount of reinsurance they undertake. This means that there is a high level of competition in the reinsurance market in Qatar for business which Al Koot does not take. This process has created a competitive atmosphere for the benefit of the insured.

As is also explained above, Al Koot's participation in tender offers follows the terms set by the local lead reinsurance underwriter. Because competition amongst lead reinsurance underwriters has increased, this has also reduced Al Koot's margins, and hence provides an explanation as to why Al Koot has sought to increase its own market share.

It is important to note that, although Al Koot faces stiff competition from local insurers on the international reinsurance markets, Al Koot has no competitors in relation to direct insurance provided to the QP Group. Al Koot is the sole provider of direct insurance services to the QP Group and, effectively, still acts as the captive insurer of QP.

Management

Board of Directors

Al Koot's board consists of:

- Mr. Mohammed. S. Al-Sherawi – Chairman. Mr. Sherawi also serves as the Director of Finance of QP. He has been closely associated with QP for 24 years.
- Mr. Ahmed Rafee Al-Emadi – Managing Director and Vice-Chairman. Mr. Emadi joined Al Koot as its Managing Director in 2004. Previously, Mr. Emadi worked in the Finance Department of QP for nineteen years.
- Mr. Khalid Ali Omair Al-Naimi – Board Member. Mr. Naimi heads the Financial Analysis and Reporting department of Qatargas Liquefied Natural Gas Company Limited ("**Qatargas LNG**"). Mr. Naimi had previously worked for nearly ten years with Qatargas.
- Mr. Erham Al-Kaabi - Board Member. Mr. Al-Kaabi was previously the Employee Development and Welfare Manager of RasGas. He began his career with RasGas in May 1996 as a Senior Systems Analyst, before going on to manage the company's Information Systems team.

Management

The management team of Al Koot comprises the following individuals:

- Mr. Osman Hag Musa, Reinsurance Manager (and Secretary to the Board). Mr. Hag Musa holds a BSc in Economics from the University of Khartoum. He has over 30 years' experience in the insurance and reinsurance industries. He set up QP's risk management unit in 1988, and was transferred to Al Koot on its establishment in 2003.
- Mr. Abdul-Rahman Yissah, Manager, Support and Business Strategy. Mr. Yissah has an MBA and a Diploma in Management from the Henley Management College in the UK. He is also a Fellow of the Association of Accounting Technicians. He has full membership of the UK's Institute of Business Consultants (formerly the Institute of Management Consultants). He joined QP in 2002 as a Head Business Analyst in the company's Organisation & Systems Department, before transferring to Al Koot in 2005.
- Mr. Shawgi Khalil, Head of Oil and Petrochemical Insurance. Mr. Khalil holds a BSc in Economics from the University of Khartoum. He has over 33 years' experience in the insurance and reinsurance industries and over 28 years' experience of working in Gulf states. He joined QP's risk management unit in 1996, and was transferred to Al Koot on its establishment in 2003.
- Mr. Khalid Abdul-Rahman Al-Mughesib, Manager, Energy & Manufacturing Insurance (Designate). Mr. Al-Mughesib is a BA graduate from the Arab University of Beirut. He holds a CIB Certificate in Insurance and an FCII. He joined QP's risk management unit in 1996 and has worked in all categories of insurance and reinsurance. He was transferred to Al Koot in 2003.
- Mr. Yahya Al-Nouri, Head of Underwriting. Mr. Al-Nouri holds a BA from the University of Damascus. He has over 32 years' experience in the insurance and reinsurance industry and over 24 years' experience in the Gulf. He joined QP's risk management unit in 1998 and was transferred to Al Koot in 2003.
- Mr. Abdullah Shaheen Al-Dosari, Head of Human Resources. Mr Al-Dosari is a BA graduate from Qatar University. He has over 31 years' experience in Administration and Human Resources. He joined QP in 1976, and was transferred to Al Koot in 2007. He currently heads Al Koot's Human Resources Department.

Employees

Al Koot employs 25 people. Al Koot plans gradually to increase the number of employees to 50, and is recruiting staff.

Future plans and business strategy

In 2006, and in anticipation of the Reorganisation, Al Koot adopted a ten-year business plan. The principal purpose of the business plan is to provide a benchmark for the performance of the company going forward.

One particular feature of Al Koot's business plan is that it envisages that the company will obtain a credit rating. By obtaining a credit rating, Al Koot may be able to offer Insurance and Reinsurance Services to third parties outside of the QP Group. A credit rating would also reduce Al Koot's reliance on guarantees provided to it by QP (as described on page 22 below).

In more general terms, Al Koot intends to expand its operations to encompass a more diverse geographic portfolio of operations. Currently, as described above, Al Koot's scope of operations is limited to Qatar. As the scope of business of the QP Group expands, Al Koot's position as the de facto captive of the QP Group will necessitate a matching expansion of Al Koot's scope to match the needs of QP Group.

Legal and regulatory information

Head Office

Al Koot's head office is located at Al Maha Building, Bin Omran, PO Box 24563, Doha, Qatar.

Share Capital

The initial share capital of Al Koot at the time of its incorporation was QR3.65. Subsequently, on 25 April 2004, the authorised capital was increased to QR500 million and the paid-in capital was increased to QR73 million (which in due course was increased to QR218.6 million).
Articles of Association

Al Koot's articles of association contain provisions to the following effect:

- Shares

  The company's shares shall be nominal. The share capital of Al Koot may be increased through the issuance of new shares with the same nominal value as the original shares by a decision from the general assembly. The share capital may be decreased in the same manner.

- Transfer of Shares

  The shares shall not be offered, transferred, relinquished or disposed of in any way without a decision from the general assembly.

- General Meetings

  The general assembly shall convene upon an invitation from the chairman of Al Koot's board of directors within the first six months following the end of the financial year, in the place and on the day and time fixed in the invitation to the meeting.

  The agenda of the general assembly shall include, in particular, hearing the report of the board of directors of Al Koot on Al Koot's activities and financial position and the auditor's report, as well as approving the budget, profits and losses account, the distributable dividends, in addition to appointing the auditor and determining his emolument, and any other issues on the agenda.

- Dividends

  No profits shall be paid in the form of dividends until the grand total of the company's compulsory (in accordance with Qatari law) and optional reserves reaches QR365.5 million (i.e. approximately US$100 million). If the total shall become less than this amount, distribution of profits shall be stopped and deduction resumed until the grand total reaches the above amount.

Subsidiaries, associates and branches

Al Koot has no subsidiaries, associates or branches.

Significant transactions involving shareholdings

There have been no significant transactions in the shares of Al Koot in the past three years, other than in the course of the Reorganisation.

Properties

Al Koot does not own or lease any properties. Its head office space is owned by QP.

Insurance

Al Koot has no insurance coverage in relation to the following assets or risks: buildings and other assets (as Al Koot does not own its commercial premises), employer's liability, loss of profit/business interruption, directors and officers' liability or "key man" insurance. Al Koot considers that its insurance coverage is commercially appropriate for a company of its size, revenues and type.

Intellectual property

Registration of Al Koot's name and logo is currently in process with the relevant authorities.

Litigation

Currently, Al Koot is neither subject to nor involved in any material litigation or formal arbitration proceedings.

Material contracts and licences

Al Koot was issued with a licence to conduct Insurance and Reinsurance Services following the issue of the AK Decree. Al Koot is not currently a party to any loan agreements and/or other borrowing or debt financing documents.

Related party contracts

Prior to the Reorganisation, Al Koot was the captive insurer of QP. Accordingly, by definition, Al Koot derived its revenues only from the QP Group. However, in addition to receiving all of its revenue income from the QP Group, Al Koot receives the benefit of a number of guarantees, issued directly to beneficiaries by QP to underpin Al Koot's insurance business. The following table lists the guarantees presently in place:

Project	**Beneficiary**	**Limit**	**Expiry Date**
N.Adriatic Terminal	AIG	Euro 900,000	31/03/2008
Qatargas II	QIC	USD 1,162,500	31/08/2008
Qatargas II	QIC	USD 350,000	31/08/2008
Qatargas 3	QGIRC/QIC Lenders	USD 750,000	28/02/2010
Qatargas 4	QGIRC/QIC Lenders	USD 750,000	28/02/2010
R.Laffan Power Co.	QIC	USD 20,000,000	01/04/2008
Qatofin	Al Khaleej	USD 79,875,000	08/04/2009
Maersk	QGIRC	USD 20,000,000	01/06/2008
Dolphin	Dolphin and certain banks	USD 20,000,000	24/01/2008
QVC	QGIRC	USD 200,000,000	30/05/2008
QVC	QGIRC	USD 20,000,000	30/05/2008
Mesaieed A Power Project	QIC	USD 75,000,000	01/04/2010
Oryx GTL	QIC	USD 40,000,000	31/05/2008
Oryx GTL	QIC	USD 100,000,000	31/05/2008
Occidental Petroleum	QIC	USD 20,000,00	30/09/2008

Source: Al Koot management

QP has agreed to extend guarantees to insurance and reinsurance transaction counterparties of Al Koot, starting from 1 March 2008. This agreement will be reviewed by the Board every three years until Al Koot receives a credit rating from Standard & Poor's. QP has no present intention to establish a new captive insurance vehicle.

Under the Service Agreement, Al Koot agreed to undertake all of the insurance activities of QP in exchange for QP providing Al Koot with "*the services and work it needs to do its job*". The agreement is for a 25-year term but is terminable on one years' notice. In addition to the Services Agreement, Al Koot's managing director is seconded to the company by QP.

Environmental matters

Management is not aware of any material environmental liability in relation to its business operations.

Auditors

Al Koot customarily rotates its auditors on a three-year basis. Al Koot is currently audited by KPMG's Doha office. KPMG is completing a one-year extension to its three-year mandate, such extension being to facilitate the Offering.

Continuation of activities

There has been no interruption in the business of Al Koot in the last three years having a significant effect on its business.

B - GULF DRILLING INTERNATIONAL Q.S.C.

Date and details of incorporation

GDI was incorporated in 2004 under Council of Ministers' Resolution No. 53 issued in accordance with Article (68) of the Companies Law. It is registered and incorporated in Qatar with commercial registration number 27968. GDI was incorporated for an initial period of 25 years.

GDI was formed as a joint venture between QP (60 per cent) and JDC (40 per cent) in relation to the ownership, charter, operation and maintenance of a number of drilling rigs, both offshore and onshore. QP has since exercised its right under the Joint Venture Agreement dated 22 March 2004 between QP and JDC (the "**JVA**") to acquire up to 25 per cent of JDC's 40 per cent stake in GDI, taking its total stake in GDI to 69.99 per cent.

On the Reorganisation Date, QP transferred its 69.99 per cent shareholding in GDI to GIS in accordance with an Instrument of Assignment and Transfer entered into by QP and GIS. Also on the Reorganisation Date, the transfer was completed and approved by a resolution of the Board and by the QP Board. GIS acceded to the JVA in place of QP on 15 February 2008.

Scope of business

General

GDI provides Drilling Services to the QP Group and QP's international co-ventures. GDI was originally established as a joint venture company between QP and JDC to provide Drilling Services in Qatar and the region.

Technical Services Agreement with JDC

GDI entered into a Technical Services Agreement (the "**TSA**") with JDC on 26 May 2004, pursuant to which JDC agreed to second certain of its operational employees and provide certain services to GDI, including training.

Fleet

GDI's fleet is divided into offshore and onshore drilling rigs.

GDI currently owns four offshore, 'jack-up' drilling rigs. Of these, one underwent complete refurbishment in 2006. A second is a brand-new, state-of-the-art rig, delivered in January 2007 and placed in service in April 2007, called "Al-Khor". A fifth, similar rig (to be called "Al-Zubarah") is under construction at Keppel Fels shipyard in Singapore, with completion scheduled for February or March 2008 and delivery to the region scheduled for April 2008.

The following table sets out details of GDI's offshore fleet:

Rig	Year built	Designer/ Country of origin	Current customer	Contract expiry date (primary term)
Gulf-1	1981	Mitsubishi, Japan	QP	9 June 2010
Gulf-2	1980	Friede & Goldman, US	QP	1 January 2010
Gulf-3	1977	MLT, Singapore	Not on contract	n/a
Al-Khor	2007	Keppel Fels, Singapore	Qatargas	4 July 2009 *
Al-Zubarah	2008	Keppel Fels, Singapore	n/a	n/a

Source: GDI
** note: estimate based on time expected to drill nine wells*

The contracts applying to Gulf-1 and Gulf-3 may be extended by up to two years. The contract relating to the Al-Khor rig may be extended by up to an estimated 540 days (being the time the company estimates it will take for it to drill six more wells).

In addition to the four jack-up drilling rigs, GDI has four onshore rigs (three owned, one leased), two of which were acquired new in 2005 and 2006. The leased rig will be replaced in GDI's fleet by a newly purchased land rig by the third quarter of 2008.

The following table sets out details of GDI's onshore fleet:

Rig	Year built	Designer/Country of origin	Current customer	Contract expiry date (primary term)
GDI-1	1981	Lazhou, China	QP	30 November 2010
GDI-2	1980	National/Lanzhou, US	QP	1 January 2011
GDI-3	n/a (leased)	n/a (leased)	QP	28 February 2011
GDI-4	2006	BOMCO, China	QP	11 April 2011

Source: GDI

The contracts relating to GDI-1, GDI-2 and GDI-3 may be extended by up to two years. The contract for GDI-4 may be extended by a year.

GDI purchases its rigs from a variety of international rig constructors (including contractors in China, Japan, Singapore and the US). With the exception of GDI-3 (which is subject to operational restrictions imposed by GDI), all of GDI's rigs are able to drill to a maximum depth of 15,000 feet, while offshore jack-up rigs are able to drill to a maximum of 20,000 feet.

Maintenance of fleet

GDI routinely conducts preventative maintenance on all its rigs. In the case of onshore rigs, major maintenance is typically undertaken on-site with minimal disruption. In the case of offshore rigs, major planned maintenance is typically undertaken every three to five years (and for this purpose typically the rig has to be moved to a shipyard for a period of one to three months).

Utilisation

Utilisation is defined (for GDI and other asset-owning Portfolio Companies) as the number of days an asset is under contract divided by the total number of days it was available for contracting during the same period, expressed as a percentage. Major overhauling of the offshore rigs is carried out every three to five years, which causes a rig's utilisation level to decrease.

As can be seen from the table below, GDI generally has very high levels of utilisation. This is primarily because of its relationship with QP.

	2004	2005	2006	2007
Rig	%	%	%	%
Gulf-1	100.00	100.00	100.00	100.00
Gulf-2	100.00	100.00	100.00	100.00
Gulf-3	n/a	n/a	0.00	46
Al-Khor	n/a	n/a	n/a	100.00
Al-Zubarah	n/a	n/a	n/a	n/a

	2004	2005	2006	2007
Rig	*%*	*%*	*%*	*%*
Offshore - sub total	*100.00*	*100.00*	*84.10*	*85.02*
GDI-1	n/a	100.00	100.00	100.00
GDI-2	n/a	100.00	100.00	100.00
GDI-3	n/a	n/a	100.00	100.00
GDI-4	n/a	n/a	100.00	100.00
Onshore - sub total	n/a	*100.00*	*100.00*	*100.00*

Source: GDI

Rig construction contracts

In 2004 and 2005, GDI entered into five contracts in relation to the construction, equipping, completion and delivery of individual offshore jack-up and onshore drilling rigs. The first contract was the acquisition, conversion and refurbishment (valued at US$95 million) of the offshore jack-up rig Gulf-3 and resulting in its redelivery in 2006. The second contract was a new build EPC contract (valued at approximately US$130 million) for the offshore jack-up rig Al-Khor, which was delivered in April 2007. The third contract is a new build EPC contract (valued at approximately US$150 million) for Al-Zubarah. Two new onshore rigs, GDI-2 and GDI-4 (valued at approximately US$23.5 million), were constructed, commissioned and supplied in 2005 and 2006 respectively.

Basis on which fleet operated

GDI's onshore and offshore drilling and workover rigs are operated under individual day rate contracts. These contracts generally provide for GDI to be paid fixed day rates regardless of whether its rigs are drilling or on standby. Normally these contracts are set at lower or, in certain circumstances, nil day rates for when the rig is moving, or when operations are interrupted or restricted due to machinery breakdown, adverse weather or sea conditions or other conditions beyond the control of GDI. Under day rate contracts, GDI generally pays the operating expenses of the rig, including wages and the cost of incidental supplies. Day rates of offshore rigs are historically the major contributor to GDI's earnings.

In some contracts for GDI's onshore rigs, the usual day rate arrangement is supplemented by an alternative option available to GDI's client on request. This alternative option provides for a fixed rate per foot drilled. Depending on drilling speed, this method of payment can give GDI a better yield on revenue than a day rate. However, GDI prefers to apply day rates because the yield on footage operations can be unpredictable.

Customer base

(a) Offshore rigs

GDI has three contracts with QP, including one with its subsidiary Qatargas, under which GDI provides offshore drilling services either on a time basis (i.e. for five to six year periods, each with an option for QP to extend these contracts, as detailed above) or a well-count basis (i.e. the drilling of nine wells with an option to extend the contract to encompass a further six wells).

GDI intends to widen its offshore client base in due course by competing for new, non-QP Group contracts, principally by targeting field operators (both offshore and onshore) operating in the oil sector in Qatar and then expanding into regional markets.

(b) Onshore rigs

GDI has four contracts with QP under which GDI provides onshore rigs to QP for five to six year periods (with an option to extend these contracts, as detailed above).

Competition and competitive advantages

GDI believes its primary competitive advantage is its strong relationship with the QP Group. Furthermore, GDI has a good safety record, highly experienced management (with access to technical assistance through its joint venture partnership with JDC) and an exemption from taxation on its activities in Qatar until May 2015.

Management

The board of directors of GDI currently comprises seven members, with four members appointed by QP (GIS' predecessor as the 69.99 per cent owner of GDI), and three members appointed by JDC (as the 30.01 per cent joint venture partner). Despite the Reorganisation, the four first members referred to will remain in place.

Board of Directors

GDI's board consists of:

- Mr. Mohammed S. Al-Sherawi, Chairman. Mr. Al-Sherawi is the Finance Director of QP.
- Mr. Saad Sherida Al-Kaabi, Vice-Chairman. Mr. Al-Kaabi is QP's Director of Oil and Gas Ventures.
- Yousif Rashid Al Khater, Director and Chief Executive Officer. Mr. Al-Khater is seconded by QP to GDI.
- Sheikh Abdulaziz Al-Thani, Director. Sheikh Al-Thani is QP's Director of Administration.
- Yuichiro Ichikawa, Director. Mr. Ichikawa is seconded by JDC to GDI.
- Kenzo Yamada, Director. Mr. Yamada is seconded by JDC to GDI.
- Yoichi Onoe, Director and Chief Operating Officer. Mr. Onoe is seconded by JDC to GDI.

Management

GDI's executive team comprises the following individuals, who occupy management positions within the company:

- Mr. Abdul Hadi Al-Dahneem, Chief Financial Officer. Mr Al-Dahneem is seconded by QP to GDI.
- Mr. Tatsuya Hirano, Chief Administration Officer. Mr. Hirano is seconded by JDC to GDI.

Employees

GDI employs 836 people, categorised as follows:

- 140 office staff (including the company's administration, human resources, internal audit, finance and IT departments);
- 420 offshore staff (i.e. approximately 84 staff per offshore rig); and
- 276 onshore staff and back-up crew (including support services, camp maintenance and logistics staff).

Future plans and business strategy

GDI is in the process of implementing a business plan, which sets out the company's aspirations regarding its future financial performance.

At present, the primary focus of GDI's business is to operate offshore jack-up and onshore drilling rigs. GDI intends to expand its revenues in two ways:

- GDI intends to increase its share of the market in relation to its core drilling activities, both by serving markets which it does not currently serve (including Africa, the Arabian Gulf and India) and by adding to its roster of clients outwith the QP Group, thereby consolidating its position within the Qatari drilling market. GDI intends to expand the geographic scope of its operations within five years;

- Secondly, GDI's intention is to develop its business in drilling-related services (including cement supply, cementing and mud supply and services), well-site preparation and the provision of transportation and logistics services (including accommodation, catering and communications services). These activities currently provide only a small proportion of GDI's revenues. GDI considers that there is further scope for a provider of these kinds of services both within the Qatari market and in the wider region.

Legal and regulatory information

Head Office

GDI's head office is located at Main Airport Road, Building number 4718, PO Box 9072, Doha, Qatar.

Share Capital

The issued share capital of GDI (and the current maximum allowed capital under GDI's memorandum of association) is 37,574,088 ordinary shares of QR10 each. GIS holds 26,301,861 shares (or 69.99 per cent) in GDI. JDC holds the balance of 11,272,227 (or 30.01 per cent) of the shares.

Articles of Association

GDI's articles of association contain provisions to the following effect:

- Shares

  All shares held by Shareholders rank equally as to dividends, voting and other rights, including (subject to certain provisions of the JVA) rights to share in any distribution on winding up of GDI. The rights and obligations attached to any shares may be changed from time-to-time by the general assembly by unanimous resolution, as the general assembly may from time-to-time deem appropriate.

- Transfer of Shares

  No Shareholder may, without prior written consent of the other Shareholders, do, or agree to do, any of the following, unless it is otherwise permitted by the articles or the JVA:

  (a) pledge, mortgage, charge or otherwise encumber any of its shares or any interest in any of its shares, or grant an option or other right over or in respect of any of its shares or any interest in its shares, or agree to do any of the foregoing, except in connection with raising finance for the company;

  (b) sell, transfer or otherwise dispose of any of its shares, any interest in its shares, or agree to do so; or

  (c) enter into any agreement in respect of the votes attached to any of its shares.

  No sale, transfer, mortgage, charge, lien, or other encumbrance of or on any shares (or any interest therein) will be valid or recorded in the company's share register or books otherwise than in accordance with the articles and the JVA.

  No shares may be transferred by a Shareholder except as provided in the company's articles and in the JVA.

- General Meetings

  Any general assembly may be held after 30 clear days' notice at the least, given by the chairman or the director duly authorised by him, or by the auditors or requisitionists having called the general assembly in accordance with the articles, specifying the place, the day and the hour of assembly and the nature of the business proposed. Such notice shall be given to the auditors, and to such persons as are under the provisions of the articles entitled to receive notice of general assemblies from GDI. An assembly may be convened upon a shorter notice with the consent of all the Shareholders entitled to attend and vote

- Dividends

  The board of directors of GDI may by unanimous resolution authorise interim payments on account of anticipated dividends, which will be paid quarterly, in accordance with the JVA.

Subsidiaries, associates and branches

GDI has no subsidiaries, associates or branches.

Significant transactions involving shareholdings

On 2 July 2007, QP exercised its right under the JVA to acquire 25 per cent of JDC's 40 per cent stake in GDI, taking its total stake in GDI to 69.99 per cent. Post-Reorganisation, QP's stake is now owned by GIS. Other than such exercise and in the course of the Reorganisation, there have been no significant transactions in the shares of GDI in the past three years.

Properties

GDI does not own any real property, but it is a party to a number of leases:

- Accommodation: GDI leases 23 flats or villas for use by its employees;
- Equipment: GDI leases generators for use on the offshore rig Gulf-3 from Doha Petroleum Construction Company Limited;
- Facilities: GDI leases its head office space from Al Emadi Group, certain plots of land from QP and Sagadril Inc. and a warehouse from Venture Gulf Group;
- Vehicles: GDI leases a total of 27 vehicles from five different service providers.

Insurance

GDI holds insurance cover in the areas of hull and machinery, protection and indemnity, comprehensive general liability and transit and storage insurance for its rig fleet, which it renews annually on the basis of a competitive tender. It currently arranges this coverage through Qatar General Insurance and Reinsurance Co. S.A.Q. Its cover is due to expire on 10 October 2008.

GDI has chosen to self-insure the following assets or risks: business interruption, occupiers' (and other third party) liabilities, expropriation and confiscation, lost revenue, directors' and officers' liability and/or "key man" insurance.

Intellectual property

GDI has registered its logo in Qatar as a trade mark (with effect from publication in MOEC's magazine under reference number 4007 on 7 February 2007). GDI has enlisted the services of an agent in order to extend the geographic scope of protection for its logo to include all other GCC states.

Litigation

GDI is neither currently subject to nor involved in any material litigation or formal arbitration proceedings.

Material contracts and licences

GDI has entered into the following contracts that are or may be material:

- GDI has entered into two EPC contracts with suppliers in relation to the construction, equipping, completion and delivery of offshore rigs (the Al-Khor and the Al-Zubarah). Both contracts are for substantial sums, and represent significant capital commitments. GDI has also entered into a contract for the conversion and refurbishment of the Gulf-3 rig, and has entered into a purchase agreement for a landing.

- GDI entered into the TSA on 26 May 2004, pursuant to which JDC agrees to second certain of its employees to GDI and provide certain services including training. The TSA terminates on expiry or termination of the JVA. The JVA and the TSA give JDC the right of first refusal both over the sale of any asset by GDI and the provision of technical services or other required support.

GDI currently has access to the following banking facilities:

Facility amount (US$)	**Repayment commencement date**	**Term expires**	**Balance at 31.12.07 (US$)**	**Security**	**Primary Lender**
50,000,000	24 May 2005	May 2015	35,897,436	Proceeds from Gulf-1	Qatar National Bank ("**QNB**")
130,000,000	31 March 2006	April 2015	101,891,896	Mortgage over Gulf-2; proceeds from Gulf-1 and Gulf-2	Commercial Bank of Qatar
130,000,000	31 March 2008	April 2015	130,000,000	Mortgage over Gulf-3	QNB
40,000,000	31 March 2008	December 2017	40,000,000	Balances on account	QNB

Source: GDI

Related party contracts

In the normal course of business GDI carries out a range of transactions with the QP Group, JDC and its related parties and another of the Portfolio Companies:

- GDI derives almost all of its revenue from QP directly. For example, as disclosed above (under the heading "*Fleet*") GDI has six contracts with QP whereby GDI provides drilling rigs to QP for up to six years, with options for QP to extend those contracts for either one or two additional years (for those contracts that have a term defined in terms of time rather than wells drilled).
- GDI contracts with QP for certain business services. For example, as disclosed above (under the heading "*Properties*"), GDI leases yard space from QP. Such services, while provided by a related party, are (in the opinion of the management of GDI) provided at arm's length on a normal commercial terms.
- GDI is a party to the TSA, under which it is obliged to pay certain fees to JDC for services rendered by JDC's related party JOSCO Limited. Independently of the TSA, GDI also buys materials from JOSCO Limited.
- GHC supplies helicopter transportation services to GDI under contract.

Environmental matters

Management is not aware of any material environmental liability in relation to its business operations.

Auditors

GDI is currently audited by KPMG's Doha office.

Continuation of activities

There has been no interruption in the business of GDI in the last three years having a significant effect on its business.

C - GULF HELICOPTERS COMPANY Q.S.C.

Date and details of incorporation

In 1970, Gulf Helicopters Limited ("**GHL**") was incorporated as a subsidiary of British Overseas Airways Corporation, operating in Qatar with a fleet of two helicopters. GHL was subsequently acquired by Gulf Air, which sold GHL to QP in 1998.

Pursuant to Decree No. 27 of 1998 and Ministerial Decision Resolution No.16 by Qatar General Petroleum Company (the predecessor to QP), GHC was incorporated as an Article (68) company under registration number 21523. The business and assets of GHL were subsequently transferred to GHC.

On the Reorganisation Date, QP transferred its 100 per cent shareholding in GHC to GIS in accordance with an Instrument of Assignment and Transfer entered into by QP and GIS. Also on the Reorganisation Date, the transfer was completed and approved by a resolution of the Board and by the QP Board.

Scope of business

General

GHC holds an AOC issued by the QCAA. GHC is approved by the FAA as a Repair Station and by the QCAA as a maintenance organisation. GHC operates as the sole provider of helicopter transportation services in Qatar. It is licensed in accordance with Article 50 to Chapter 9 of Qatari Law 15 of 2002. The geographic scope of GHC's business is the MENA region.

GHC's core business, accounting for approximately 95 per cent of its revenues, is helicopter transportation services (including exploration and production transportation activities in the oil and gas sector, emergency flight services for hospitals and search and rescue operations). The remaining 5 per cent is generated from non-core businesses, including rentals from a residential compound in Doha and revenue from its procurement branch in the UK, situated near Gatwick Airport.

Geographic

GHC conducts operations both directly and indirectly in a range of locations across the MENA region (which are covered by its QCAA AOC):

- North Africa and the Mediterranean: GHC owns a 92 per cent stake in the Al Maha Aviation Company ("**AMAC**"), a private limited company in Libya. The remaining 8 per cent of AMAC is legally owned by Libyan nationals on behalf of GHC, meaning that GHC controls 100 per cent of the company.

  AMAC is registered with the Libyan Civil Aviation Authority, and is in the process of applying for an AOC which will enable the company to provide helicopter services on its own account. At present AMAC subcontracts any work it secures to GHC.

- Yemen and the Southern Gulf region: GHC operates in the Yemen under its Qatari AOC.

- UK: GHC has an office in Crawley, UK, near to Gatwick Airport. The main purpose of GHC's UK office is to act as a procurement arm for various agencies of the government of the State of Qatar (the "**Government**").

By area of operation, Qatar accounts for approximately 90 per cent of GHC's revenues. The Arabian Gulf market outside of Qatar accounts for approximately 10 per cent of GHC's revenues.

Fleet

Currently, GHC owns 26 helicopters: sixteen Bell Helicopter ("**Bell**") 412 class helicopters, six Bell 212 class helicopters, one Sikorsky S-92 helicopter, one Bell 230 helicopter, one Bell 206B helicopter and one AgustaWestland AW139 helicopter.

GHC is presently increasing the size and diversity of its fleet. Details of its expansion plans are set out under the heading "*Future plans and business strategy*" below.

Competition and competitive advantages

GHC faces no competition in Qatar, but the market outside of Qatar is competitive. Contracting for helicopter services is usually conducted on the basis of competitive bidding among those companies having the necessary equipment and resources.

GHC has:

- a relatively modern fleet. Excluding two Bell helicopters (which GHC intends to sell during the course of 2008) the average age of GHC's fleet is approximately ten years. GHC's fleet age is reducing as the company's newly purchased helicopters come into service.
- high operational standards. GHC conducts its flight operations to international standards, as adopted by the QCAA. Furthermore, GHC received ISO 9000:2001 certification on 13 June 2006. ISO is the most commonly-used international standard framework for effective quality management systems. A yearly audit is conducted by the QCAA to ensure GHC complies with ISO standards.
- an excellent safety record. GHC has historically registered low rates of accidents, compared to industry trends in this respect.
- a period of exemption from taxation on its activities in Qatar.

Management

The board of directors of GHC includes five members, all of whom, as at the date of the Prospectus, were appointed by QP. Going forward, the board of directors of GHC will be appointed by GIS.

GHC's management team, comprised of Mohamed Ibrahim Al-Mohannadi (General Manager), Peter Harris (Engineering Manager) and Fred Layton (Operations Manager), has extensive experience in the helicopter industry.

Employees

GHC's employees fall into the following three groups (as at 31 December 2007):

- Operations (comprising captains, co-pilots and support staff): 94.
- Engineering (including engineers and support operatives): 125.
- Administrative staff: 23.

Future plans and business strategy

GHC is in the process of developing a five-year business plan, setting out revenue targets and benchmarking the company's future growth. The company's strategic aspirations are described in more detail below.

Fleet expansion

GHC intends to increase the size and diversity of its fleet over time. It began the first stage of its expansion by taking delivery of the first of ten new AgustaWestland AW139 helicopters in July 2007. By moving away from the US company Bell as its sole supplier of aircraft, GHC will be able to expand the geographic scope of its operations. It will generate expertise in the operation of a wider range of aircraft, which will in turn increase the marketability of its maintenance operations.

Expansion of activities

GHC's management intends to remain in its core line of business, being helicopter transportation services. However, in the short- to medium-term, GHC intends to further develop its abilities in two specific areas of business:

- Emergency medical transportation: GHC has entered into an agreement with the Hamed Medical Corporation ("**HMC**") of Qatar to provide emergency medical transportation services to HMC. At present, GHC subcontracts its work for HMC to Action Aviation of the UK. However, GHC's aim in the longer term is to provide transportation services to HMC directly; and
- Maintenance: GHC holds a US Federal Aviation Agency approval (numbered GQ0YY07Y and due to expire on 31 May 2008, but anticipated to be renewed) to operate as a repair station, with ratings for Limited Airframe, Limited Engine, Limited Emergency Equipment and Limited Access (enabling it to maintain other operators' aircraft). It currently does not derive a significant proportion of its revenue from the provision of maintenance services, but intends to expand this area of its operations in the future.

Relocation to larger strategic hub

GHC is currently assessing a new hub for its fleet in the Al Khor area, an existing airport facility approximately fifteen miles north of Doha. GHC's new hub is expected to be significantly larger than its current site. GHC would, from a larger base, be better placed to pursue new opportunities of strategic benefit.

Legal and regulatory information

Head Office

GHC's head office is located at Ras Abu Aboud Street, PO Box 811, Doha, Qatar.

Share Capital

GHC was incorporated with an authorised and paid-up capital of QR66 million, being 6.6 million shares of QR10 each.

Articles of Association

GHC's articles of association contain provisions to the following effect:

- Shares

  The shares are nominal. GHC's share capital can be increased or reduced by a resolution of the general assembly.

- Transfer of Shares

  GHC's shares cannot be mortgaged, transferred, tendered or offered for sale to the public except by a resolution of the general assembly.

- General Meetings

  Within six months of the end of GHC's financial year, the general assembly shall convene at the invitation of the chairman of the board of directors. The agenda of the general assembly shall comprise: the hearing the report of the board of directors on the activities and financial status of the GHC; the report of the company's auditors; approval of the company's annual budget and its profit and loss account; approval of the dividend payable (if any); appointment of the company's auditors (or reappointment, as appropriate) and the fixing of their remuneration; the discussion of any proposed increase or reduction of the capital of GHC; any other business listed in the agenda. The general assembly shall be entitled to amend the articles of association of the company whenever necessary.

- Dividends

  The net profits of GHC shall be distributed annually, after deduction of general expenses and other costs, as follows:

  (a) 10 per cent of the profits shall be deducted annually from the net profits and allocated to the mandatory reserve until this reserve reaches not less than 50 per cent of the nominal capital;

  (b) Whenever this reserve falls short of the 50 per cent threshold, the 10 per cent deduction shall be resumed until the reserve is replenished;

(c) the company's general assembly can decide annually to allocate part of the net profits for the account of an additional optional reserve. This optional reserve shall be used for the purposes designated by the general assembly; and

(d) the remainder of the profits shall be available for release to the shareholder(s).

Subsidiaries, associates and branches

GHC owns a 92 per cent stake in AMAC.

GHC is registered in England as a foreign company under the number FC022605. Its branch office (whose address is Unit 1, Stockwell Works, Stephenson's Way, Three Bridges, Crawley, West Sussex, RH10 1TN, UK) is registered under the branch number BR005603.

Significant transactions involving shareholdings

There have been no significant transactions involving the shareholdings of GHC within the past three years.

Properties

GHC owns the following two properties:

- a residential compound of 48 houses in Doha. 41 of the houses are used to house the company's staff, and seven are used to house non-staff in return for payment of rent; and
- a warehouse and office facility in Crawley, West Sussex, UK (which is used for the procurement of spare parts for third parties such as QP and other entities located in Qatar).

GHC currently leases the following properties:

- a hangar, heliport and office building at Doha International Airport; and
- sixteen houses (used as staff accommodation).

Insurance

GHC has entered into the following insurance policies:

- aircraft hull for each helicopter in its fleet (including spares and equipment insurance);
- legal and third party liability; and
- building and property.

GHC also pays a premium to Al Koot in order to secure life and accident insurance coverage on behalf of its employees.

Intellectual property

GHC neither owns nor licenses any intellectual property.

Litigation

GHC is neither currently subject to nor involved in any material litigation or formal arbitration proceedings.

Material contracts and licences

As at 31 December 2007 (which is the date of GHC's last annual audited accounts), the company was party to eighteen revenue-generating contracts, each with different counterparties. Of these eighteen contracts, seven are open-ended (in that they have a start date but are terminable on notice rather than on an agreed date) and the remaining eleven are for periods of between one and ten years (with a mean period of approximately three years).

GHC purchases its helicopters by way of bank financing. As of 31 December 2007, GHC had financial commitments totalling US$96,687,289, as follows:

Date of loan agreement	**To finance aircraft registration numbers**	**Outstanding loan amount (US$)**	**Bank**
18/12/2000	HBB & HBC	9,934,059	QNB
18/05/2002	HBE	3,900,000	QNB
03/07/2002	HBD	3,288,750	QNB
19/12/2002	HBF	1,850,000	QNB
26/02/2004	HBH	3,500,000	QNB
09/05/2004	HBI	3,500,000	QNB
04/10/2004	HBJ	5,000,000	QNB
07/06/2005	S.92-VIP1; A7-HHT	23,900,000	QNB
23/03/2006	HBM	5,414,480	QNB
20/09/2006	HBQ	6,000,000	QNB
11/12/2006	S.92-VIP2	22,500,000	QNB
23/07/2007	HBT-AW 139	7,900,000	Standard Chartered

GHC holds an AOC, a Certificate of Approval for a Maintenance Organisation, a Certificate of Approval for Type Rating Training Organisation and a Commercial Air Transport License, all issued by the QCAA. It also holds an Air Agency Certificate as a Repair Station issued by the FAA.

Related party contracts

Approximately 40 per cent of GHC's business is provided by GHC's related parties Qatargas, QP and RasGas.

Environmental matters

Management is not aware of any material environmental liability in relation to its business operations.

Auditors

GHC is audited by PricewaterhouseCoopers' Doha office (of PO Box 6689, Doha, Qatar).

Continuation of activities

Flight operations in Qatar can be affected by local weather systems, including sand storms and high winds. However, GHC's Qatari operation has only lost an average of one day per year due to poor weather in the past three years.

There has been no interruption in the business of GHC in the last three years having a significant effect on its business.

RISK FACTORS

Before deciding whether to purchase Offer Shares, prospective investors should carefully consider the risk factors described below which could materially and adversely affect the business, financial position and operations of the Portfolio Companies and consequently the value of the Shares. Additional risks and uncertainties not presently known to GIS or the Portfolio Companies, or that GIS or the Portfolio Companies currently deem immaterial, may also have a material and adverse affect.

The Portfolio Companies have an active policy of managing risks in order to protect employees, customers, the environment and all of the respective assets, particularly the industrial assets used in the regular course of their operations. In this respect, the Portfolio Companies systematically implement a policy of identifying and preventing risks through the implementation of rigorous maintenance procedures and abiding by best practices of the industries in which they operate.

Risks Relating to GIS in General

Short operating history

The Portfolio Companies are established, income-generating businesses. The financial performance of GIS will be dependent on the financial performance of the Portfolio Companies. However, GIS has only recently been incorporated and has only recently acquired shares in the Portfolio Companies pursuant to the Reorganisation (as discussed elsewhere in the Prospectus).

The impact (if any) of the Reorganisation has yet to be established. However, GIS' future success will depend in part on its ability to successfully monitor and manage the independent activities and operations of the Portfolio Companies and successfully implement the long-term strategies set for them as component parts of a holding company.

Risks relating to control and limitations on ownership

As of the date of the Prospectus, all of the Shares are owned by QP. The Board is comprised of seven members, all of whom (including the chairman of the Board) are appointed by QP in its capacity as sole Shareholder. In relation to subsequent Boards, QP's rights will be diluted (but only numerically) by a requirement in the Articles that certain Independent Directors are appointed to the Board.

On completion of the Offering, QP will have the right to appoint all members of the Board, retain 30 per cent of the Shares in GIS and hold a "Special Share" in GIS giving it rights in addition to those held by other Shareholders (such as the ability to block amendments to the Articles and certain other Shareholder decisions). Accordingly, even after the Reorganisation and the future introduction of the Independent Directors, QP will have complete control over Board decisions (including dividend policy, expansion plans, budget approval, the timing and amount of dividend payments (if any), increases or decreases in share capital or other material issues) and significant control over Shareholder decisions, and thereby retain a significant degree of control over GIS and its operations. In addition, the Articles restrict any person, whether legal or natural, with the exception of QP and the Selected Institutions, from owning more than 1 per cent of the Shares. A Selected Institution may not own more than 1.4 per cent of the Shares.

Absence of prior trading market; potential volatility of stock price

Following the Offering, GIS will apply to the QFMA for the listing of the Shares on the DSM. Prior to the Offering, there has been no public market for the Shares and there can be no assurance that an active trading market for the Shares will develop or, if developed, that such market will be maintained after such listing. If an active trading market is not developed or maintained, the liquidity and trading prices of the Shares could be adversely affected. Investors in the Offering may not be able to resell their Offer Shares at or above the Offering Price due to a number of factors, including variations in actual or anticipated operating results, changes in or failure to meet earnings estimates of securities analysts, market conditions in the industry, regulatory actions and general economic conditions.

In addition, the DSM (as with other regional stock markets) experienced in 2006 a market correction which materially reduced the market value of shares listed on the DSM (and other regional stock markets). 2007 saw an improvement in the performance of the DSM, with the index rising by 34.3 per cent during the year.

Similarly, the market capitalisation of the DSM rose to QR347.7 billion by the end of 2007, representing an increase of approximately 57 per cent over the previous year. Broad market and industry fluctuations may adversely affect the trading price of the Shares on the DSM, regardless of the actual operating performance of any of the GIS Group Companies.

Distribution of dividends

Subject to the Articles, any decision to pay dividends to Shareholders and the amount of such dividends will be at the discretion and upon the recommendation of the Board. The amount of any dividends may vary from year to year. The declaration of dividends will be subject to any limitations enshrined in the Articles and applicable laws, and may be influenced by a number of factors, including the GIS Group Companies' prospects, current and anticipated cash requirements, plans for expansion, financial performance, covenants restricting the payment of dividends in agreements entered into by the Portfolio Companies, the condition of the markets in which the Portfolio Companies operate and the general economic climate.

Political outlook

The Middle East in general experiences a constantly varying degree of political and market instability and regional conflict. This instability and conflict might cause, in certain instances, out-flows of capital or of investments, which may adversely affect the overall business environment and the markets for the services offered by the Portfolio Companies.

Dependence on the oil and gas industry

Qatar's economy is heavily dependent on the export of oil, gas, petroleum and their derivative products to Europe, Asia and North America. A significant portion of the revenues of the Portfolio Companies (and hence GIS) are dependent upon the level of activity in the oil and natural gas exploration and production markets. To varying degrees, these activity levels are affected by trends in oil and natural gas prices. Historically, the prices for oil and natural gas have been volatile and subject to wide fluctuations in response to changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of GIS or the Portfolio Companies.

The current level of oil prices may not be sustainable in the near to mid-term future. Any fluctuation in oil prices would affect the overall revenues of the Portfolio Companies.

Factors that may (either alone or in combination) cause a change in oil and gas prices, and which may therefore negatively affect the business, financial position and operations of the GIS Group Companies include, but are not limited to economic and political developments in oil and gas-producing countries and regions; global and regional supply and demand, and expectations regarding future supply and demand, for oil, gas, petroleum and derivative products, as well as alternative forms of energy; the ability of members of the Organisation of Petroleum Exporting Countries ("**OPEC**"), and other crude oil-producing nations, to agree upon and maintain specified global production levels and prices; other actions taken by major crude oil and gas-producing or consuming countries, suppliers and customers; prices for and availability of alternative fuels; prices and new commercial terms adopted by industry competitors; global economic and political conditions; prices and availability of new technologies; and/or weather conditions.

Inability of Portfolio Companies to develop new business

A primary assumption of management in relation to the future development of GIS (and the Portfolio Companies) is that the Portfolio Companies will, post-Offering, be able to develop and grow their individual businesses independently of QP (other than Al Koot, which will continue to act as if it were the captive of QP). To date, the Portfolio Companies have had minimal opportunity or need to develop in this manner, and there are no assurances that such independent business growth will occur. Since the value of GIS principally derives from the revenues of the Portfolio Companies, the inability of the Portfolio Companies to develop new business is likely to have an effect on the value of the Shares and the ability of GIS to pay dividends.

Discontinuation of preferential tax treatments

Aside from GDI (whose joint venture partner JDC pays tax on its profits, but which is otherwise exempt from tax under Qatari Law 1 of 2007 on the taxation of GDI), the GIS Group Companies are exempt from taxes other than customs duties on their profits in Qatar as a result of tax ‘holidays’ granted by the State of Qatar to Article (68) companies. As a result of these tax arrangements, the GIS Group Companies’ overall tax charge is less than it otherwise would be in the absence of such arrangements. When the arrangements expire, the GIS Group Companies will be required to pay tax on their profits in accordance with Qatar’s Income Tax Law 11 of 1993. However, the GIS Group Companies may be granted the benefit of additional tax exemption periods on the expiry of those periods from which they currently benefit.

Specific Risk Factors – Al Koot

General

Al Koot is a recently established company, having commenced operations as the captive insurer of QP in 2003 and having been formally incorporated in 2004. Due to its relative infancy, QP currently supports Al Koot by providing parent company guarantees. QP has agreed to extend guarantees to insurance and reinsurance transaction counterparties of Al Koot, starting from 1 March 2008. This agreement will be reviewed by the Board every three years until Al Koot receives a credit rating from Standard & Poor’s. QP has no present intention to establish a new captive insurance vehicle.

There are no implications on Al Koot as a result of this arrangement as the financial commitment comes from QP in providing the guarantees. This falls well within the standard practices of any captive insurance company. However, if QP were to stop providing guarantees to Al Koot in 2011, Al Koot’s ability to conduct Insurance and Reinsurance Services will be adversely affected.

Dividends

In accordance with Al Koot’s articles of association, the shareholders of Al Koot have committed to grow the capital of the company to the local equivalent of US$100 million in due course by retaining all of its profits in a capital reserve rather than paying dividends.

Until Al Koot meets the requirements set out in its articles of association regarding capital reserves, Al Koot cannot declare and pay dividends. GIS derives its income in part from the dividends it is paid by the Portfolio Companies. It may adversely affect GIS’ income and its ability to pay dividends on the Shares if Al Koot were unable to grow its capital to the amount required by its articles of association.

License to provide insurance services

Al Koot was established by the AK Decree. The AK Decree defines the scope of the company’s business and states that, amongst other things, Al Koot is not authorised to conduct medical insurance business. Following the issue of the AK Decree, Al Koot was issued with its commercial licence. Its commercial licence states that life assurance is the only area of business which Al Koot cannot conduct.

Recently, Al Koot entered into an agreement with AXA. Under the terms of its agreement with AXA, Al Koot took on some of the reinsurance risk relating to the medical insurance policy which AXA has placed. This action of adopting some reinsurance risk arising from a medical insurance policy places Al Koot in breach of the AK Decree, but not in breach of its commercial licence.

Catastrophic events and risk of unexpected large losses

A catastrophic event or a combination of multiple catastrophic events may cause unexpectedly large losses and could have an adverse effect on Al Koot’s financial condition, results of operations and cash flows due to the need for Al Koot to pay out significant sums to its customers under the terms of their insurance or reinsurance policies. Catastrophic events, such as hurricanes, windstorms, earthquakes, explosions and fires are inherently unpredictable in terms of both their frequency and severity.

Al Koot is aware of the potential of one or more catastrophic events to produce significant losses and has taken customary steps to protect itself, including selective underwriting practices, prudent reserving, monitoring of risk accumulations and the application of reinsurance mechanisms.

Contingent liabilities

Al Koot has numerous contingent liabilities comprising, in aggregate, claims totalling US$19.8 million (as at 31 December 2007). This aggregate figure includes a US$7.0 million single claim from RasGas. These contingent liabilities are provided for in the 2007 financial statements of Al Koot.

Accounts receivable

An accounts recoverable ageing report was provided containing a balance of QR25,939,961 at 31 December 2005. Al Koot considers its position on accounts receivable to be in line with normal market practice.

Specific Risk Factors – GDI

Gulf-3

Gulf-3 is one of the offshore rigs owned by GDI. Over the past eighteen months, GDI has determined that there may be two potential operational limitations affecting Gulf-3: first, the power equipment appears to be insufficient at peak power; secondly, there appears to be a possible structural limitation which applies to the rig's operation at depths in excess of 60 metres (the specification of the rig states that its maximum depth of operation is 95 metres).

The limitation with regard to the rig's power equipment has been solved by the leasing of additional power equipment from the Doha Petroleum Construction Company Limited. When taken together, the purported limitations have impacted the company in two ways: firstly, Gulf-3 is currently limited (at the election of GDI) in its operational capacity against original specification; secondly, rectification of the structural limitation may need to be undertaken, the cost of which (based on management's current expectation) should not exceed US$15 million.

Operating hazards and uninsured risks

Various hazards are inherent in the provision of Drilling Services including accidents, adverse weather conditions, blowouts, fires, cratering, reservoir damage, reservoir waste and loss of well control. Offshore drilling, which currently comprises the significant majority of GDI's business, carries additional risks such as variable and adverse marine conditions, collisions, capsizings, collapses, groundings and so-called 'punch-through' (where the sea bed itself collapses). Hazards of this sort can result in personal injury or death, severe damage to or destruction of equipment and facilities, suspension of operations, substantial damage to surrounding areas and the property of others and environmental pollution (and attendant negative publicity).

In every case GDI seeks, consistent with customary industry practice, to obtain indemnification from its customers against drilling-related risks. Where GDI cannot obtain indemnification, it seeks protection against drilling-related risks through insurance. Potential liabilities could arise in risk categories where no insurance has been purchased, where claims exceed the applicable insurance coverage, or where GDI has not been indemnified or the relevant contract counterparty is not able to satisfy its contractual indemnity obligations. The occurrence of events as set out above could have an adverse effect on GDI and its business, financial position and operations. In addition, there can be no assurance that insurance will be available or, even if available, that insurance premiums or other costs will not rise sharply in the future.

Insurance

The loss of liability insurance coverage or the loss, expropriation or confiscation of, or severe damage to, one or more offshore drilling rigs could adversely affect the business, financial condition and results of operations of GDI.

GDI holds insurance coverage in the areas of hull and machinery, protection and indemnity, comprehensive general liability and transit and storage insurance for its rig fleet, which it renews annually on the basis of a competitive tender. There is no guarantee that GDI in the future will be able to maintain adequate insurance at rates it considers reasonable. In addition, GDI has chosen to self-insure the following assets or risks: business interruption, occupiers' (and other third party) liabilities, expropriation and confiscation, lost revenue, directors' and officers' liability and/or "key man" insurance. GDI reviews its insurance coverage requirements and self-insured assets and/or risks from time-to-time as part of its normal management practice.

Competition

The Drilling Services industry is a highly competitive and cyclical business, driven by demand for oil and gas and characterised by high capital and maintenance costs. Drilling contracts are generally awarded on a competitive bid basis and, while an operator may consider factors such as quality of service and type and location of equipment as well as the ability of a contractor to provide ancillary services, technical capability and price are generally the primary factors in determining which contractor is awarded a given mandate.

GDI believes that the market for drilling contracts will continue to be highly competitive for the foreseeable future. Certain of GDI's competitors (for example, Ensco, Nabors, Noble and Transocean) have greater financial resources than GDI which may enable them to (for example) better withstand industry downturns and/or compete more effectively on the basis of price. There can be no assurance that GDI will be able to compete successfully against its competitors in the future.

The QP Group is the principal client of GDI, and GDI’s relationship with QP constitutes one of its primary competitive advantages. There is no guarantee that GDI will be able to maintain its relationship with the QP Group beyond the expiry of current contractual arrangements.

Risk of upgrade and refurbishment projects

From time-to-time, GDI overhauls and services its drilling rigs (beyond day-to-day maintenance) to maintain them in class. In the event servicing is required outside of GDI’s planned maintenance schedule, there may be a adverse effect on the company’s revenues.

Governmental regulations and environmental matters

The operations of all drilling companies in Qatar and the Arabian Gulf are, and will continue to be, subject to numerous local and international regulations, including health and safety and environmental matters (being, without limitation, spillage, leakage and emissions). Environmental laws regulate drilling activities and impose liability for causing pollution in ground, inland, coastal and offshore waters. Should such regulations become more onerous, it is likely that GDI may incur additional costs (which could be substantial) complying with such regulations (although GDI would seek to minimise such costs by passing these increases on to its customers, where possible).

GDI financial status

The management of GDI believes that GDI is currently highly leveraged in comparison to normal market standards. Subject to the availability of commercially-appropriate credit terms, GDI intends to refinance its business by way of either restructuring of debt or injection of additional equity (or both).

Concentration/early termination risk

GDI currently derives virtually all of its revenue from seven long-term drilling contracts with two clients (Qatargas and QP) which provide virtually all of GDI’s overall revenue. Those long-term contracts which are limited by time (rather than the number of wells GDI drills) may be terminated for convenience by GDI’s clients on as little as one week’s notice.

The early termination of any offshore contract could, in particular, have an adverse effect on GDI’s business, financial condition and results of operations and ability to service its debt.

Attraction and retention of qualified personnel

GDI’s ability to attract and retain qualified and experienced managers, supervisors, engineers, technicians and rig crew generally will be an important factor in determining its future success. GDI’s customers require its engineers, technicians and rig crews to have high levels of drilling experience. The market for such experienced and highly-trained personnel is extremely competitive and there is no guarantee that GDI will be able to attract or retain such personnel in the future.

Availability of support and spare parts

The price of oil is currently at an historic high. The increased revenue which the high price of oil has brought to the oil and gas sector has, in turn, driven the growth of investment in the industry. This growth has led to an increase in competition for suitably qualified staff (as set out above) and a shortage in spare parts and other critical drilling-related items and services supplied to the industry.

GDI, in line with normal industry practice, retains a limited supply of spare parts. Where parts are not immediately available and a rig is out of commission, GDI does not maintain business interruption insurance to cover revenue losses which may result.

If GDI is unable to acquire critical drilling-related items and services, this may adversely affect its operations and consequently its revenues and cash flow.

Specific Risk Factors - GHC

Availability of aircraft

All GHC's helicopters are configured for offshore flying. To date, GHC has been able to acquire sufficient appropriately configured aircraft to service its client base. However, the unavailability of such aircraft (due either to late delivery of helicopters under order or to general shortages within the industry) could limit GHC's ability to take advantage of growth opportunities and/or a significant new stream of business.

International embargoes

The majority of helicopters in GHC's current fleet are manufactured by Bell, an American manufacturer. Helicopters built by American manufacturers are not, under US law, permitted to operate in countries that have had embargoes imposed on them by the US government, such as Iran and Sudan.

Significant customers

GHC derives its revenues from approximately twenty customers. For the year ending 31 December 2007, three of GHC's customers accounted for approximately half of its revenues, with QP (GHC's largest client) providing approximately 20 per cent of GHC's revenues.

The loss of any one of GHC's large customers would have an adverse effect on GHC's business.

Safety and insurance

Hazards such as aircraft accidents, adverse weather and marine conditions, collisions and fire are inherent to the operation of a commercial helicopter fleet and can cause personal injury and loss of life, severe damage to and destruction of property and equipment and suspension of operations. GHC has in place policies of insurance which, in the view of GHC's management, adequately cover these casualty risks. It does not maintain business interruption insurance.

GHC's management believes that the safety record of its fleet is good and its operational standards are high. Notwithstanding this belief, the simultaneous loss, expropriation or confiscation of, or severe damage to, multiple helicopters could adversely affect the business, financial condition and results of operations of GHC and may result in increased costs (or loss) of the company's insurance cover. GHC's management is of the view that such risk is remote because GHC maintains and operates its fleet in accordance with applicable industry standards.

Monopoly service provider status

GHC is currently the sole provider of helicopter transportation services in Qatar. In the event that a competitor or competitors enter the Qatari market and GHC's monopoly is lost, there is a risk that GHC's revenues and results of operations would be adversely impacted.

Competition

The Qatari market currently accounts for approximately 90 per cent of GHC's revenues. While GHC intends to maintain and grow its revenues from business in Qatar, it also expects to conduct more business outside of Qatar in the future.

GHC currently faces no competition in Qatar, but the market outside of Qatar is competitive. Contracting for helicopter services is usually conducted on the basis of competitive bidding among those having the necessary equipment and resources.

Operations outside of Qatar

GHC's operations outside of Qatar, which represented approximately 10 per cent of its total operating revenues for the year ended 31 December 2007, are subject to a number of risks inherent in any such operations. These risks include (without limitation) political, social and economic instability and embargoes, confiscation, expropriation and/or seizure of assets, the unanticipated application of customs duties and/or taxation and other forms of governmental regulation. Additionally, GHC's competitiveness outside of Qatar may be adversely affected by regulations in markets outside of Qatar, including regulations requiring the award of contracts to local contractors, the employment of local citizens and the establishment of a subsidiary in the relevant jurisdiction with local participation.

Attraction and retention of qualified personnel

GHC's ability to attract and retain suitable pilots and licensed aircraft engineers will be an important factor in determining its future success. GHC requires its pilots to be well qualified and have a high number of flight hours. There are a finite number of suitably qualified pilots and licensed aircraft engineers available in the employment market who meet GHC's standards. The market for the relevant individuals is therefore extremely competitive.

GHC's management believes it will be able to continue to offer suitably competitive terms to these individuals in order to secure their services in the future.

Licensing

GHC holds certain licences which are vital to its operations. Without these licences, GHC would be unable to conduct its business. The failure to renew these licences, for whatever reason, would have an adverse effect on GHC's business.

Other Risks

Exchange rate fluctuations; hedging policy

The Portfolio Companies pay expenses and generate their revenues in Qatari Riyals and US Dollars (and GDI generates almost all of its revenues in US Dollars). The Qatari Riyal is pegged to the Dollar. Accordingly, so long as this link remains in place, appreciation or depreciation in the value of the Qatari Riyal does not affect the Portfolio Companies' revenues.

However, in general, appreciation of the Qatari Riyal relative to other currencies (including the Dollar, were the link between the Dollar and the Riyal to be cut) would have an adverse effect on revenues and operating income denominated in Qatari Riyal (as the services of the Portfolio Companies became relatively more expensive to customers paying in foreign currencies), while a depreciation of the Qatari Riyal would have a positive effect (as the services of the Portfolio Companies became relatively less expensive to customers paying in foreign currencies).

Qatarisation

The Government has embarked on a Qatarisation plan (the "**Plan**") entitled "Quality Qatarisation" to achieve a quality 50 per cent national workforce in the energy and industry sector in Qatar. The Plan was put into effect on 1 June 2000 and its implementation has been extended beyond its initial five-year term. The industry-wide Plan targets both operating and non-operating companies.

All of the Portfolio Companies have in place Qatarisation programmes, in line with the Plan. There is no assurance that the Portfolio Companies will be able to meet (either on time or at all) the Qatarisation level prescribed by the Government. Failure to meet the requirement of the Plan may subject the Portfolio Companies to administrative restrictions or other impositions that may affect their business performance. Furthermore, the labour market in Qatar will become more competitive for those Qatari nationals with an appropriate skill set, and this may have an effect on the Portfolio Companies' employment costs (and the skills of long-time expatriate personnel may be lost if they are replaced by less experienced Qatari nationals).

CAPITALISATION OF GIS

The capitalisation of GIS is described in the tables below. The capitalisation process comprised two phases: the inception phase, during the formation and combination of the Portfolio Companies, and the Reorganisation.

At inception, GIS was incorporated with a capital of QR5.0 million divided into 500,000 shares of QR10.0 each. Subsequent to the incorporation of GIS, as a result of the Reorganisation, GIS reached a total capitalisation of QR2,252.9 million as of 31 December 2007 as per GIS combined proforma financial statements, in the following manner:

GIS	QR millions
Owner's Equity	
Initial Paid-Up Capital	5.0
Capital Contribution (in-kind)	1,223.7
Total Owner's Equity	**1,228.7**
Short term Debt (excluding bank overdraft)	**132.1**
Long-Term Debt	**892.1**
Total Debt	**1,024.2**
Total Capitalisation	**2,252.9**

Source: Combined Proforma Financial Statements of GIS

It should be noted that, even though GIS is newly incorporated, the Portfolio Companies are existing operating companies that are funded by a combination of equity (including paid up capital and retained earnings) and debt.

As of 31 December 2007, the combined capitalisation of the Portfolio Businesses was QR2,247.9 million, which subsequently formed an integral part of GIS' capital. The following should be read in conjunction with GIS' combined proforma financial statements and the notes thereto, included elsewhere in this Prospectus, and the "*Management Discussion and Analysis of Financial Condition and Results of Operations*" at part C below.

Indebtness

GIS' long-term debts (as shown in its proforma financial statements as of 31 December 2007) reflect the term debts of the Portfolio Companies amounting to approximately QR1.0 billion. As of the same date, bank overdrafts in the books of Portfolio Companies and as reflected in the proforma financial statements amounted to QR3.2 million. In addition, GIS' proforma financial statements reflect combined contingent liabilities of QR8.6 million, in respect of guarantees of the Portfolio Companies.

FINANCIAL INFORMATION

A - INTRODUCTION TO FINANCIAL STATEMENTS

In the fiscal year ended 31 December 2008, GIS will prepare its Consolidated Financial Statements and the Notes thereto in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and with appropriate requirements of Qatari commercial law.

GIS has prepared Proforma Consolidated Financial Statements for the three years ended 31 December 2005, 2006 and 2007 as if GIS existed since 1 January 2004, to include the operations and audited financial statements of the Portfolio Companies transferred to GIS by QP pursuant to the Reorganisation (as further described elsewhere in the Prospectus). A compilation report on the proforma combined financial statements for the three years ended 31 December 2005, 2006 and 2007 has been prepared for inclusion in the Prospectus. The proforma combined financial statements of GIS and audited financial statements of each of the Portfolio Companies are available on request from Privatisation Department at QP, Al Sadd Plaza, PO Box 3212, Doha, Qatar.

In the Prospectus, GIS has stated, analysed and discussed key financial data related to the GIS group companies using extracts from the historical financial statements from each Portfolio Company and the proforma combined financial statements of GIS. GIS imposes the business subsidiary/segmentation structure on its corporate structure/operations, and expects that allocations of revenues and expenses at the level of each Portfolio Company shall remain unchanged and will be combined at GIS level. Unless otherwise indicated, transactions between Portfolio Companies, if any, have been eliminated from the financial data discussed elsewhere in the Prospectus.

Investors are cautioned to place proper reliance on the historical operating revenues of each Portfolio Company, operating expenses or operating income as measures of the economic efficiency of each such Portfolio Company and the treatment of the Portfolio Companies' total combined revenues as the aggregate economic return to GIS.

Any discrepancies in the tables included herein, between the amounts listed and the totals thereof are due to rounding.

B – COMPILATION REPORT

The following constitutes a translation of text included in the Arabic Prospectus:

To The Shareholders
Gulf International Services (Q.S.C)
Doha – Qatar

At your request, we report on the combined proforma Balance Sheet, Combined proforma Income Statement and Combined proforma Cash Flow Statement, refer to hereafter as " The Financial Statements".

These combined proforma financial statements have been prepared for inclusion and illustrative purposes in the offering circular of the Company dated 28 February 2008.

Basis of Preparation

These combined proforma financial statements of the Company have been prepared to illustrate the combined results and financial position of the Company, as if the Company had been in existence since 1 January 2005.

The combined proforma financial statements are based on the audited financial statements of Gulf Helicopter Company (Q.S.C), Gulf Drilling International (Q.S.C) and Al Koot Insurance and Reinsurance Company (S.A.Q) for the years ended December 31, 2004, 2005 and 2006, which were audited by other auditors who all expressed their unqualified opinion on the respective financial statements.

Responsibility of Directors

The underlying financial statements of the Portfolio Companies are the responsibility of the Directors of each of the respective entities. The accompanying proforma combined financial statements are the responsibility of the directors of the Company who approved their issue.

Basis of Opinion

We conducted our work in accordance with the International Standards on Auditing applicable to compiling financial information. We have not audited nor reviewed the combined proforma financial statements and accordingly express no assurance thereon.

Opinion

In our opinion, the combined proforma financial statements have been properly compiled based on the audited financial statements provided to us.

The Company did not issue any audited financial statements for the periods mentioned above, as the Company was established on 12 February 2008.

For ***Deloitte & Touche***

Doha - Qatar
25 February 2008

Samer H. Jaghoub
License No. 88

GULF INTERNATIONAL SERVICES
DOHA - QATAR

PROFORMA BALANCE SHEET
AS OF 31 DECEMBER 2007, 2006 AND 2005

ASSETS	**2007**	**2006**	**2005**
	QR	**QR**	**QR**
Current Assets:			
Cash and bank balances	473,998,258	350,158,059	312,877,104
Receivables and prepayments	224,510,144	181,570,870	145,475,432
Insurance receivable	132,585,156	89,242,017	27,154,148
Due from related parties	174,352,569	215,822,220	49,056,018
Inventories	52,604,729	38,309,756	35,522,874
Financial assets	92,638,263	32,856,690	49,566,250
	------------------	----------------	----------------
	1,150,689,119	**907,959,612**	619,651,826
Assets classified as held-for-sale	--	--	8,727,264
	------------------	----------------	----------------
Total Current Assets	**1,150,689,119**	**907,959,612**	**628,379,090**
	------------------	----------------	----------------
Non-Current Assets:			
Deferred tax assets	5,882,058	872,838	--
Advances paid for rigs	--	--	4,759,781
Investment in associate	1,009,908	1,198,985	919,962
Investment properties	1,438,246	1,467,944	1,738,817
Plant and equipments	1,561,847,813	1,235,833,212	746,867,119
	----------------	-----------------	-----------------
Total Non-Current Assets	**1,570,178,025**	**1,239,372,979**	**754,285,679**
	----------------	-----------------	-----------------
Total Assets	**2,720,867,144**	**2,147,332,591**	**1,382,664,769**
	==========	==========	==========

GULF INTERNATIONAL SERVICES
DOHA - QATAR

PROFORMA BALANCE SHEET
AS OF 31 DECEMBER 2007, 2006 AND 2005

LIABILITIES AND EQUITY	**2007**	**2006**	**2005**
	QR	**QR**	**QR**
Current Liabilities:			
Bank overdraft	3,214,709	7,163,270	1,568,815
Term loans	132,102,322	88,631,413	66,729,250
Accounts payable and accruals	311,204,958	242,662,952	105,811,217
Due to related parties	6,215,033	2,642,225	4,000,178
Unearned premiums	74,182,007	33,668,622	20,965,050
Outstanding claims	72,093,555	40,937,081	7,943,249
	---------------	---------------	---------------
Total Current Liabilities	**599,012,584**	**415,705,563**	**207,017,759**
	---------------	---------------	---------------
Non-Current Liabilities:			
Term loans	892,060,208	844,024,818	415,195,247
Deferred income	961,725	2,235,625	--
Deferred tax liabilities	--	--	348,055
Employees end of service indemnity	5,132,660	3,758,419	3,223,629
	---------------	---------------	---------------
Total Non-Current Liabilities	**898,154,593**	**850,018,862**	**418,766,931**
	---------------	---------------	---------------
Equity:			
Share capital	547,553,600	509,988,800	509,988,800
Statutory reserve	67,614,514	37,644,949	23,165,818
General reserve	221,298,029	156,112,284	129,512,604
Proposed dividends	--	--	11,575,606
Retained earnings	365,806,176	178,348,588	84,636,083
Investment revaluation reserve	21,427,648	(486,455)	(1,998,832)
	-----------------	-----------------	-----------------
Total Equity	**1,223,699,967**	**881,608,166**	**756,880,079**
	-----------------	-----------------	-----------------
Total Liabilities and Equity	**2,720,867,144**	**2,147,332,591**	**1,382,664,769**
	==========	==========	==========

GULF INTERNATIONAL SERVICES
DOHA - QATAR

STATEMENT OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2007, 2006 AND 2005

	2007	**2006**	**2005**
	QR	**QR**	**QR**
Revenue	645,389,185	394,071,600	276,516,128
Net insurance revenue	54,860,231	30,321,971	24,542,719
	---------------	---------------	---------------
Total Revenue	**700,249,416**	**424,393,571**	**301,058,847**
Costs	(368,832,112)	(251,794,813)	(204,020,524)
	---------------	---------------	---------------
Gross Profit	**331,417,304**	**172,598,758**	**97,038,323**
Other operating income	11,351,770	8,330,629	7,062,722
Other operating costs	(6,461,400)	(3,517,604)	(3,346,934)
	---------------	---------------	---------------
Operating Profit	**336,307,674**	**177,411,783**	**100,754,111**
Other income	43,955,336	37,049,688	10,357,766
Share of (loss) profit from associate	(267,460)	279,023	(285,033)
Impairment on available-for-sale investments	--	(19,798,880)	--
Unrealised loss on financial assets through profit or loss	(855,818)	--	--
General and administrative expenses	(61,867,167)	(37,711,984)	(14,246,424)
Other expenses	(7,799,939)	(5,141,829)	(2,592,830)
Finance costs	(35,749,266)	(8,517,378)	(4,728,125)
	---------------	---------------	---------------
Profit Before Tax	**273,723,360**	**143,570,423**	**89,259,465**
Deferred tax credit reversal (debit expense)	4,467,794	1,220,893	(322,234)
	---------------	---------------	---------------
Net Profit	**278,191,154**	**144,791,316**	**88,937,231**
	=========	=========	=========

GULF INTERNATIONAL SERVICES
DOHA - QATAR

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2007, 2006 AND 2005

	2007	2006	2005
	QR	**QR**	**QR**
Cash Flows from Operating Activities:			
Net profit for the year before tax	273,723,360	143,570,423	89,259,465
Adjustments for:			
Depreciation on property, plant and equipment	96,349,546	51,215,855	44,308,145
Depreciation on investment properties	32,692	31,070	101,492
Employees end of service benefits	3,351,904	2,269,267	1,433,106
(Reversal of) Provision for slow moving inventory	(875,128)	36,078	433,935
Interest income	(2,098,852)	(1,642,520)	(284,719)
Finance costs	35,749,266	8,517,378	4,728,125
Gain from sale of property, plant and equipment	(14,121)	(1,199,522)	(94,078)
Gain from sale of securities		(2,095,006)	
Loss on impairment of available for sale securities		19,798,880	
Share of (Loss) profit of associate	189,077	(279,023)	285,033
Unrealised loss on investments designated through profit and loss	855,818		
Net book value of asset written off		5,804,493	
	---------------	---------------	---------------
	407,263,562	**226,027,373**	**140,170,504**
Employees end of service benefits paid	(2,519,089)	(1,734,477)	(807,525)
	---------------	---------------	---------------
	404,744,473	224,292,896	139,362,979
Inventory	(13,419,845)	(2,822,960)	(6,320,502)
Receivables and other prepayments	(42,939,274)	(36,095,438)	(30,727,633)
Due from related parties	41,469,651	(166,766,202)	(11,149,538)
Insurance Receivables	(43,343,139)	(62,087,869)	15,864,600
Accounts payable and accruals	68,542,006	136,851,735	50,660,750
Due to related parties	3,572,808	(1,357,953)	(1,667,683)
Unearned premiums	40,513,385	12,703,572	13,081,630
Outstanding claims	31,156,474	32,993,832	7,943,249
Deferred income	(1,273,900)	2,235,625	
	---------------	---------------	---------------
Cash Flows from Operating Activities	**489,022,639**	**139,947,238**	**177,047,852**
	---------------	---------------	---------------

GULF INTERNATIONAL SERVICES
DOHA - QATAR

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2007, 2006 AND 2005

	2007	2006	2005
	QR	**QR**	**QR**
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(422,408,020)	(545,762,952)	(351,923,300)
Proceeds from sale of property, plant and equipment	55,000	9,943,101	94,078
Net movement in advances paid for rigs	--	4,759,781	20,797,817
Purchase of available-for-sale investments	(45,563,007)	(6,426,201)	(51,565,082)
Proceeds from sale of investments	6,839,719	6,944,263	--
Interest received	2,098,852	1,642,520	284,719
Increase in fixed deposit with maturity more than 90 days	(127,533,200)	(60,220,000)	(109,740,000)
	--------------	--------------	--------------
	(586,510,656)	**(589,119,488)**	**(492,051,768)**
	--------------	--------------	--------------
Cash Flows from Financing Activities:			
Dividends paid	--	(21,575,606)	(20,436,860)
Net movement in loans	91,506,299	450,731,734	304,497,675
Finance costs paid	(35,749,266)	(8,517,378)	(4,728,125)
Share capital introduced	--	--	145,600,000
Effect of increase in stake	41,986,544	--	--
	--------------	--------------	--------------
Net Cash Flows from Financing Activities	**97,743,577**	**420,638,750**	**424,932,690**
	--------------	--------------	--------------
Increase(Decrease) in Cash and Cash Equivalents	**255,560**	**(28,533,500)**	**109,928,774**
Cash and cash equivalents – beginning of the Year	84,834,789	113,368,289	3,439,515
	--------------	--------------	--------------
Cash and cash equivalents – End of theYear	**85,090,349**	**84,834,789**	**113,368,289**
	=========	=========	=========

C - MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with GIS' proforma combined financial statements and the Portfolio Companies' audited financial statements, including the notes thereto, for the years 2005, 2006 and 2007, copies of which will be made available for inspection on request as referred to above. Investors should also read certain risks associated with the purchase of Offer Shares under the heading* "Risk Factors" *beginning on page 37 above.

AL KOOT INSURANCE AND REINSURANCE S.A.Q.

Background

Full details of the history and corporate structure of Al Koot are set out under the heading "*Legal and regulatory information*" on page 21 above.

Operations

Al Koot provides Insurance and Reinsurance Services to the QP Group.

Key Growth Drivers

As at the date of the Prospectus, the key growth drivers of Al Koot are:

- **QP's business activity:** Al Koot insures and reinsures a portion of the QP Group's total insurable risk. Accordingly, Al Koot's growth is directly dependent on the level of the QP Group's activity. The current relatively high prices of oil and gas products contribute significantly to the profitability of Al Koot, because the QP Group's increasing oil and gas revenues have enabled it to make more investments and thereby expose itself to a greater level of risk.

- **Investment income:** Insurance companies generally generate a material level of investment income by utilising the cash at their disposal. Al Koot's investments are overseen by an investment committee which is responsible for reviewing and approving all investment decisions for Al Koot, IQ and QP. The committee comprises representatives of QP's finance department, representatives from the Privatised Industries Affairs Department and the Managing Director of Al Koot, who is also the Chairman of the committee. Al Koot's current investment strategy is to concentrate on principal-protected products. However, Al Koot is in the process of diversifying its investment portfolio.

Key Financial Indicators

Selected financial data of Al Koot are presented in the table below:

QR millions	Year ending 31 December		
	2005	2006	2007
Revenues	175.5	332.8	310.2
Net premiums earned	31.0	49.8	72.7
Underwriting profit	24.5	30.3	54.9
Net profit	30.3	29.6	72.4
Total Assets	345.2	505.9	668.7
Total Debt	-	-	-
Shareholders' Equity	276.4	307.5	401.8
Cash flow from operating activities	60.3	34.5	167.8
Cash flow from investing activities	(51.6)	(59.7)	(166.3)
Cash flow from financing activities	145.4	-	-

QR millions	Year ending 31 December		
	2005	2006	2007
Net cash flow for the year	154.5	(25.2)	1.6

Source: Audited financial statements

The following table sets out certain key ratios of Al Koot:

QR millions	Year ending 31 December		
	2005	2006	2007
Net profit margin	17%	9%	23%
Return on Average Assets	13%	7%	12%
Return on Average Equity	16%	10%	20%
Debt: Equity ratio	Nil	Nil	Nil

Source: Audited financial statements

Income Statement Analysis

Summary Income Statement

QR millions	Year ending 31 December		
	2005	2006	2007
Gross premiums	175.5	332.8	310.2
Retained premiums	44.1	62.5	113.2
Net premiums earned	31.0	49.8	72.7
Underwriting revenue	32.6	62.6	83.3
Net claims incurred	(8.0)	(32.3)	(28.4)
Underwriting profit	24.5	30.3	54.9
Net profit	30.3	29.6	72.4

Source: Audited financial statements

Gross premiums

Gross premiums are generated from insurance policies issued for QP's businesses, either directly from QP or indirectly by participating with other local insurance companies. Al Koot acts as a captive insurance company whose business activities are primarily dependent on the level of QP's business activities.

QR millions	Year ending 31 December		
	2005	2006	2007
Gross premiums	175.5	332.8	310.2
Growth	186%	90%	(7%)

Source: Audited financial statements

Gross premiums increased from QR175.5 million in 2005 to QR332.8 million (an increase of 90 per cent) in 2006. This increase was a result of the increase in QP's business. During 2007, gross premiums reduced marginally to QR310.2 million (a decrease of 7 per cent) due to the reduction in premium rates experienced by the Qatar market in general.

The majority of Al Koot's revenues are generated by providing construction and operational reinsurance services.

Reinsurance cessions

In the ordinary course of business, Al Koot assumes and cedes reinsurance risk by entering into agreements with other parties, local insurance companies and international reinsurance companies through reinsurance brokers. Such reinsurance arrangements provide for greater diversification of Al Koot's business, allowing the company to minimise its exposure to potentially large risks, and maximise its income. Al Koot regularly reviews its reinsurance brokerage arrangements, and continues to seek to improve the terms offered by its reinsurance partners.

A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss contracts. Reinsurance cessions refer to the portion of gross premiums that are further ceded by Al Koot to insurance/reinsurance companies.

QR millions	Year ending 31 December		
	2005	2006	2007
Reinsurance cessions	131.4	270.3	197.0
Growth	263%	106%	(27%)

Source: Audited financial statements

Total reinsurance cessions increased from QR131.4 million for the year 2005 to QR270.3 million in 2006 (an increase of 106 per cent). The increase was directly related to the increase in the gross premiums received by Al Koot.

In 2007, total reinsurance cessions decreased to QR197.0 million (a decrease of 27 per cent) as the company increased its overall exposure to projects insured, as well as the softening of premium rates in the market during the year.

Retained premiums

Retained premiums refer to that portion of premiums retained by Al Koot after ceding (i.e. placing) part of the insurance with other parties, including local insurance companies and international reinsurance companies.

Historically, Al Koot has increased its risk exposure levels and thus increased its retained premiums in absolute terms. Al Koot's retained premiums increased significantly from QR44.1 million in 2005 to QR62.5 million in 2006 and further to QR113.2 million in 2007.

QR millions	Year ending 31 December		
	2005	2006	2007
Retained premiums	44.1	62.5	113.2
As a percentage of gross premiums	25%	19%	36%

Source: Audited financial statements

As a percentage of gross premiums, retained premiums by Al Koot constituted 25 per cent in 2005, declining to 19 per cent in 2006 and increasing significantly to 36 per cent in 2007. The level of retention to gross premiums declined in 2006 as a result of a change in Al Koot's business strategy, which is guided by the nature of risk underwritten.

As Al Koot grows, it is expected to further increase its exposure on projects insured. This increased exposure led to an increase in retained premiums in 2007.

Unearned premiums

Unearned premiums represent that portion of net retained premiums that does not form part of the related accounting period. Total unearned premiums of Al Koot amounted to QR13.1 million in 2005, QR12.7 million in 2006 and QR40.5 million in 2007.

QR millions	Year ending 31 December		
	2005	2006	2007
Unearned premiums	13.1	12.7	40.5
As a percentage of retained premiums	30%	20%	36%

Source: Audited financial statements

Net premiums earned/underwriting revenue

QR millions	Year ending 31 December		
	2005	2006	2007
Retained premiums	44.1	62.5	113.2
Less - Unearned premiums	(13.1)	(12.7)	(40.5)
Net premiums earned	**31.0**	**49.8**	**72.7**
Net commission income	1.5	12.8	10.6
Underwriting revenue	**32.6**	**62.6**	**83.3**

Source: Audited financial statements

Al Koot's net premiums earned increased from QR31.0 million in 2005 to QR49.8 million in 2006 (an increase of 61 per cent) and further to QR72.7 million in 2007 (an increase of 46 per cent). This increase was a result of the growth in overall business of Al Koot.

Net commission income increased significantly from QR1.5 million in 2005 to QR12.8 million in 2006 and QR10.6 million in 2007. This item represents the excess of commission earned on the reinsurance cession over the commission expenses paid.

As a result, Al Koot's underwriting revenue increased from QR32.6 million in 2005 to QR62.6 million in 2006 and QR83.3 million in 2007, in line with the growth in net retained premiums and net commission income.

Gross claims paid

Gross claims paid refer to the claims settled during the year and charged to the income statement net of reinsurance and other recoveries.

QR millions	Year ending 31 December		
	2005	2006	2007
Gross claims paid	0.1	3.5	0.6

Source: Audited financial statements

During 2005, claims were paid to QP and Maersk (working on behalf of QP) for marine cargo and other classes of business. During 2006, claims were paid to Maersk and Qatar Petroleum Development Company. Claims settled in 2007 include survey fees paid in respect of Q-Chem policies, QP Marine cargo claims and one death claim in respect of policies issued by Al Koot to the Doha Asian Games Organising Committee.

Outstanding claims adjustment

As at every balance sheet date, liability adequacy tests are performed to ensure the adequate provisioning of insurance liabilities. Any deficiency arising on account of short provisioning is directly expensed to the income statement.

Al Koot makes annual provisions for claims due to be paid along with an additional provision for unforeseen claims that may arise in the future. This provision is based on the estimated loss that may eventually be payable on each unpaid claim, estimated by Al Koot's management based on available information, past experience, current conditions, risk exposure levels, rising claims cost and the severity and frequency of recent claims, as appropriate.

QR millions	Year ending 31 December		
	2005	2006	2007
Provision for outstanding claims	7.9	33.0	31.2
As a percentage of net premiums earned	26%	66%	43%

Source: Audited financial statements

Out of the QR7.9 million provision made in the accounts for the year ending 31 December 2005, QR4.5 million (or 57 per cent) represented claims incurred but not reported ("**IBNR claims**") while the remaining QR3.4 million represented provisions made for claims by Qatar Petroleum Development Company and Maersk.
During 2006, there were no IBNR claims. Provisions for outstanding claims increased significantly to QR33.0 million as a result of (inter alia) a QR25.6 million claim under a RasGas contract and a QR 3.8 million claim for GDI.

During 2007, QR17.3 million represents IBNR claims while the remaining QR13.9 million represents losses for the following:

- Maersk Oil Qatar, incident on HLS 2000: QR5.7 million;
- Qatar Gas II, damage to three pipelines: QR1.0 million;
- Qatar Shell GTL, rig and jacket impact: QR1.0 million; and
- Others: QR6.2 million.

Other income

QR millions	Year ending 31 December		
	2005	2006	2007
Service fees	5.5	12.6	19.2
Interest income	4.5	12.3	18.7
Gain on sale of securities	-	2.1	3.5
Others	-	0.9	1.1
Total other income	**10.0**	**27.9**	**42.5**

Source: Audited financial statements

Al Koot manages the employee life and accident and medical liability fund of QP as per an agreement entered into between them for a period of 25 years. The agreement was effective from June 2004, and as compensation for this fund management service, Al Koot receives 70 per cent of the total annual gains arising out of this fund and absorbs any losses that may arise out of operating the fund. Interest income has increased as a result of the increase in the cash balances of Al Koot.

Al Koot's service fees increased significantly from QR5.5 million in 2005 to QR12.6 million in 2006 and further to QR19.2 million in 2007. This increase was due mainly to the entry of new QP Group participants into the medical and life fund of QP.

Other expenses

Other expenses include brokerage costs, fronting fees and general and administrative overheads. As per the employee funds management agreement entered into between Al Koot and QP (see text under the heading "*Fund Management*" on page 19 above), QP reimburses 70 per cent of the total cost incurred by Al Koot on account of this agreement. The table below presents Al Koot's net share of the total overheads:

QR millions	Year ending 31 December		
	2005	2006	2007
Brokerage costs	2.2	5.0	7.7
Fronting fees	0.4	0.2	0.1
General and administration	1.7	3.7	6.3
Provision for doubtful debt	-	-	10.0
Impairment losses of available for sale investments/unrealised losses on investments	-	19.8	0.9
Other expenses	**4.3**	**28.6**	**24.9**

Source: Audited financial statements

Brokerage costs increased from QR2.2 million in 2005 to QR5.0 million in 2006 and QR7.7 million in 2007 mainly in relation to the increase in the overall business of Al Koot. Brokerage costs relate to fees paid to brokers in relation to placing the reinsurance cessions with reinsurance companies abroad.

Fronting fees refer to the fees charged to Al Koot for representing other insurance companies in order to generate additional business. Such costs do not represent a material portion of Al Koot's total expenses. During 2006, Al Koot wrote off losses resulting from investments it had made in the local stock market amounting to QR19.8 million. Such expenses were one-off and are not expected to recur in the future.

During 2007, the Company provided for a provision for doubtful debts of QR10.0 million in relation to disputed amounts with QP in relation to the QP Group's life and medical fund. Al Koot and QP are currently contesting income receivable from QP in respect to its share of the surplus from the fund for the years 2004-07. Though the dispute is not yet settled, as a matter of prudence, Al Koot has made a provision for such amount.

Net income

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Net income	30.3	29.6	72.4
As a percentage of gross premiums	17%	9%	23%

Source: Audited financial statements

Al Koot's net profits amounted to QR30.3 million, QR29.6 million and QR72.4 million for the three years ended 31 December 2007 respectively. The decrease in profits in 2006 was due to non-recurring impairment losses of QR19.8 million during the year. As a percentage of gross premiums, net profits constituted 17 per cent in 2005, 9 per cent in 2006 and 23 per cent in 2007. The decline in the net income margin in 2006 was due to the one-off loss of QR19.8 million from the stock markets.

Liquidity and Capital Resources

Summary Cash Flow Statement

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Cash flow from operating activities	60.5	34.5	167.8
Cash flow from investing activities	(161.3)	(59.7)	(166.3)
Cash flow from financing activities	145.6	-	-
Net Increase/(Decrease) in cash and cash equivalents	**44.8**	**(25.2)**	**1.6**
Cash and cash equivalents at the beginning of the year	13.2	57.9	32.8
Cash and cash equivalents at the end of the year	**57.9**	**32.8**	**34.3**

Source: Audited financial statements

Cash flow from operating activities

Al Koot's operating cash flows decreased from QR60.5 million in 2005 to QR34.5 million in 2006 and increased significantly to QR167.8 million in 2007. The decline in cash flows in 2006 was mainly a result of the negative impact of changes in working capital of the company, while the increase in the cash flows in 2007 mainly resulted from an increase in the profitability of the company, as well as an improvement in the working capital of the company.

Change in working capital is represented primarily by changes in the balances of accounts receivables and prepayments, and payables and accruals.

Cash flow from investing activities

Cash outflows from investing activities amounted to QR161.3 million in 2005 and are represented by the purchase of ‘available for sale investments’ of QR51.5 million during the year. Additionally, an amount of QR109.7 million was also invested in fixed deposits for a period of more than three months.

Cash outflows for investment activities amounted to QR59.7 million in 2006, including an investment of QR60.0 million in fixed deposits over three months and a purchase of available for sale investments of QR6.4 million. Cash outflows were partly offset by proceeds from a sale of investments amounting to QR6.9 million.

Cash outflows for investment activities increased significantly to QR166.3 million in 2007. This was a result of investments in fixed deposits of QR127.5 million as well as purchases of investments worth QR45.6 million. Cash outflows were partly offset by the proceeds from a sale of investments amounting to QR6.9 million.

Cash flow from financing activities

Cash from financing activities represents the proceeds from the initial investment in the share capital of Al Koot by QP, the company’s sole original equity shareholder. Cash inflows from financing activities amounted to QR145.6 million in 2005. There were no cash flows from such financing activities during 2006 and 2007.

Balance Sheet Analysis

Summary Balance Sheet

QR millions	Year ending 31 December		
	2005	2006	2007
Cash & cash equivalents	255.9	290.9	420.0
Available for sale investments	49.6	32.9	92.6
Receivables	39.7	182.1	156.0
Total Assets	**345.2**	**505.9**	**668.7**
Unearned premiums	21.0	33.7	74.2
Outstanding claims	7.9	40.9	72.1
Payables & accrued liabilities	39.9	123.9	120.6
Total liabilities	**68.8**	**198.5**	**266.9**
Total shareholders equity	**276.4**	**307.5**	**401.8**
Total liabilities & equity	**345.2**	**505.9**	**668.7**

Source: Audited financial statements

Total assets

Al Koot’s total assets increased from QR345.2 million in 2005 to QR505.9 million in 2006 (or by 47 per cent) and further to QR668.7 million in 2007 (or by 32 per cent). This increase in total assets in 2006 was due mainly to an increase in the receivables of Al Koot, while the increase in total assets in 2007 was attributable to the increase in cash of Al Koot.

QR millions	Year ending 31 December		
	2005	2006	2007
Total Assets	345.2	505.9	668.7
Growth	200%	47%	32%

Source: Audited financial statements

All of Al Koot’s assets are current in nature and there are minimal investments in property, plant and equipment (“**PPE**”). Cash balances increased significantly from QR255.9 million in 2005 to QR290.9 million in 2006 (or by 14 per cent) and further to QR420.0 million in 2007 (or by 44 per cent). This increase is primarily a result of the increase in the overall business of Al Koot and reflects the high liquidity levels characteristic to insurance companies.

Between 2005-07, Al Koot made several investments in the equity shares of companies trading on the Qatari stock exchange, the carrying value of which amounted to QR92.6 million at the end of 2007. This is presented in the table below:

Investments	Year ending 31 December 2007 (QR millions)
Al Watani fund	11.5
Q-Fuel	1.5
Industries Qatar	27.4
Commercial Bank of Qatar	0.1
Nakilat	1.6
Qatar Real Estate Company	3.9
Masraf Al Rayyan	5.7
Qatar National Bank	8.2
Commercial Bank Of Qatar-Other Than Held For Trading	9.9
Structured Investment – HSBC -Held For Trading	22.7
Total	**92.6**

Source: Al Koot Management

Al Koot's receivables, representing the amount due from local and international insurance companies towards insurance premiums, interest income and service fees increased from QR39.7 million in 2005 to QR182.1 million in 2006 as a result of an increase in overall business activity as well as an amount outstanding from QP amounting to QR85.1 million.

As of 31 December 2007, total receivables of Al Koot stood at QR156.0 million.

The following table provides the breakdown of the total receivables of Al Koot:

QR millions	Year ending 31 December		
	2005	2006	2007
Insurance companies	27.2	89.2	132.6
Other receivables	10.6	7.8	9.6
Related parties	1.9	85.1	13.8
Total receivables	**39.7**	**182.1**	**156.0**

Source: Audited financial statements

Receivables represent the amount due from local and other insurance companies towards insurance premiums written, interest income and service fees. The receivables collection period increased from 82 days in 2005 to 206 days in 2006 due mainly to the receivables from QP. For the year 2007, the receivables collection period amounted to 183 days.

Other receivables include (for example) deferred brokerage, accrued interest income, service fees and prepaid fronting fees.

Total liabilities

QR millions	Year ending 31 December		
	2005	2006	2007
Unearned premiums	21.0	33.7	74.2
Outstanding claims	7.9	40.9	72.1
Payables & accruals	39.9	123.9	120.6
Total liabilities	**68.8**	**198.5**	**266.9**
Growth	445%	189%	34%

Source: Audited financial statements

Al Koot's total liabilities increased from QR68.8 million in 2005 to QR198.5 million in 2006 and further to QR266.9 million in 2007. The increase in liabilities in 2006 and 2007 was mainly a result of an increase in accruals and payables and unearned premiums.

The following table provides a breakdown of accruals and payables:

QR millions	Year ending 31 December		
	2005	2006	2007
Insurance & reinsurance companies	39.4	120.7	118.5
Related parties	-	-	-
Accrued expenses	0.5	3.1	2.1
Payables & accruals	**39.9**	**123.9**	**120.6**

Source: Audited financial statements

Payables to insurance and reinsurance companies represent reinsurance premiums owed by Al Koot to local and overseas companies as a result of reinsurance placements made.

Unearned premiums represent the portion of retained premiums relating to subsequent accounting periods. Unearned premiums relate primarily to construction policies increased from QR21.0 million in 2005 to QR33.7 million in 2006 (or by 60 per cent) and further to QR74.2 million in 2007 (or by 120 per cent).

The following is the breakdown of outstanding claims as of 31 December 2007:

Project	QR millions
Qatar Gas - Train 2 - Gas Tribune	25.5
Qatar Electricity and Water Company	4.4
Qatar Fuel Additives Company	2.7
GDI - Crack on Gulf 3 legs	7.6
Maersk - incident on HLS 2000	5.7
IBNR claims	17.3
Others	8.9
Total	**72.1**

Source: Al Koot Management

Shareholders' equity

Al Koot's shareholders' equity increased from QR276.4 million in 2005 to QR307.5 million in 2006 and further to QR401.8 million in 2007. The increase in shareholders' equity in 2006 and 2007 was due accretion of the annual profits earned by the company.

QR millions	Year ending 31 December		
	2005	2006	2007
Share capital	218.6	218.6	218.6
Statutory reserve	6.0	8.9	16.2
General reserve	53.8	80.4	145.6
Investments fair value reserve	(2.0)	(0.5)	21.4
Total shareholders equity	**276.4**	**307.5**	**401.8**

Source: Audited financial statements

Al Koot is required by its articles of association to transfer at least 10 per cent of its annual profits to a legal reserve until the balance in that reserve amounts to 50 per cent of its total paid-up capital. In addition, Al Koot's articles of association requires it to transfer the balance of profits, after appropriation to statutory reserve, to the general reserve account until the balance reaches QR365 million. These reserves are not to be distributed to the shareholders of the company. As a result of the appropriations, Al Koot does not have a retained earnings balance.

Off Balance Sheet Analysis

Contingent Liabilities

Guarantees

A list of the guarantees which QP provides to Al Koot can be found on page 22 of this Prospectus.

GULF DRILLING INTERNATIONAL Q.S.C.

Background

Full details of the history and corporate structure of GDI are set out under the heading "*Legal and regulatory information*" on page 29 above.

Operations

GDI provides Drilling Services to the QP Group and QP's international co-ventures.

Key growth drivers

GDI is subject to the following key growth drivers:

- **High demand for onshore and offshore drilling rigs –** GDI is expected to grow its business in line with the growth in demand for oil related services in the State of Qatar. To achieve this growth, GDI has been steadily increasing the size of its onshore and offshore drilling rig fleet. As of 31 December 2007, GDI operated four offshore rigs, all of which it owned, and four onshore rigs, three being owned and one being leased.
- **Drilling rig charges and utilisation rates -** GDI generates revenues on a daily rate basis through the utilisation of its rigs. The drilling rig rates are directly related to the supply and demand dynamics for Drilling Services and thus have a direct impact on the profitability of GDI.

  The utilisation rates of its rigs also have a direct impact on the performance of GDI. Major overhauling of offshore drilling rigs is carried out every three-to-five years, which causes a rig's utilisation level to decrease from around 96 per cent to around 75 per cent.

The following table provides the utilisation rates of GDI's rigs for the year ended 31 December 2007

Rig	Utilisation rate
GDI 1	100%
GDI 2	100%
GDI 3	100%
Gulf 1	100%
Gulf 2	100%
Gulf 3	46%
Al-Khor	100%

Source: GDI's management

Key Financial Indicators

Selected financial data of GDI is presented in the table below:

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Revenues	183.3	317.3	594.6
Gross profit	58.7	121.5	245.7
Operating profit ("**EBIT**")	46.7	82.1	195.2
Net profit	**42.3**	**78.5**	**161.0**
Non-current Assets	880.4	1,524.4	1,691.2
Current Assets	122.4	234.6	253.0
Total Assets	**1,002.8**	**1,759.0**	**1,944.2**
Current liabilities	106.9	241.0	333.9
Non-current liabilities	491.7	1,055.9	986.2
Total liabilities	**598.6**	**1,296.7**	**1,320.1**
Shareholders' Equity	**404.2**	**462.3**	**624.1**

Source: Audited financial statements

The following table sets out certain key ratios of GDI:

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Net profit margin	23%	25%	27%
Return on Average Assets	6%	6%	9%
Return on Average Equity	11%	18%	29.6%
Debt: Equity ratio	1.5:1	2.5:1	1.79:1

Source: Audited financial statements

Income Statement Analysis

Summary Income Statement

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Revenues	183.8	317.3	594.6
Direct costs	(124.7)	(195.8)	(348.9)
Gross Profit	**58.7**	**121.5**	**245.7**
Other operating income	1.3	3.0	1.3
Indirect costs	(17.1)	(48.1)	(92.9)
Operating profit	**42.9**	**76.5**	**154.0**
Net income	**42.3**	**78.5**	**161.0**

Source: Audited financial statements

<u>Revenues</u>

GDI generates revenues from the provision of Drilling Services and for this purpose enters into multi-year contracts whenever possible with its customers for the provision of such services. The contracts determine the key revenue drivers - drilling rig rates and utilisation.

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Revenues	183.3	317.3	594.6
Growth		*73%*	*87%*

Source: Audited financial statements

GDI's revenues for 2005 amounted to QR183.3 million, compared with QR317.3 million for 2006 (an increase of 73 per cent) and QR594.6 million for 2007 (an increase of 87 per cent). This significant growth was achieved due primarily to:

- the increase in the number of rigs operated (from four in 2005 to six in 2006 and eight in 2007);
- the increase in drilling rig rates in 2006 and 2007;
- the increase in the number of rig operating days; and
- the increase in GDI's client base within the QP Group.

<u>Rig utilisation rates</u>

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Rigs Operated	4	6	8
Utilisation rates	100%	93%	93%
Growth (Decline)		(7%)	0%

Source: GDI's management

Utilisation rates decreased from 100 per cent in 2005 to 93 per cent in 2006 and 2007 due to challenges encountered with Gulf-3 which prevented it from working in 2006 and limited its use in 2007.

Direct costs

QR millions	Year ending 31 December					
	2005		2006		2007	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Crew costs	38.8	31%	52.6	27%	95.5	27.%
Depreciation	35.6	29%	45.7	23%	103.8	30%
Drilling costs	26.9	22%	60.9	31%	115.8	33%
Consumables	19.5	16%	35.8	18%	32.5	9%
Others	3.9	3%	0.8	0%	1.2	0%
Direct costs	**124.7**	**100%**	**195.8**	**100%**	**348.9**	**100%**
As a percentage of revenues	**68%**		**62%**		**59%**	

Source: GDI Management

Direct costs are comprised primarily of crew costs (which comprise crew salaries, overtime, health insurance, travelling expenses, attrition costs and catering), depreciation and drilling costs. Direct costs increased from QR124.7 million in 2005 to QR195.8 million in 2006 (or by 57 per cent) and to QR348.9 million in 2007 (or by 78 per cent). The increase in direct costs as compared to 2005 was due to growth in the number of rigs operated by the company and to high demand for drilling rig services. However, it is worth noting that GDI became more efficient in the conduct of its drilling operations during the same period as evidenced by the decline in its cost margins: GDI reduced its direct cost margin from 68 per cent in 2005 to 62 per cent in 2006 and further to 59 per cent in 2007. This reduction was due to the unmatched increase in the drilling rig revenue over the period as compared to direct costs.

Depreciation is charged to expense once an asset is placed into service. Depreciation charges for the year ended 31 December 2007 amounted to QR103.8 million, compared to QR45.7 million in 2006 and QR35.6 million in 2005. This increase in depreciation is reflective of the additional drilling rigs that GDI has placed into service and to the significant acquisition costs incurred to acquire and refurbish the company's existing drilling rig fleet. By way of example, additions to PPE amounting to QR699.2 million and QR265.3 million were incurred in 2006 and 2007 respectively.

Drilling costs include primarily those costs incurred for rig moves, footage expenses, maintenance and equipment rental. Over the period 2005-2007, drilling costs as a percentage of total direct costs have increased from 27 per cent in 2005 to 31 per cent in 2006 to 33 per cent in 2007 respectively. The costs of drilling services have increased in recent years as a result of greater demand and less availability.

Consumables represent all drilling and related materials used in the drilling process.

<u>Gross profit</u>

GDI's gross profit rose from QR58.7 million in 2005 to QR121.5 million in 2006 and to QR245.7 million in 2007, resulting in a gross profit margin of 32 per cent in 2005, 38 per cent in 2006 and 41 per cent in 2007. The improvement in gross profit margins was driven by unmatched increases in the drilling rig revenues of GDI over the same period.

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Gross profit	58.7	121.5	245.7
As a percentage of revenues	32%	38%	41%

Source: Audited financial statements

General and Administration expenses ("G&A")

G&A includes those office expenses that are ancillary to the provision of Drilling Services. They comprise primarily communication, consulting, depreciation, maintenance, printing, recruiting costs, repairs, rent, secondment fees, staff costs, training, transport and travelling.

QR millions	Year ending 31 December		
	2005	2006	2007
G&A	13.2	42.5	51.7
As a percentage of revenues	7%	13%	9%

Source: Audited financial statements

G&A increased from QR13.2 million in 2005 to QR42.5 million in 2006 (an increase of 222 per cent) and further to QR51.7 million in 2007 (an increase of 22 per cent). As a percentage of revenues, G&A increased from 7 per cent in 2005 to 13 per cent in 2006 and decreased to 9 per cent in 2007. The increase in the G&A margin in 2006 was mainly a result of a ramp up in office support for a rapidly expanding drilling operation.

The majority of G&A relate to QP and JDC secondment fees and staff costs. Secondment fees represent the fees paid by GDI to QP and JDC for services rendered by employees of QP and JDC that have been seconded to GDI. Secondment fees constituted 40 per cent, 12 per cent and 12 per cent of total G&A in 2005, 2006 and 2007 respectively. Staff costs include the salaries and benefits of the administrative staff of the employees of GDI. Staff costs constituted 33 per cent, 28 per cent and 52 per cent of the total G&A in 2005, 2006 and 2007 respectively.

Other income

Other income refers to interest income, profit on sale of PPE, foreign exchange gains and other miscellaneous income. Other income has contributed marginally to the core operations of GDI, increasing from QR1.3 million in 2005 to QR3.2 million in 2006 and decreasing to QR1.3 million in 2007. As a percentage of total revenues, other operating income accounted for 0.7 per cent in 2005, 1.0 per cent in 2006 and 0.2 per cent in 2007.

QR millions	Year ending 31 December		
	2005	2006	2007
Other operating income	1.3	3.2	1.3
As a percentage of revenues	0.7%	1.0%	0.2%

Source: Audited financial statements

Financing costs

Financing costs represent the interest paid on bank borrowings and overdrafts excluding interest that has been capitalised as part of PPE. Interest attributable to the acquisition or construction of PPE is capitalised up to the date the asset is placed into service. Thereafter, the interest associated with said asset is charged to expense.

Financing costs increased from QR3.8 million in 2005 to QR5.7 million in 2006 and surged to QR41.2 million in 2007. This increase was driven by the increase in bank borrowings from QR562.7 million in 2005 to QR1153.8 million in 2006 and to QR1120.4 million in 2007 that were incurred to finance GDI's three offshore rig acquisitions, two of which were placed into service in 2007. For the year ended 31 December 2007, GDI's average cost of financing was 5.94 per cent.

QR millions	Year ending 31 December		
	2005	2006	2007
Financing costs	3.8	5.7	41.2
As a percentage of opening loans	4%	1%	4%

Source: Audited financial statements

Net income

QR millions	Year ending 31 December		
	2005	2006	2007
Profits before tax	42.9	76.5	154.0
Deferred tax credit (charge)	(0.5)	2.0	7.0
Net income	**42.4**	**78.5**	**161.0**

Source: Audited financial statements

GDI's Profits Before Tax ("**PBT**") amounted to QR42.9 million in 2005 and increased to QR76.5 million (or by 78 per cent) in 2006 and QR154.0 million in 2007 (or by 101 per cent). This increase was due primarily to the:

- an increase in rig operating days, brought about by the increase in drilling rigs operated,
- an increase in drilling rig rates; and
- economies of large scale operations due to the fixed nature of certain expenses.

GDI is exempted from income tax for an initial period of ten years commencing from 18 May 2005. Accordingly, no current provision for income taxation has been provided in GDI's financial statements. However, upon the expiry of its tax exemption in 2014, GDI will be subject to tax and deferred income taxes have been provided using the liability method on all temporary taxable differences at the balance sheet date that will reverse during the post exemption period. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

GDI's net income amounted to QR42.4 million in 2005, QR78.5 million in 2006 (an increase of 85 per cent) and QR161.0 million in 2007 (an increase of 105 per cent). As a percentage of revenues, net income amounted to 23 per cent in 2005 and 27 per cent in 2006 and 2007.

Liquidity and Capital Resources

Summary Cash Flow Statement

QR millions	Year ending 31 December		
	2005	2006	2007
Cash flow from operating activities	58.2	78.9	341.0
Cash flow from investing activities	(485.9)	(673.7)	(264.3)
Cash flow from financing activities	452.0	584.5	(73.3)
Net Increase/(Decrease) in cash and cash equivalents	**24.3**	**(10.2)**	**3.4**
Cash and cash equivalents at the beginning of the year	19.3	43.6	33.4
Cash and cash equivalents at the end of the year	**43.6**	**33.4**	**36.8**

Source: Audited financial statements

Cash flow from operating activities

Over the last three years, GDI has invested significantly in PPE, primarily for two new offshore drilling rigs and the conversion and refurbishment of a third offshore drilling rig. While still in the early phases of development, GDI's operating cash flows have not been sufficient to cover its capital expenditure and working capital requirements in 2005, 2006 and 2007.

GDI's operating cash flows amounting to QR58.2 million in 2005, QR78.9 million in 2006 and increased significantly to QR341.0 million in 2007. The increase in cash flows was due primarily to GDI's increased profitability in 2006 and 2007 brought about by an increase in number of rigs operating and higher drilling rig rates.

Cash flow from investing activities

Cash outflows from investing activities amounted to QR485.9 million in 2005, QR673.7 million in 2006 and QR264.3 million in 2007. These outflows are represented by capital expenditures incurred in relation to PPE, which amounted to QR520.1 million, QR699.3 million and QR265.0 million in 2005, 2006 and 2007 respectively.

Cash flow from financing activities

Cash inflows from financing activities amounted to QR452.0 million in 2005 and QR584.5 million in 2006 and an outflow of QR73.3 million in 2007. Cash inflows during 2005 were due to additional bank borrowings to the extent of QR483.5 million. Further, in 2005, loan instalments amounting to QR14.0 million were repaid, and a dividend of QR17.4 million was also paid. Cash inflows for 2006 represent additional borrowings of QR660 million. Cash outflows for 2007 represent paying down of commercial loans and interest charges.

Balance Sheet Analysis

Summary Balance Sheet

QR millions	Year ending 31 December		
	2005	2006	2007
Non-current assets	880.4	1,524.4	1,691.2
Total Current assets	122.4	234.6	253.0
Total Assets	**1,002.8**	**1,759.0**	**1,944.2**
Current liabilities	106.7	241.0	333.9
Non - current liabilities	491.7	1,055.6	986.2
Total liabilities	**598.6**	**1,296.6**	**1,320.1**
Shareholders' equity	404.2	462.4	624.10
Liabilities & Equity	**1,002.8**	**1,759.0**	**1,944.2**

Source: Audited financial statements

Total assets

GDI's total assets increased from QR1,002.8 million in 2005 to QR1,759.0 million in 2006 (an increase of 75 per cent) and further to QR1,944.2 million in 2007 (an increase of 11 per cent). This increase was due primarily to the acquisition of two new offshore drilling rigs and the conversion and refurbishment of a third offshore drilling rig.

QR millions	Year ending 31 December		
	2005	2006	2007
Total Assets	1,002.8	1,759.0	1,944.2
Growth	98%	75%	11%

Source: Audited financial statements

As GDI is currently in the initial stages of growing its business, it is utilizing its available cash and bank borrowings in order to finance its capital expenditures and working capital requirements. GDI depreciates its rigs over periods of ten to fifteen years.

Non-current assets

Non-current assets, comprising PPE and advances for rigs, increased significantly from QR880.4 million in 2005 to QR1,524.4 million in 2006 and further to QR1,682.8 million in 2007 as a result of efforts to increase the size of the company's drilling rig fleet. Significant capital expenditures were incurred during over the last three years to acquire two new offshore drilling rigs, convert and refurbish a third offshore drilling rig and acquire four onshore drilling rigs.

QR millions	Year ending 31 December		
	2005	2006	2007
PPE	872.4	1,520.6	1,682.8
Advance for rigs	8.0	1.4	
Deferred Taxes		1.4	8.4
Total non-current assets	**880.4**	**1,524.4**	**1,691.2**
As a percentage of total assets	**88%**	**87%**	**87%**

Source: Audited financial statements

As a percentage of total assets, non-current assets constituted approximately 87 per cent in 2005, 2006 and 2007, reflecting the capital-intensive nature of GDI's business. GDI had outstanding advances against GDI-4 amounting to QR7.9 million as of 31 December 2005 and QR1.4 million as of 31 December 2006.

Capital work in process, consisting of costs incurred to purchase, construct and refurbish onshore and offshore drilling rigs as necessary to place them into service has been a significant component of PPE over the last three years due to the rapid expansion of GDI's drilling rig fleet. The amounts in capital work in process totalled QR461.3 million in 2005, QR1,090.2 million in 2006 and QR507.2 million in 2007. These amounts primarily correspond to the costs incurred to acquire two new offshore drilling rigs and to convert and refurbish a third offshore drilling rig.

Current assets

GDI's current assets increased from QR122.4 million 2005 to QR234.6 million in 2006 (an increase of 92 per cent) and QR253.0 million in 2007 (an increase of 8 per cent). The significant increase in current assets in 2006 was due to higher level of operations resulting in a significant increase in the revenues of GDI.

QR millions	Year ending 31 December		
	2005	2006	2007
Inventories	21.8	19.9	29.5
Accounts receivable & prepayments	42.3	173.3	184.2
Cash	43.7	41.4	39.3
Non - current assets held for sale	14.6	-	-
Total Current Assets	**122.4**	**234.6**	**253.0**

Source: Audited financial statements

Cash balances have remained relatively stable at circa QR40 million. The reason for such stability in cash balances despite exponential growth in operations is due to the fact that GDI has been using all available cash for the acquisition of PPE over the concerned period.

Accounts receivable are amounts due from the QP Group for drilling rig services performed, and have increased significantly from QR42.3 million in 2005 to QR173.3 million in 2006 (or by 311 per cent) to QR184.2 million in 2007 (or by 6 per cent) due primarily to the increase in monthly drilling rig revenues brought about by operating additional drilling rigs at higher drilling rig rates.

Inventories, which comprise drilling materials, spare parts and consumables, decreased marginally from QR21.8 million in 2005 to QR19.9 million in 2006 before increasing again to QR29.5 million in 2007 primarily to build up a sufficient stock pile of critical spare parts which have become increasingly more difficult to acquire as demand for such parts has increased. The inventory holding period decreased from 64 days in 2005 to 37 days in 2006 and 31 days in 2007.

Non-current assets held for sale is represented by an offshore platform rig (ENSCO 23). This rig was acquired with the intent of converting it into an offshore jack-up rig. However, GDI's management elected to sell the drilling rig in 2006 for a profit of QR1.9 million after determining that it was not suitable for use by its clients.

Total liabilities

GDI's total liabilities increased from QR598.6 million in 2005 to QR1,296.6 million in 2006 (an increase of 117 per cent) and QR1,320.1 million in 2007 (an increase of 2 per cent). This increase was due primarily to an increase in total borrowings (current, as well as non-current) used to finance the acquisition of two new offshore drilling rigs, convert and refurbish a third offshore drilling rig and provide working capital.

QR millions	**Year ending 31 December**		
	2005	**2006**	**2007**
Current liabilities	106.9	240.9	333.9
Non-current liabilities	491.7	1,055.6	986.2
Total liabilities	**598.6**	**1,296.6**	**1,320.1**

Source: Audited financial statements

Current liabilities

GDI's current liabilities, comprising the current portion of long-term loans and accounts payable and accruals, increased from QR106.9 million in 2005 to QR241.0 million in 2006 (an increase of 125 per cent) and further to QR333.9 million in 2007 (an increase of 39 per cent). This increase was due primarily to an increase in the current portion of GDI's long-term loans as well as additional accounts payable to support the company's expanded drilling operations.

QR millions	**Year ending 31 December**		
	2005	**2006**	**2007**
Current portion of long term loans	69.8	101.7	133.8
Accounts payable and accruals	37.1	139.1	200.2
Current liabilities	**106.9**	**240.9**	**333.9**

Source: Audited financial statements

Accounts payable and accruals increased from QR37.1 million in 2005 to QR139.1 million in 2006 and to QR200.2 million in 2007 as a result of increased business activity. The creditors' payment period increased significantly from 109 days in 2005 to 259 days in 2006 and decreased to 210 days in 2007 similar to the trend of the receivables collection period.

The current ratio of GDI for the three years ended 31 December 2005, 2006 and 2007 amounted to 1.1, 1.0 and 0.8 respectively.

Non-current liabilities

Non-current liabilities, comprising long-term loans, deferred tax liability and employees'-end-of-service benefits increased from QR491.7 million as of 31 December 2005 to QR1,055.9 million in 2006 and reduced to QR992.6 million in 2007. The increase in non-current liabilities in 2006 was due to the increase in GDI's term borrowings from QR491.0 million in 2005 to QR1,055.6 million in 2006.

As of 31 December 2007, GDI had entered into four loan agreements to fund the expansion of its drilling rig fleet:

- A QR182 million credit facility having an effective interest rate of LIBOR plus 0.7 per cent;
- A QR473 million credit facility having an effective interest rate of LIBOR plus 0.7 per cent;
- A QR473 million credit facility having an effective interest rate of LIBOR plus 0.8 per cent; and
- A QR182 million credit facility having an effective interest rate of LIBOR plus 0.55 per cent.

Shareholders' equity

As a result of the increase of the annual profits of GDI, total shareholders' equity increased from QR404.2 million as of 31 December 2005 to QR462.4 million as of 31 December 2006 and to QR624.1 million as of 31 December 2007.

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Share capital	375.6	375.6	375.6
Legal reserve	5.0	12.4	28.4
Proposed dividend	19.5	-	-
Retained earnings	4.1	74.3	220.1
Share capital	**402.2**	**462.3**	**624.1**

Source: Audited financial statements

GDI is required by Qatari law to transfer at least 10 per cent of its annual profits to a legal reserve until the balance in such reserve amounts to 50 per cent of its total paid-up capital. The statutory reserve is not available for distribution to the equity shareholders.

Off-Balance Sheet Analysis

Contingent Liabilities

GDI's contingent liabilities as of 31 December 2007 amounted to QR11.7 million related to letters of guarantee, compared to QR10.4 million as of 31 December 2006 and QR12.5 million as of 31 December 2005.

Capital Commitments

At 31 December 2007, GDI was contractually committed to pay the final milestone payment of QR85.8 million in order to take delivery of the Al-Zubarah offshore drilling rig currently under construction. Delivery of the drilling rig is expected to occur in February 2008.

GULF HELICOPTERS COMPANY Q.S.C.

Background

Full details of the history and corporate structure of GHC are set out under the heading "*Legal and regulatory information*" on page 34 above.

Operations

GHC holds an AOC issued by the QCAA. GHC is approved by the FAA as a Repair Station and by the QCAA as a maintenance organisation. GHC operates as the sole provider of helicopter transportation services in Qatar. GHC also operates as a provider of helicopter transportation services in the MENA region.

Key growth drivers

GHC generates its revenues principally from providing aviation services. Its key growth drivers are:

- **Oil & gas prices** - Although more expensive fuel is a cost to the company, high oil and gas prices are a driver of oil and gas exploration, production and development which in turn drives demand for services in sectors connected to the oil and gas industry. When services are particularly in demand, GHC's role as the sole provider of helicopter transportation services to the oil and gas industry in Qatar means that its charter rates improve as a result of market dynamics.
- **Number of helicopters** - The revenues generated by GHC are directly proportionate to the number of and utilisation rates of helicopters it operates.
- **Utilisation rates of helicopters** - The effective utilisation of helicopters operated by GHC ensures that revenues are maximised.

Key Financial Indicators

Selected financial data of GHC is presented in the table below:

QR millions	Year ending 31 December		
	2005	2006	2007
Revenues	173.1	210.1	273.6
Gross profits	40.3	72.3	122.7
Operating profits	35.7	72.1	110.4
Net income	33.3	68.1	102.3
Total Assets	437.5	586.0	691.2
Total Debt	148.0	245.4	244.1
Total Owners' Equity	238.7	296.8	385.0
Cash flow from operating activities	42.7	46.5	90.1
Cash flow from investing activities	(40.0)	(125.2)	(87.5)
Cash flow from financing activities	11.2	81.5	(9.7)
Net cash flow for the year	13.9	2.8	(7.1)

Source: Audited financial statements

The following table sets out certain key ratios of GHC:

QR millions	Year ending 31 December		
	2005	2006	2007
Return on Sales/Profit after tax	19.3%	32.4%	37.4%
Return on Average Assets	8.1%	13.2%	16.0%

QR millions	Year ending 31 December		
	2005	2006	2007
Return on Average Equity	14.7%	25.4%	34.0%
Debt: Equity ratio	0.62	0.82	0.63

Source: Audited financial statements

Income Statement Analysis

QR millions	Year ending 31 December		
	2005	2006	2007
Revenues	173.1	210.1	273.6
Direct costs	132.8	137.9	150.9
Gross Profit	**40.3**	**72.3**	**122.7**
Indirect costs	4.7	8.5	12.3
Operating profit	35.7	**72.1**	**110.4**
Net income	**33.3**	**68.1**	**102.3**

Source: Audited financial statements

Revenues

GHC generates its revenues principally from aviation services, which involve the provision of helicopter transportation services in Qatar and to various clients in different jurisdictions. Further, GHC has other non-core (and *de minimis*) lines of business such as the letting out of residential accommodation, the procurement of spare parts (for Government agencies in Qatar) and helicopter maintenance services.

Total revenues of GHC increased from QR173.1 million in 2005 to QR210.1 million in 2006 (an increase of 21 per cent) and further to QR273.6 million (an increase of 30 per cent) in 2007. The increase in revenues was due primarily to the growth in aviation revenues, which account for the majority of total revenues of GHC (approximately 96-97 per cent of total revenues).

The revenue breakdown of GHC by business line is presented below:

QR millions	Year ending 31 December					
	2005		2006		2007	
	Amount	%	Amount	%	Amount	%
Aviation	166.8	96%	203.7	97%	263.1	96%
Accommodation	4.3	2%	4.3	2%	5.0	2%
UK procurement	1.6	1%	1.8	1%	1.5	1%
Miscellaneous	0.4	0%	0.4	0%	4.0	1%
Total	**173.1**	**100%**	**210.1**	**100%**	**273.6**	**100%**

Source: Audited financial statements

Aviation Revenues

Aviation revenues are based on the number of flight hours, hourly charter rates and a fixed monthly charge payable by each client irrespective of their usage of GHC's services. GHC's aviation revenues increased from QR166.8 million in 2005 to QR203.7 million in 2006 (an increase of 22 per cent) and further to QR263.1 million in 2007 (an increase of 29 per cent). The increase in aviation revenues was due primarily to increases in:

- the total number of flight hours conducted by the company (itself a function of increases in the size of GHC's fleet and its utilisation by customers) from 12,312 hours in 2005 to 13,461 hours in 2006 and 15,963 hours in 2007;
- per-hour charter rates within Qatar; and

- fixed monthly revenues from chartering helicopters to customers.

Routes within Qatar account for the majority of GHC's aviation revenues. The volume of the company's business generated in Qatar increased from 78 per cent in 2005 to 81 per cent in 2006 and to 91 per cent in 2007.

Flight hours

Total flight hours increased from 17,669 hours in 2005 to 19,064 hours in 2006 but decreased to 18,516 hours in 2007. The decrease in 2007 was a result of closure of operations in Iran. However, the total flight hours in Qatar (the most profitable area of operation) increased from 12,312 hours in 2005 to 13,461 hours in 2006 and 15,963 hours in 2007.

QR millions	Year ending 31 December		
	2005	2006	2007
Flight hours	17,669	19,064	18,516
Growth	(5%)	8%	(3%)

Source: GHC's management accounts

The following table presents the total flight hours by destination:

Destination	Year ending 31 December					
	2005		2006		2007	
	Hours	**%**	**Hours**	**%**	**Hours**	**%**
Doha	12,312	70%	13,461	71%	15,963	86%
Iran	3,298	19%	1,915	10%	-	0%
India	2,059	12%	2,036	11%	1,568	9%
Afghanistan/Libya/Sudan/Yemen	0	0%	1,652	9%	985	5%
Total	**17,669**	**100%**	**19,064**	**100%**	**18,516**	**100%**

Source: GHC's management accounts

Accommodation revenues

GHC owns and maintains a residential compound in the West Bay in Qatar, with 40 villas and eight executive villas. GHC accommodates its staff at West Bay and lets the remaining villas to the general public.

Accommodation revenues increased from QR4.3 million in 2005 and 2006 to QR5.0 million in 2007 due to an increase in rental rates in Qatar.

UK procurement revenues

GHC owns a procurement office and warehouse in Crawley near Gatwick Airport in the UK, which are operated by a total of 4 employees. The objectives of this business are to procure spare parts for use by GHC and to procure spare parts for other buyers.

UK procurement revenues increased from QR1.6 million in 2005 to QR1.8 million in 2006 (an increase of 13 per cent) and decreased marginally to QR1.5 million in 2007.

Miscellaneous revenues

Miscellaneous revenues are revenues derived from ancillary aviation services (such as repairs, maintenance and heli-deck inspections).

Miscellaneous revenues increased from QR0.4 million in 2005 and 2006 to QR4.1 million in 2007. The increase in miscellaneous revenues in 2007 was due to an increase in maintenance carried out on third party equipment by GHC.

Direct expenses

GHC's direct expenses increased from QR132.8 million in 2005 to QR137.9 million in 2006 (an increase of 4 per cent) and further to QR150.9 million in 2007 (an increase of 9 per cent). The increases were due primarily to the increase in the overall revenues of GHC, especially aviation revenues. As a percentage of overall revenues, direct expenses represented 77 per cent in 2005, 66 per cent per cent in 2006 and 55 per cent in 2007 due to improvements in the profitability of the aviation business.

The following table presents the breakdown of direct expenses by business line:

QR millions	Year ending 31 December					
	2005		2006		2007	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Aviation	129.4	97%	134.3	97%	144.5	96%
Accommodation	1.7	1%	1.9	1%	1.8	1%
UK procurement	1.5	1%	1.6	1%	1.7	1%
Miscellaneous	0.1	0%	0.06	0%	2.9	2%
Total	**132.8**	**100%**	**137.9**	**100%**	**150.9**	**100%**

Source: Audited financial statements

Aviation direct expenses

Aviation direct expenses comprise expenses relating to aircraft maintenance, flying operational costs, depreciation, insurance, aircraft standing charges, agency and sponsorship fees and training costs. Aviation direct expenses increased from QR129.4 million in 2005 to QR134.3 million in 2006 (such changes being directly attributable to the increase in the number of flight hours) and further to QR144.5 million in 2007.

In line with aviation revenues, aviation direct expenses represented over 96 per cent of the total direct costs of GHC and consist of a fixed element (including salary costs, depreciation and insurance) as well as a variable element (related to the number of flight hours and including fuel costs).

Direct accommodation expenses

Direct accommodation expenses amounted to QR1.7 million in 2005, to QR1.9 million in 2006 (44 per cent of accommodation revenues in 2006) and QR1.8 million in 2007 (36 per cent of accommodation revenues).

Direct UK procurement expenses

These expenses comprise primarily salaries. Direct UK procurement expenses have remained stable at circa QR1.6 million between 2005 and 2007.

Miscellaneous direct expenses

These expenses comprise primarily the cost of spare parts, consumables and labour. In line with the revenue streams of this business line, miscellaneous direct expenses have amounted to QR0.1 million in 2005 and 2006 and increased significantly to QR2.9 million in 2007 due to an increase in maintenance carried out on third party equipment by GHC.

Gross profit

The gross profit of GHC increased from QR40.3 million in 2005 to QR72.3 million in 2006 (an increase of 80 per cent) and increased to QR122.7 million in 2007 (an increase of 70 per cent). The contribution of each line of business to the total gross profit of GHC is shown in the table below:

QR millions	Year ending 31 December					
	2005		2006		2007	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**

QR millions	Year ending 31 December					
	2005		2006		2007	
Aviation gross profit	37.4	93%	69.4	96%	118.5	97%
Accommodation gross profit	2.5	6%	2.4	3%	(0.2)	0%
UK procurement gross profit	0.1	0%	0.2	0%	3.2	3%
Miscellaneous gross profit	0.3	1%	0.4	1%	1.1	1%
Total	**40.3**	**100%**	**72.3**	**100%**	**122.7**	**100%**
As a percentage of total revenues	**23%**		**34%**		**45%**	

Source: Audited financial statements

The overall gross profit margin of GHC amounted to 23 per cent, 34 per cent and 45 per cent in the years 2005, 2006 and 2007 respectively. The profitability margins of GHC increased during this period as a result of improvements in the profitability of the aviation business.

The ‘aviation’ line of business is the most significant contributor to gross profits with a share of 97 per cent of GHC’s total gross profit in 2007.

G&A

G&A comprise salaries and wages, depreciation and other miscellaneous expenses. GHC’s G&A increased from QR4.7 million in 2005 to QR8.5 million in 2006 (by 81 per cent) and further to QR12.3 million in 2007 (by 45 per cent). As a percentage of overall revenues, G&A constituted 2.7 per cent, 4.0 per cent and 4.5 per cent in 2005, 2006 and 2007 respectively. The increases in G&A are due primarily to increases in staff costs as well as depreciation and insurance on additional aircraft.

The following table presents the breakdown of G&A by business line:

QR millions	Year ending 31 December		
	2005	2006	2007
G&A	4.7	8.5	12.3
Growth	(12%)	81%	45%

Source: Audited financial statements, GHC’s management accounts

Operating profits

The operating profit of GHC increased from QR35.8 million in 2005 to QR72.1 million in 2006 (by 11 per cent) and increased to QR110.4 million in 2007 (by 53 per cent). The increase in GHC’s operating profit in 2006 was due primarily to an increase in aviation revenues.

QR millions	Year ending 31 December		
	2005	2006	2007
EBIT	35.8	72.1	110.4
As a percentage of revenues	21%	34%	40%

Source: Audited financial statements

Exceptional income

No exceptional income was recorded in 2005 and 2007. During 2006, however, GHC recorded a one-time income of QR8.3 million by way of settlement of an insurance claim relating to the damage of one aircraft.

Other income/expenses

The net effect of other income/expenses resulted in GHC earning QR0.1 million, QR0.03 million and QR0.01 million in the years 2005, 2006 and 2007 respectively. This category represents GHC’s share of profit or loss from associates/subsidiaries, interest income and profit/loss on the sale of property, aircraft and equipment (“**PAE**”).

Finance cost

Finance costs increased from QR2.4 million in 2005 to QR5.1 million in 2006 and QR9.2 million in 2007, as a result of the increase in bank borrowings over the period in order to fund the purchase of additional helicopters.

Net profits

GHC's net profits rose from QR33.3 million in 2005 to QR68.1 million in 2006 (by 105 per cent) and increased to QR102.3 million in 2007 (by 50 per cent) as a result of the increase in the revenues of GHC.

QR millions	Year ending 31 December		
	2005	2006	2007
Net income	33.3	68.1	102.3
As a percentage of revenues	19%	32%	37%

Source: Audited financial statements

The net income margin increased significantly from 19 per cent in 2005 to 32 per cent in 2006 and further 37 per cent in 2007.

The increase in the net income margin in 2006 and 2007 was driven by:

- improvements in the profitability of the aviation business in 2006 and 2007; and
- the one-off receipt of QR8.3 million following an insurance claim on a damaged helicopter in 2006.

Liquidity and Capital Resources

The following table shows the summary cash flow statement of GHC:

QR millions	Year ending 31 December		
	2005	2006	2007
Cash flow from operating activities	42.7	46.5	90.1
Cash flow from investing activities	(40.0)	(125.2)	(87.5)
Cash flow from financing activities	11.2	81.5	(9.7)
Net Increase/(Decrease) in cash and cash equivalents	**13.9**	**2.8**	**(7.1)**
Cash and cash equivalents at the beginning of the year	15.4	29.3	32.1
Cash and cash equivalents at the end of the year	**29.3**	**32.1**	**25.0**

Source: Audited financial statements

Cash flows from operating activities

GHC's operating cash flows increased from QR42.7 million in 2005 to QR46.5 million in 2006 and QR90.1 million in 2007. Operating cash flows before working capital changes increased over the same period from QR60.0 million in 2005 to QR101.7 million in 2006 (by 70 per cent) and QR138.2 million in 2007 (by 36 per cent). Changes in working capital were negative during the period under review, due primarily to advances paid for the purchase of helicopters. These advances represent payments made mainly against the purchase of two new VIP helicopters in 2006. Advances in 2007 relate to the purchase of ten new AW139 helicopters.

Cash flows from investing activities

Cash outflows from investing activities increased from QR40.0 million in 2005 to QR125.2 million in 2006 (by 213 per cent) and reduced to QR87.5 million in 2007 (a decrease of 30 per cent). The increase in cash outflows in 2006 was due mainly to additions to PAE at QR126.2 million in 2006 towards new VIP helicopters.

Cash flows from financing activities

Cash flows from financing activities amounted to inflows of QR11.2 million in 2005, QR81.5 million in 2006 and an outflow of QR9.7 million in 2007.

Cash outflows in 2007 related to the repayment of commercial borrowings as well as interest payments. Financing activities in 2006 were represented by net borrowings of QR91.5 million and dividend payments of QR10.0 million. Financing activities in 2005 were represented by net borrowings of QR23.6 million and dividend payments of QR10.0 million.

Balance Sheet Analysis

Summary Balance Sheet

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
Non Current Assets	227.5	324.7	386.4
Current Assets	210.0	261.3	304.9
Total Assets	**437.5**	**586.0**	**691.2**
Total Current liabilities	74.3	75.0	99.3
Non-current liabilities	124.6	214.3	206.8
Total liabilities	**198.9**	**289.3**	**306.1**
Total Equity	**238.7**	**296.8**	**385.0**
Total Equity & liabilities	**437.5**	**586.0**	**691.2**

Source: Audited financial statements

Total assets

Total assets increased from QR437.5 million in 2005 to QR586.0 million in 2006 (by 34 per cent) and further increased to QR691.2 million in 2007 (by 18 per cent). The increase in 2006 related mainly to the increase in GHC's fixed assets (i.e. PAE), while the increase in total assets in 2007 was attributable to the increase in fixed assets, as well as receivables of GHC.

Non-current assets

Non-current assets are comprised primarily of PAE. As of 31 December 2007, GHC operated 26 helicopters, the value of which materially constitutes the net book value of PAE. The following table presents the breakdown of non-current assets:

QR millions	Year ending 31 December		
	2005	**2006**	**2007**
PAE	226.6	322.0	383.9
Investment in shares and properties	0.9	2.7	2.4
Total non-current assets	**227.5**	**324.7**	**386.4**

Source: Audited financial statements

GHC's non-current assets increased from QR227.5 million in 2005 to QR324.7 million in 2006 and QR386.4 million in 2007. The increase in non-current assets was due primarily to the acquisition of new helicopters over the years (including one royal VIP helicopter delivered in 2006 at a cost of QR88 million). The helicopter fleet increased from 23 in 2005 to 26 at the end of 2007. As a percentage of total assets, the share of non-current assets increased from 52 per cent in 2005 to 55 per cent in 2006 and 56 per cent in 2007.

Current assets

Total current assets (comprising inventories, accounts receivable, advances for helicopters and cash balances) increased from QR210.0 million in 2005 to QR261.3 million in 2006 (by 24 per cent) and QR304.9 million in 2007 (by 17 per cent).

QR millions	Year ending 31 December		
	2005	2006	2007
Inventories	22.5	26.3	32.0
Trade and other receivables	156.7	200.5	246.5
Cash	30.8	34.5	26.4
Total current assets	**210.0**	**261.3**	**304.9**

Source: Audited financial statements

The increase in current assets in 2006 was a result of the increase in trade receivables, as well as refundable deposits.

Helicopter advances increased from QR94.3 million in 2005 to QR110.8 million in 2006 and QR158.9 million in 2007. Helicopter advances in 2007 include an advance paid towards the purchase of one VIP helicopter and ten new AW139 helicopters.

Accounts receivable increased from QR54.5 million in 2005 to QR62.7 million in 2006 and further to QR82.6 million in 2007. The receivables collection period decreased marginally from 115 days in 2005 to 109 days in 2006 and 110 days in 2007. It should be noted that GHC invoices its customers at the end of every month.

Inventory levels remained relatively stable in the 2005 and 2006 period at around QR23 million to QR26 million and increased to QR32.0 million in 2007.

Total liabilities

GHC's total liabilities increased from QR198.8 million in 2005 to QR289.3 million in 2006 (by 52 per cent) and to QR306.1 million in 2007 (by 6 per cent). This increase was due primarily to an increase in bank borrowings in order to finance new helicopters. Total liabilities consist of non-current and current liabilities. Non-current liabilities comprise the non-current portion of bank borrowings and Employee End of Service Benefits provisions. Current liabilities include the current portion of bank borrowings as well as accounts payable and accruals.

Non-current liabilities

The increase in non-current liabilities was attributable to an increase in bank borrowings from QR121.4 million in 2005 to QR210.7 million in 2006 (by 73 per cent) and decreased to QR202.4 million in 2007 (a decrease of 4 per cent).

Total bank borrowings, current plus non-current, increased from QR148.0 million in 2005 to QR245.4 million in 2006 (by 66 per cent) and decreased marginally to QR244.1 million in 2007 (a decrease of 1 per cent). The primary end use of the term loans was to fund the purchase of helicopters. All bank borrowings are unsecured facilities and have been obtained from banks based in Qatar.

The breakdown of bank borrowings is as follows:

QR millions	Year ending 31 December		
	2005	2006	2007
Non-current			
Borrowings - term loans	121.5	210.7	202.4
Current			

QR millions	Year ending 31 December		
	2005	2006	2007
Bank overdraft	1.6	2.4	1.4
Borrowings - term loans	25.0	32.4	40.3
Total borrowings	**148.0**	**245.4**	**244.1**

Source: Audited financial statements

Current liabilities

QR millions	Year ending 31 December		
	2005	2006	2007
Borrowings	26.5	34.8	41.7
Dividends payable	-	-	14.0
Trade and other payables	47.7	40.2	43.6
Total current liabilities	**74.3**	**75.0**	**99.3**

Source: Audited financial statements

Trade and other payables decreased from QR47.7 million in 2005 to QR40.2 million in 2006 and increased to QR43.6 million in 2007. The decrease in trade and other payables in 2006 was due primarily to the decrease in trade payables in 2006.

Trade payables decreased from QR21.7 million in 2005 to QR19.0 million in 2006 (due to an overall reduction in direct costs achieved through efficiencies) and increased to QR25.0 million in 2007. Accrued expenses decreased from QR19.6 million in 2005 to QR15.5 million in 2006 and further to QR13.7 million in 2007.

The increase in GHC's current ratio from 2.8 as of 31 December 2005 to 3.5 as of 31 December 2006 was due to significant increases in trade and other receivables. As of 31 December 2007, the current ratio declined to 3.1 due to an increase in trade payables.

Shareholders' equity

Total shareholders' equity increased from QR238.7 million in 2005 to QR296.8 million in 2006 and further to QR385.0 million in 2007 due to the accrual of annual profits over the period.

QR millions	Year ending 31 December		
	2005	2006	2007
Share capital	66.0	66.0	66.0
Statutory Reserve	14.5	21.3	31.5
General Reserve	75.7	75.7	75.7
Proposed dividend	10.0	10.0	10.0
Retained Earnings	72.5	123.8	211.8
Total Equity	**238.7**	**296.8**	**385.0**

Source: Audited financial statements

GHC is required by Qatari law to transfer at least 10 per cent of its annual profits to a legal reserve until the balance in such reserve amounts to 50 per cent of its total paid up capital. The statutory reserve is not available for distribution to the equity shareholders.

The debt to capital ratio of GHC increased from 38 per cent in 2005 to 45 per cent in 2006 and declined to 39 per cent in 2007. The increase in 2006 was due to the increase in bank borrowings to fund the purchase of helicopters, while the decline in the debt capital ratio is 2007 was due to annual accretion of profits to the equity of GHC.

During 2007, GHC proposed a dividend of QR10.0 million, which has been disclosed as current liabilities.

Off Balance Sheet Analysis

Contingent liabilities

Contingent liabilities are represented by guarantees against performance bonds which decreased from QR1.3 million in 2005 to QR0.7 million in 2006 and QR0.5 million as of 31 December 2007.

Capital commitments

Capital commitments relate to the purchase of PAE and amounted to QR21.4 million in 2005 and nil in 2006. As of 31 December 2007, capital commitments for GHC amounted to QR306.9 million as a result of the order for the new AW139 helicopters.

DIRECTORS AND MANAGEMENT OF GIS

Board of Directors

GIS' management is vested in the Board. In accordance with the Articles, the Board should comprise no less than five members and no more than ten members.

Currently, all members of the Board are appointed by QP. Following the expiry of the term of the current Board, in accordance with the Articles, three Independent Directors will be appointed to the Board. An Independent Director must be a suitably qualified, experienced, professional person with private sector experience (to the satisfaction of the other members of the Board) and shall not be a minister of the Government, a Government official or employee, a director or employee of QP and/or an affiliate of QP and/or a director (other than as an independent director) or employee of any other Government corporation.

As of the date of the Prospectus, the Board is comprised of seven members, including the chairman, all of whom have been appointed by QP and who, collectively, have a wealth of experience in high level board representation within Qatar. The Board includes a senior executive from each Portfolio Company.

The roles of Chairman and Managing Director

Chairman

The Chairman shall represent GIS towards third parties, and his signature shall be regarded by third parties as indicating approval by the Board of any transaction to which it relates.

The Deputy Chairman (if any) shall substitute for the Chairman in his absence. The Chairman, or in his absence the Deputy Chairman (if any), or in the absence of both of them any other Director appointed by the Directors to serve as Chairman, shall act as the Chairman of meetings of the Board and of the General Assembly.

Managing Director

The Directors may elect by secret ballot one or more Directors to serve as managing Director of GIS ("**Managing Director**"). A person may become a Managing Director even if already a managing Director of another company having its principal place of business in the State of Qatar.

The Managing Director shall manage, direct and operate the business of GIS subject to such policies and directives with respect thereto as the Directors may from time to time adopt in conformity with these Articles and any pertinent Resolutions of the Board. The authority of the Managing Director shall be fixed by the Board who shall also decide whether the Managing Director shall have the right to sign on behalf of GIS either alone or with any other person.

The Managing Director shall report regularly to the Directors so as to keep them fully informed as to the management of GIS and the state of its affairs and shall provide them with such information and reports as they may require. The Managing Director shall prepare, for Board approval, the management and operating structure for GIS, as required by the Board.

Duties and responsibilities of the Board

The Board comprises the Directors of GIS who are responsible for determining the overall direction of GIS as well as taking all critical decisions of the Company. Each of the Directors owes fiduciary duties to GIS to act in GIS' best interests. Whilst many operational decisions connected with the activities of the Portfolio Companies are delegated to appropriate employees of the relevant entity, GIS' Directors retain overall control and responsibility for such actions.

Certain Directors are on the Board as well as the boards of one or more of the Portfolio Companies. Whilst there is a risk that there may be conflicts of interest between the activities of the Portfolio Companies and GIS, it is considered that those interests are generally aligned. However, it is a duty of each Director to avoid such conflicts from arising.

As at the date of the Prospectus no member of the Board, nor any Board member's spouse or children, own Shares (or shares in any of the GIS Group Companies).

Quorum

The number of Directors required to constitute a quorum in respect of any matter to be considered and acted upon by the Board shall be four Directors (excluding Independent Directors). Prior to the appointment of the Independent Directors, 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. Upon the appointment of the Independent Directors, resolutions of the Board shall be passed by a majority of those Directors present and entitled to vote at the relevant meeting of the Board, each Director present having one vote (provided that at least four Directors appointed by QP are so present and entitled).

Management and Committees to the Board

In accordance with the Articles, the Board has the right, as it sees fit, to appoint one or more Managing Directors from amongst its members (and/or a General Manager) with a duty to direct, manage and operate the business of GIS, subject to policies and directives adopted by the Board. Additionally, the Board may designate, from amongst its members, one or more committees to be granted certain of its powers, or to be entrusted with the supervision of the conduct of the business of GIS and the implementation of the resolutions of the Board.

Profiles of current Board

The current members of the Board are listed below.

HE Abdullah Bin Hamad Al-Attiyah, Chairman; Deputy Prime Minister, Minister of Energy and Industry, State of Qatar

HE Al-Attiyah attained a BA in Literature and Humanities from the University of Alexandria in Egypt, and a Masters degree from Saint Clair University in Michigan, US. He is Deputy Prime Minister, Minister of Energy and Industry in Qatar, and Managing Director of QP. HE Al-Attiyah has held various positions, including: Head of the Planning Council in Qatar (1998), Chairman of Qatar Electricity and Water Authority (1999), Chairman of Gulf Helicopters (1975), member of the board of directors of Gulf Air (1986-2002), Vice Chairman of Qatar Telecommunications Authority (1987-1995), Chairman of Qatar Water and Electricity Company- "Qahrama'" (1999).

At the international level, HE Al-Attiyah has held a range of positions including as a member of the UN Division for Sustainable Development (CSD-15), president of OPEC and head of the Qatar delegation. Since 1992, he has headed the Petroleum Cooperation Committee in the GCC and is a member of the Follow-up Committee in OPEC and a number of other international committees. He lectures in various international and regional forums and conferences on energy and industry affairs.

Saeed Mubarak Al-Muhannadi, Deputy Chairman

Mr. Saeed Mubarak Al-Muhannadi holds a BSc in Electrical Engineering from Marquette University in the US, and a Masters Degree in Mechanical Engineering from Cranfield Institute in the UK. He has worked for QP in a range of high-level positions over 26 years. Currently, he holds the position of Operations Manager in QP, and he represents QP on the board of various companies within the QP Group and on the management committees of certain QP Group joint ventures.

Abdulaziz Ahmad Al-Malki, Member

Mr. Al-Malki holds a BA in business and economics from Saint Martens College in the US. From March 2002 until present, he has held the position of Office Manager to H.E. Abdulla Al-Attiya. He holds a number of other high-level positions which include his roles as the Vice Chairman of Qatar National Hotels, the Chairman of Amwaj Catering Company and a board member of Qatar Fertilizers Company.

He has attended a range of training sessions, including a program for the development of leadership skills and performance in the US and a program for management skills for young managers in the UK. He participated within the Qatar delegation in various meetings of OPEC in Vienna and other countries.

Ahmad Saif Al-Sulaiti, Member

Mr. Sulaiti holds a diploma in sites engineering from the Metropolitan University in the UK, and a diploma from Charlotte Park College in the UK. His experience encompasses the following: Operations Manager in Dukhan (March 2000 until present), Operations Manager in Offshore Sites (September 1991 to September 1994) and Head of Maintenance in Offshore Sites (January 1990 to September 1991). He is also a member of the Executive Committee of public tenders in QP, a member of the Management Committee of QP's joint venture with Ankana International for oil exploration, a board member of GHC and Chairman of Al Shaheen Services Company.

Ahmad Rafi'a Al-Emadi, Member (and CEO of Al Koot)

Mr. Al-Emadi holds a BSc in Business Administration (Finance) from Concordia University, Milwaukee, in the US. He presently holds the position of Vice Chairman and Managing Director of Al Koot. He is a board member of Arab Petroleum Services Company in Tripoli, Libya and member of the Compensation Committee n Al Bundok and Dolphin Energy.

He has 23 years of experience in the oil and gas sector in Qatar in the fields of finance, insurance and reinsurance. His experience includes management and executive positions involving participation in decision making and issuing directives with respect to budgeting and approval of feasibility studies and project financing. In September 2004 he was appointed Managing Director and General Manager of Al Koot. From 1998 to 2004, he was Manager of Administrative Finance for QP, and from 1996 to 1998 he was QP's Financial Controller.

Yousif Rashid Al-Khater, Member (and CEO of GDI)

Mr. Al-Khater holds a BSc in industrial engineering with honors from Fairleigh Dickenson University in New Jersey, US. He has more than 18 years' experience in general and project management in QP and other leading companies, including companies in the QP Group operating in the oil and gas sector, US firms (such as Exxon Mobil, Chevron Philips and Occidental) and French firms (such as Total). Since December 2004 until the present day, he has held the position of Executive Director and member of the board of directors of GDI.

In October 2004 he was elected member of the Shoura Council in Qatar. He is member of the Arab Parliament Union and the International Parliament Union. From April 2002 until December 2004 he was Vice President of Dolphin Energy. Between August 2001 and March 2002, he was a Vice Chief Project Manager (Q-Chem II) with Chevron Philips.

Mohamed Ibrahim Al-Mohannadi, Member (and CEO of GHC)

Mr. Mohannadi holds a degree in Aviation Management from Florida Institute of Technology in the US. He started his career in 1985 as a trainee pilot with Gulf Air. Later, he joined Gulf Air's management as a trainee. During this period he held several positions including Assistant General Manager of customer service, a role he carried out at Heathrow Airport in London, Doha and India.

In 1994, he joined GHC as the company's Marketing and Public Relations Manager. In 2001, he was promoted to the position of Assistant General Manager, and in July 2003 he became GHC's General Manager. Mr. Muhannadi is member of the Qatari Helicopter Committee, the Airline Companies Union and the UK-Qatar Business Council.

ECONOMY AND OIL & GAS SECTOR IN QATAR

The following information has been extracted from publicly-available sources, deemed reliable. The accuracy of the information contained herein has not been independently verified.

A - ECONOMY

Overview

Qatari economic growth has accelerated impressively in recent years, due in large part to relatively high oil prices. Despite efforts to diversify the country's economy, it remains heavily dependent on oil (although it is increasingly becoming a major gas producer). In 1975, after the quadrupling of oil prices had fed through into the economy, oil accounted for 71.9 per cent of Qatar's GDP. Falling oil prices in the late 1990s resulted in the oil and gas sector's share of GDP falling below 50 per cent, but it grew again in the following three years, as oil prices rose and gas output increased. According to estimates from QNB, the contribution of the oil and gas sector to nominal GDP exceeded 60 per cent in 2004, rising to 66 per cent in 2005, decreasing nominally to 61.9 per cent in 2006. Qatar's oil is produced from seven offshore fields and one onshore field.

Qatar has the world's third-largest gas reserves, after Russia and Iran. In energy terms, these reserves are equivalent to over 150 billion barrels of oil and are anticipated to last for up to a hundred years based on current production levels. Gas has become an increasingly important source of export revenue and provides the fuel (or 'feedstock') for a string of petrochemical projects.

Crude oil exports are the primary driver of Qatar's GDP growth. Since Qatar is a member of OPEC, its economy is vulnerable to changes in OPEC's quotas.

Main economic indicators, 2007	
Real GDP growth (%)	7.8%
Consumer price inflation (average; %)	13.5%
Current-account balance (% of GDP)	10%
Exchange rate (average; QR:US$)	3.64
Population (million)	0.91
Foreign debt (year-end; US$ million)	32,600

Source: Economist Intelligence Unit, Country Data.

Government consumption levels also play an important role in economic growth, with recent increases in spending helping to ensure real positive GDP growth. Private consumption expansion has also been strengthening in recent years, partly as a result of rapid growth in the number of expatriates in the country and rising wealth levels among the Qatari population. Investment levels remain high as the Government, in partnership with the private sector, presses ahead with ambitious investment plans in gas-based industry and in oil production capacity.

2006 economic indicators	Qatar	Bahrain	Kuwait	Oman	Saudi Arabia	UAE
GDP (US$bn PPP)	**36**	20	108	42	341	100
GDP per capita (US$)	**42,330**	27,090	33,820	16,040	13,488	20,220
Consumer price inflation	**11.8%**	2.1%	3.0%	3.3%	2.3%	13.5%
Current account balance (US$m)	**9,975**	1,864	42,264	4,403	103,297	25,650
Export of goods f.o.b (US$m)	**30,595**	11,536	55,705	21,202	207,783	132,857
Import of goods c.i.f (US$m)	**13,718**	8,941	15,994	10,915	41,979	97,740
Public debt (US$m)	**14**	5,364	8,252	1,238	112,257	25,197

Source: EIU, Country Data

Economic growth

By 2010, oil production is expected to increase to 1 million b/d. Qatar's proven reserves of gas exceed 25 trillion cubic metres. The economy was boosted in 1991 by completion of the US$1.5 billion Phase I of North

Field gas development. In 1996, the Qatargas project began exporting LNG to Japan. Further phases of the North Field gas development, costing billions of dollars, are in various stages of planning and development.

Qatar's heavy industrial projects, all based in Umm Said, include a refinery with a 137,000 b/d capacity, a fertiliser plant for urea and ammonia, a steel plant, and a petrochemical plant. All these industries use gas for fuel. Most joint ventures are between European and Japanese firms and QP.

Qatar's economy is expected to remain one of the region's star performers in the near future. Developments in the energy sector will be the main contributor to economic growth as output of associated condensates will also expand, and there will be sustained growth in other gas-based industrial ventures as projects under development reach completion, notably in the petrochemicals sector. As a consequence, real GDP growth should remain strong, reaching 9.3 per cent in 2008, from 7.1 per cent in 2006 and 7.8 per cent in 2007 as new LNG capacity comes on stream.

Qatar Forecast data

	2002	2003	2004	2005	2006	2007*	2008*
Real GDP growth	7.1	3.5	20.8	6.1	7.1	7.8	9.3
GDP (US$bn)	22.8	24.1	29.9	32.8	36.2	39.1	42.7
Population (million)	0.67	0.71	0.74	0.80	0.85	0.91	0.97
Inflation (%)	1.01	2.27	6.80	8.81	11.80	13.50	10.70
Exchange rate (LCU:US$)	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Current-account balance (% of GDP)	19.4	24.3	23.9	25.4	17.9	10.0	8.5
Net FDI (US$ million)	1,800	1,900	2,200	2,300	2,450	2,650	2,750

** Estimated*
Source: Economist Intelligence Unit 2007

Inflation

Prices have picked up markedly in Qatar over the past two years, pushed up largely by higher rents, caused by a shortage of housing, as well as by a weak US dollar. Consumer price inflation is expected to increase from 11.8 per cent in 2006 to 13.5 per cent in 2007 and thereafter decrease to 10.7 per cent in 2008. This is considerably higher than the average inflation rate of just 1.7 per cent recorded between 1999 and 2003.

The release of official consumer price data reveals that year-on-year inflation rose to 13.7 per cent in the third quarter of 2007. The Government has imposed a 10 per cent rent cap to counter increasing rents. However, this move has yielded minimal success because the property market has failed to keep pace with the influx of foreign workers. In addition, the Government's decision to counter rising food prices by imposing price controls on wheat-based products may yet prove a disincentive to retailers to stock sufficient supplies. This situation has been exacerbated by the weakness of the US dollar, which has caused overall import costs to rise - a situation that is expected to persist into 2008. The weakening dollar has also caused some employers to boost their foreign employees' wages to compensate, which is expected to exacerbate already high wage inflation. However, with a large number of property projects under way, the tight rental market should ease slightly over the outlook period.

Non-oil commodity prices should also begin to stabilise in 2008 (and decline in 2009), causing average inflation to slow from an estimated 13.5 per cent in 2007 to 10.7 per cent in 2008 and further to 8.2 per cent in 2009. Nevertheless, this is still far above the average annual inflation rate of just 2.6 per cent in 2000-04.

Exchange rates

The authorities are unlikely to abandon the Riyal's peg to the dollar, set at QR3.64:US$1, during the outlook period, not only because Qatar's gas and oil exports are denominated in the US currency but also because of the stability and reassurance it offers to investors. However, pressure to revalue the peg has increased as inflation in Qatar has surged, in part because of the weakening US currency and the associated rise in import costs. Should inflation continue to increase, and US interest rates fall sharply, the QCB could choose to adjust its peg, possibly in tandem with other Gulf Co-operation Council ("**GCC**") states (Saudi Arabia, Kuwait, the United Arab Emirates, Oman and Bahrain).

External sector

Qatar's export earnings are expected to rise following an increase in the oil price projections. In 2008 export earnings are forecast to increase by 17 per cent, from an estimated US$37.8 billion in 2007 to US$44.1 billion, led by rising oil sales and a strong pick-up in LNG output. Despite an expected drop in oil prices in 2009, total export revenues are expected to climb by 25 per cent that year, to US$55.1 billion, as a jump in LNG exports is augmented by higher petrochemicals output.

Growth in the import bill is expected to remain rapid, as demand for inputs for Qatar's industrialisation programme and for consumer items stays strong. However, having risen by an estimated 27 per cent in 2007, import growth should slow to an average of 16 per cent in 2008-9, as several major LNG projects reach completion point and global non-oil commodity prices moderate. As a result, the trade surplus is forecast to widen to US$21.7 billion in 2008, from an estimated US$18.9 billion in 2007, before increasing further to US$29.6 billion in 2009.

The trade surplus is expected to be partly offset by substantial net non-merchandise outflows, which are expected to rise steadily as the outlook period progresses. Income debits will be a major source of invisible outflows, as profit repatriation by foreign companies increases as new facilities come on stream (although the effect of this will be mitigated by increased income credits from Qatar's growing foreign asset stock). Service debits are also likely to pick up, largely in line with imports and the needs of the energy sector, and outflows of current transfers will climb, reflecting rising remittances from foreign workers in Qatar. Overall, the current-account surplus is expected to widen slightly in 2008, to US$6.3 billion (8.5 per cent of GDP), but is expected to increase much more substantially in 2009 to US$12.2 billion (13.7 per cent of GDP) as export earnings growth accelerates.

Economic structure

	2002	2003	2004	2005	2006	2007
GDP at market prices (QRbillion)	83.0	87.7	109.0	119.4	131.8	142.2
GDP (US$billion)	22.8	24.1	29.9	32.8	36.2	39.1
Real GDP growth (%)	7.1	3.5	20.8	6.1	7.1	7.8
Consumer price inflation (average; %)	1.01	2.27	6.80	8.81	11.80	13.50
Population (million)	0.67	0.71	0.74	0.80	0.85	0.91
Exports of goods f.o.b (US$ million)	10,978	13,382	18,685	23,394	33,900	37,800
Imports of goods f.o.b (US$ million)	3,650	4,359	5,410	6,706	14,800	18,900
Current-account balance (US$ million)	3,823.9	5,754.1	7,551.6	9,234.2	9,500	6,200
Total external debt (US$billion)	15.4	16.9	18.2	21.1	26.6	32.6
Exchange rate (avg.) QR:US$	3.64	3.64	3.64	3.64	3.64	3.64

Source: Economist Intelligence Unit 2007
Last updated 12 November 2007

Origins of domestic product 2004	% of total	Components of gross domestic product 2003	% of total
Agriculture & fishing	0.2	Private consumption	21.2
Oil & gas	62.2	Government consumption	19
Manufacturing	7.6	Gross fixed capital formation	39.8
Construction	5.2	Increase in stocks	1.2
Electricity & water	2.2	Exports of goods & services	55.1
Transport & communications	2.8	Imports of goods & services	36.3

Principal exports fob 2004	US$m	Principal imports cif 2004	US$m
Oil & gas	14,984	Aircraft & machinery	2,958
Non-oil & gas	3,700	Vehicles & other transport equipment	385

Main destinations of exports 2004	% of total	Main origins of imports 2004	% of total
Japan	40.6	France	22.2

Main destinations of exports 2004	% of total	Main origins of imports 2004	% of total
South Korea	18.6	UK	8.1
Singapore	10	Germany	8
Thailand	3.7	Japan	7.9
Spain	3.7	Spain	6.5

Source: Economist Intelligence Unit 2006

Basic economic facts

The following table illustrates the GDP at current prices by Economic Sector (2004-06):

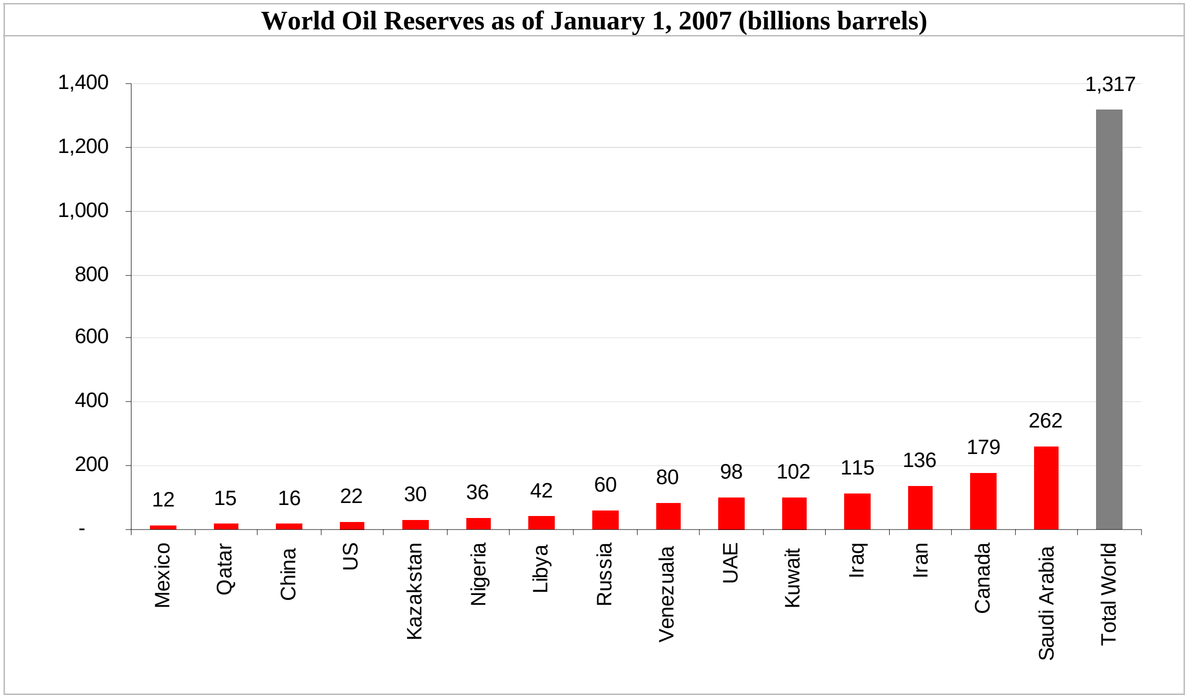
QR(million)	2004		2005		2006	
	Amt	**%**	**Amt**	**%**	**Amt**	**%**
Oil & Gas Sector	62,922	54%	92,071	60%	118,707	62%
Non-Oil Sector	52,590	46%	62,493	40%	73,202	38%
Agriculture & Fishing	210	0%	216	0%	233	0%
Manufacturing	11,995	10%	13,042	8%	14,098	7%
Electricity & Water	1,482	1%	2,209	1%	2,424	1%
Building & Construction	6,425	6%	8,744	6%	10,291	5%
Trade, Restaurants and Hotels	6,148	5%	6,869	4%	7,616	4%
Transport and Communications	4,020	3%	5,114	3%	5,612	3%
Finance, Insurance & Real Estate	9,925	9%	14,785	10%	15,760	8%
Other Services*	12,385	11%	11,514	7%	17,168	9%
Total GDP	**115,512**		**154,564**		**191,909**	
% Change	**34.8%**		**33.8%**		**24.2%**	

Source: Qatar Central Bank, Global Investment House

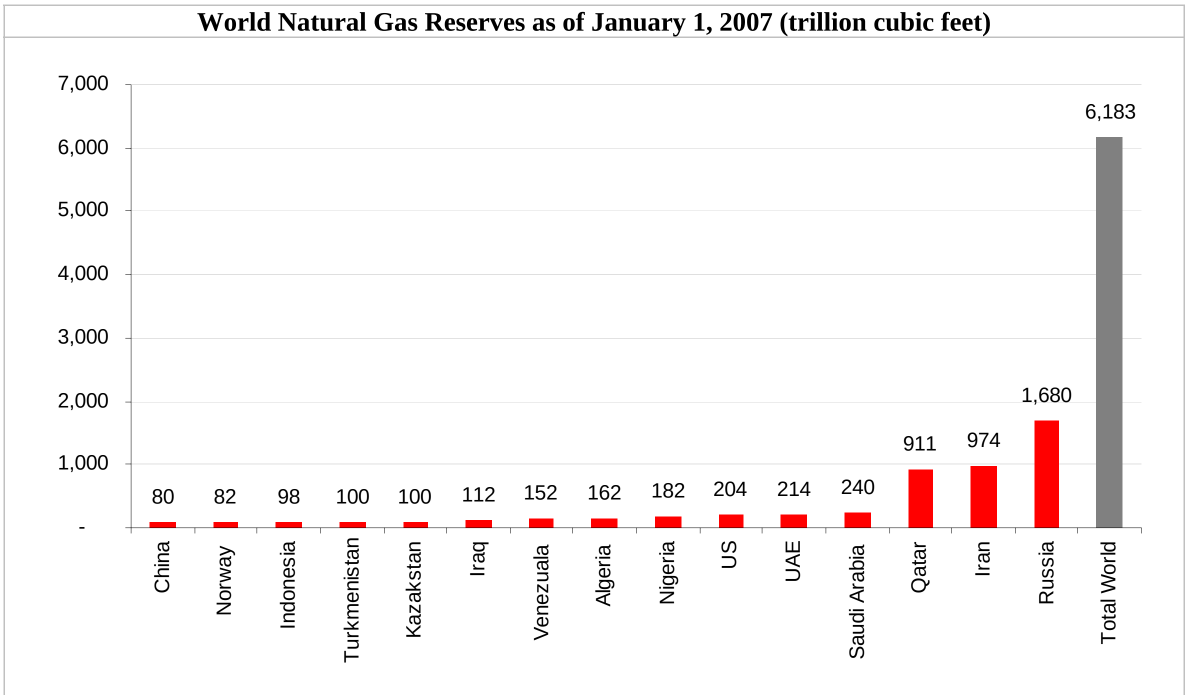
* Includes social services, imputed bank service charges, Government services, household services and import duties.

B - SECTOR OVERVIEW

Qatar has the third-largest non-associated gas reserves in the world. Although oil production in Qatar has risen by over 25 per cent since 2002, the country's real GDP growth figures result primarily from its gas-based industrialisation programme, which has seen Qatar become the world's largest producer of LNG. Qatar's economic diversification drive is led from the front by the Government's efforts to rapidly expand the country's natural gas sector and provide the much-needed impetus to move towards an "oil-independent" economy.



Source: EIA



Source: EIA

Qatar's North Field is the largest non-associated gas field in the world, with proven natural gas reserves estimated at over 900 trillion cubic feet and 23 billion barrels of condensate, is located in Qatar and is estimated by the Ministry of Energy and Industry in the State of Qatar to be the largest non-associated oil and gas field in the world. The recent development of projects to produce and export natural gas in the form of LNG, piped gas, gas to liquids ("**GTL**") and investments in petrochemical and fertiliser industries bear testimony to the fact that Qatar has been successful in diversifying its revenues.

QP manages Qatar's oil, gas, fertiliser, petrochemicals and refining enterprises in Qatar and abroad. It has initiated and developed two major LNG projects with foreign shareholders for the purpose of utilising the North Field gas for exports in the form of LNG. These projects are Qatargas LNG and RasGas.

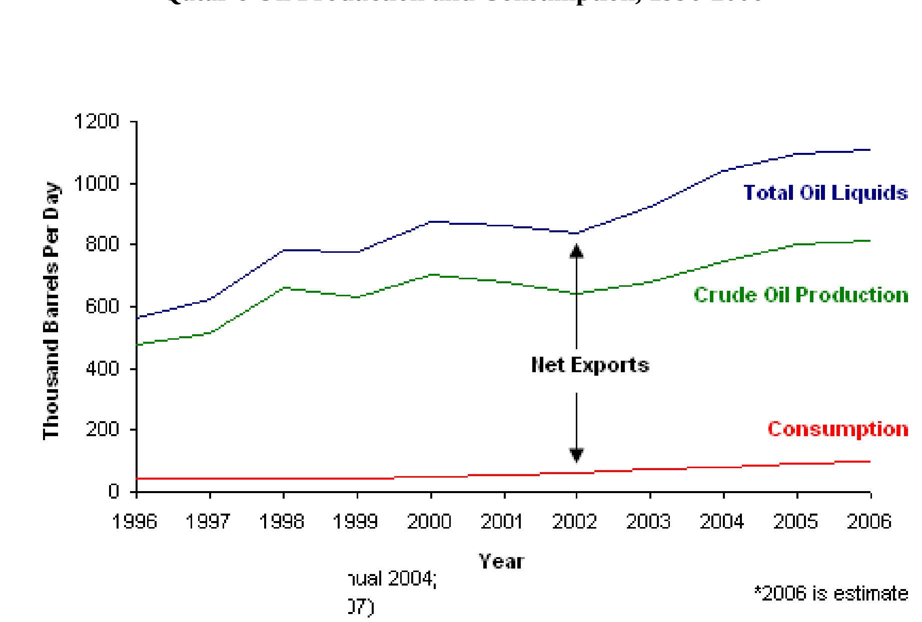
High oil prices, combined with rising sales of LNG, have led to an economic boom in Qatar. Sheikh Hamad bin Khalifa Al-Thani has ruled Qatar since 1995. Sheikh Hamad has effected a limited political liberalisation: for example, women have the right to vote. A new constitution came into effect in June 2005. In the economic sphere, Qatar faces the same challenges as other oil-dependent Gulf states - especially the need to diversify its economic development beyond crude oil exports and scale back generous state subsidies for consumers.

Qatari economic growth is forecast to accelerate, led by a strong pick-up in gas and petrochemicals exports. At least four new LNG "super trains" are scheduled to begin production in 2008-9, and Qatar is seeking to inaugurate a large number of petrochemicals plants as part of its strategy to become one of the top five LNG producers in the world by 2012. In addition, oil production is set to resume its upward trend, as OPEC gradually loosens its output restraints, while gas output will be lifted by the ramping up of supplies through the Dolphin gas pipeline to the United Arab Emirates.

The rapid economic growth that is expected to continue over the next five to seven years is expected to slow to a more normal rate over the long term. QP has repeatedly expressed its commitment to ensure the careful management of the North Field's gas reserves, and latest indications are that the current planned level of output is close to what it would consider the optimum rate. As a result, the country's future economic growth will have to be sourced from elsewhere.

Although the non-oil and gas sectors may be able to take on more of the economic burden, a skills shortfall - reflecting primarily the country's small population - will limit their contribution. Government reforms to entice foreign companies into the country may help to shore up inflows of foreign direct investment, but few sectors are as attractive to foreign investors as Qatar's energy reserves. As a result, economic growth is likely to slow sharply from the early years of the next decade, with growth falling from 9.2 per cent in 2007-10 to 4.2 per cent in 2011-20, and further to 3 per cent in 2021-30. This is, however, a slightly cautious outlook, as Qatar has sufficient hydrocarbons reserves to accelerate its gas industrialisation programme once again, should it wish to do so.

Qatar's Oil Production and Consumption, 1996-2006*



Source: EIA International Energy Annual, Short-Term Energy Outlook (May 2007)

North Field Gas Development

Qatar has been striving to develop a non-oil industrial base since the early 1970s, with efforts centred on the opportunities provided by the North Field. The Government has divided its efforts predominately into three main areas - LNG, GTL and piped gas - although it is also using the North Field's reserves for a variety of other gas-based petrochemicals products.

Since the accession of Sheikh Hamad this programme has accelerated. The Government has had tremendous success in drawing in foreign investment and skills into its gas industrialisation program. According to figures issued by the US State Department, Qatar's LNG industry alone has attracted around US$70 billion of foreign investment. However, with so many new projects coming on stream in the coming years, the Government announced in mid-2005 that it would impose a hiatus on agreeing new gas export projects in order to assess more effective means of managing resources and logistics in the sector. According to a QP statement made in October 2006, this moratorium is expected to last until 2010 at the earliest.

LNG

The LNG programme is at present the most developed of the country's gas export schemes. In 2006 Qatar exported around 25 million tonnes/year ("**t/y**") of LNG, primarily to Asia, making it the largest exporter in the world. Qatar is aiming to increase output to about 77 million t/y of LNG by 2011. The LNG programme is being driven by several joint venture projects involving QP and a variety of major foreign energy firms.

The first LNG project, Qatargas, began exporting liquefied gas in 1996. Qatargas is a joint venture between QP (65 per cent), Total of France and ExxonMobil of the US (10 per cent each) and two Japanese companies, Mitsui and Marubeni (7.5 per cent each). Qatargas supplies 8 million t/y of LNG to the two Japanese firms under a 25-year sale and purchase agreement ("**SPA**") signed in 1995. The initial capacity of Qatargas' three LNG trains was about 6.2 million t/y, but a process of 'debottlenecking' has lifted capacity up to 10.2 million t/y. In 2002 a heads of agreement was signed between QP and ExxonMobil to set up Qatargas II, with QP holding a 70 per cent stake and ExxonMobil the balance of 30 per cent. The project will involve the construction of two trains, each with a capacity of 7.5 million t/y, with the first train set to begin production in 2008. The ownership structure of the company was modified in February 2005 when Total announced that it had signed a heads of agreement with ExxonMobil and QP to acquire a 16.7 per cent equity participation interest in the second train. Total is planning to purchase around 5.2 million t/y of LNG from the train and ship it to customers in France, Britain and the US.

A further heads of agreement was signed in July 2003, this time between QP and ConocoPhillips of the US, for the establishment of a venture referred to as Qatargas III. This envisages the construction of an LNG train with a capacity of 7.5 million t/y, and the project is expected to come on stream by 2010. Output is likely to be exported primarily to the US market.

In February 2005 Shell announced that it had signed a US$7 billion deal with Qatargas to set up Qatargas IV, which will involve the construction of a 7.8 million t/y train to produce LNG for markets in Europe, particularly the UK, and North America. Shell, which had not previously participated in LNG schemes in Qatar, will own 30 per cent of the equity in the project, with QP holding the remainder. It is envisaged that LNG deliveries will begin in 2011.

Destination (supplier)	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
SPAs											
Japan (Qatargas)	6.3	6.3	6.3	6.3	6.4	6.6	6.6	6.6	6.6	6.7	6.7
South Korea (RasGas)	4.9	4.9	6.8	8.8	8.8	8.8	6.8	4.9	4.9	4.9	4.9
India (RasGas II)	-	-	2.5	3.8	5.0	5.0	5.0	5.6	7.5	7.5	7.5
Italy (RasGas II)	-	-	-	-	-	-	3.5	4.7	4.7	4.7	4.7
Spain (Qatargas)	1.2	1.1	1.3	2.2	2.6	2.9	2.9	2.9	2.9	2.9	2.2
Spain (Qatargas)	-	0.1	0.8	0.7	0.5	-	-	-	-	-	-
Spain (RasGas II)	-	-	-	0.6	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Belgium (RasGas II)	-	-	-	-	-	2.6	3.4	3.4	3.4	3.4	3.4
Belgium (RasGas II)	-	-	-	-	-	1.5	2.1	2.1	2.1	2.1	2.1
Taiwan (RasGas II)	-	-	-	-	-	-	1.2	2.5	3.0	3.0	3.0
UK (Qatargas II)	-	-	-	-	-	-	5.3	7.8	7.8	7.8	7.8
France (Qatargas II)	-	-	-	-	-	-	-	5.3	7.8	7.8	7.8

US (Qatargas III)	-	-	-	-	-	-	-	5.3	7.8	7.8	7.8
Total SPAs	**12.4**	**12.4**	**17.7**	**22.4**	**24.1**	**28.2**	**37.6**	**51.9**	**59.3**	**59.4**	**58.7**
Heads of agreement											
Spain (Qatargas)	-	-	0.4	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
US (RasGas III)	-	-	-	-	-	-	1.0	8.1	10.8	10.2	10.2
US (Qatargas IV)	-	-	-	-	-	-	-	-	5.3	7.8	7.8
Total heads of agreement	-	-	0.4	0.7	0.7	0.7	1.7	8.8	16.8	18.7	18.7
Grand total	**12.4**	**12.4**	**18.1**	**23.1**	**24.8**	**28.9**	**39.3**	**60.7**	**76.1**	**78.1**	**77.4**

*Source: Qatar National Bank ("**QNB**")*

A separate major LNG venture, RasGas, was established in 1992 as a joint venture between QP and ExxonMobil. The first phase of the project involved the construction of two LNG trains, with capacity of just over 3 million t/y each, at a cost of US$3.4 billion. QP originally held a 70 per cent stake in the project, with ExxonMobil holding the remainder. This was amended in 1996 when two Japanese financial companies, Itochu and Nissho Iwai, took stakes of 4 per cent and 3 per cent respectively. In late 2005, Korea Gas Corporation ("**Kogas**") also formally took up a 5 per cent stake, as part of a larger consortium called Korea RasGas LNG. These transactions left ExxonMobil and QP with 63 per cent and 25 per cent respectively.

Initial exports from RasGas have been under a 25-year SPA with Kogas. More recently, the company signed another 25-year agreement with Petronet of India to supply 7.5 million t/y. Limited supply under that deal started in January 2004, with exports rising to full contract volume in 2006. A third major agreement to supply 3.5 million t/y to the Italian energy group Edison Gas for 25 years was signed in mid-2001. In late 2003 it was announced that RasGas would increase its supply of LNG to Edison Gas to 4.7 million t/y from 2007.

RasGas also has major deals with Fluxys LNG of Belgium for the supply of 3.4 million t/y from 2007 and Florida Power and Light Group which intends to purchase 6 million t/y of LNG commencing in mid-2008. RasGas's equity partner, ExxonMobil, is also looking to sell large amounts of LNG in North America. These new supply deals mean that RasGas is moving ahead with plans to expand capacity. In early 2004 a third train, with a capacity of 4.7 million t/y, came on-stream, with a fourth, of the same capacity, beginning production in October 2005. Work on a fifth train was completed in January 2007, although production was halted soon after because of technical problems. The third, fourth and fifth trains are owned by a new company, RasGas II, which is a joint venture between QP (70 per cent) and ExxonMobil (30 per cent). Most of the LNG produced by the third train is sold to India (the purchaser of this gas, Petronet, is expected to take a 5 per cent stake in the project), with output from the later trains exported to Italy, Belgium and the US. Continued rising LNG demand led to the setting up of a further RasGas project, RasGas III, in October 2003. The ownership structure mirrors that of RasGas II, with the project's shareholders envisaging constructing two LNG trains, each with a capacity of 7.8 million t/y, to start exporting to the US in 2010. Work on the first RasGas III train began in November 2005.

To transport these rising volumes of LNG to markets overseas the Qatar Gas Transport Company Limited (Nakilat) Q.S.C. ("**Qatargas Transport**"), which floated on the DSM in early 2005, is planning to acquire 56 LNG vessels by 2010 (LNG requires specialised vessels that can preserve the gas frozen at -160°C during transportation). So far, Qatargas Transport has been able to acquire 31 vessels, and it has equity stakes ranging from 30-60 per cent in 28 others, supplied mainly by South Korean and Japanese shipbuilders.

GTL

Having established itself as one of the world's leading LNG exporters, Qatar is seeking further avenues to monetise its massive gas reserves. The country is aiming to become the leading exporter of GTL in the world by the end of the decade, through the development for export of high-value fuels produced through the GTL process. The first of these, Oryx GTL, got under way in July 2001 when Sasol of South Africa signed a joint venture agreement with QP, whereby the Qatari firm would own 51 per cent of the project and Sasol the remainder. The project, which has cost US$1 billion, came on stream in 2006, but technical difficulties halted first production until March 2007. The plant will produce 35,000 barrels per day ("**b/d**") of diesel, naphtha and liquefied petroleum gas ("**LPG**").

A second, much larger project, Pearl GTL, was launched with the signing of a DPSA between QP and Shell in July 2004. The project is designed to produce environmentally-friendly transport fuels and naphtha, and will be the biggest of its kind in the world. In the process it will also produce substantial quantities of normal paraffins, lubricant base oils, associated condensate and LPG. The project will be implemented in two phases: the first train will come on stream in 2009, and the second in 2010. The project was given the go-ahead in 2006 and the Qatari Emir laid the foundation stone in July of that year.

A number of further GTL projects, including a proposed 154,000 b/d plant built by ExxonMobil, appear to have been delayed by Qatar's moratorium on agreeing new gas export projects. It is unclear whether Sasol's plan to eventually expand capacity at its Oryx plant to 100,000 b/d has been affected by the moratorium.

Petrochemicals

The abundance of North Field gas has helped Qatar to build a vibrant petrochemicals sector in partnership with foreign companies. At present, the country supplies 8.5 million t/y of petrochemical products, making it the third-largest producer in the Middle East. However, the Government is planning to attract US$12 billion in investment (both local and foreign) in order to increase the country's petrochemicals output capacity to around 28 million t/y by 2012.

Qatar has a wide array of chemicals and fertiliser companies, several of which are presently combined under one holding company, IQ. The largest of these are the Qatar Petrochemical Company ("**Qapco**") and the Qatar Fertilisers Company ("**Qafco**"), which are the biggest producers of low-density polyethylene ("**LDPE**") and chemical fertilisers, respectively, in the region. Qapco is 80 per cent owned by IQ, with Total Petrochemicals holding the remainder, while Qafco is 75 per cent owned by IQ and 25 per cent by Yara International of Norway. Each has ambitious expansion plans, with Qapco, for instance, seeking to increase present production from 1.1 million t/y of ethylene and 1 million t/y of polyethylene, to 6.4 million t/y and 4.6 million t/y, respectively, by 2012. Qafco, which has capacity to produce 6,150 tonnes/day (t/d) of ammonia and 8,250 t/d of urea, is looking to raise output by 3,000 t/d and 3,200 t/d, respectively, from around 2010. A range of other firms, including Qatar Fuel Additives Company ("**Qafac**"), Qatar Vinyl Company, and Qatar Chemical Company Ltd ("**Q-Chem**"), also operate in the country, producing methanol, methyl tertiary butyl ether, ethylene dichloride and high-density polyethylene, among other things.

Shell and Exxon are also set to become major players in the Qatari petrochemicals sector. Shell signed a letter of intent between its subsidiary, Shell Chemicals, and QP in March 2005 to build a US$2 billion ethane cracker and derivatives complex at Ras Laffan, with the project expected to be completed in 2010. QP will hold a 51 per cent share in the company, with Shell Chemicals having the remainder. Similarly, ExxonMobil signed a heads of agreement with QP to set up a large-scale petrochemicals complex in October 2006. The plant will produce 1.3 million t/y of ethylene and break it down into linear LDPE, LDPE and ethylene glycol. The project is a 51:49 joint venture between QP and ExxonMobil Chemical Qatar, an affiliate of ExxonMobil. It is expected to come on stream by 2012.

As with the oil and gas sector, most or all of the funding for petrochemical projects comes from major foreign companies and banks. The repayment of debts is tied to revenue from the projects' proceeds. In the late 1990s profits in the petrochemicals sector fell as a result of the economic slowdown in Asia, the main market for Qatar's energy products. The Government believed that the drop in profits was cyclical, and pressed ahead with its investment programme. Profits have subsequently risen, with increases reported by all Qatari petrochemicals projects.

Oil Refining

Qatar set up its first refinery in 1975 at Messaieed with a capacity of 6,000 b/d, which was subsequently doubled to 12,000 b/d. In 1984 a new 50,000 b/d refinery, now known as the Qatar Petroleum Refinery, was opened. The resulting increase in production turned Qatar from a net importer into a net exporter of refined products. In January 2002, the Emir officially opened an expansion of the Qatar Petroleum Refinery, which more than doubled capacity to 137,000 b/d. The expansion features two condensate units with total capacity of 57,000 b/d. These units process offshore and onshore gas into refined products. In addition, the existing facilities for crude processing were subject to 'debottlenecking', which resulted in an expansion of capacity by 20,000 b/d to 80,000 b/d. The refinery now also boasts a 28,000 b/d fluid catalytic cracker to convert residue feed into value-added lighter products.

The expansion of the refinery allows Qatar to increase its total exports of refined products. At present, domestic consumption of refined products is estimated at 25,000-30,000 b/d, leaving about 110,000 b/d of refined products for export. However, this situation will be transformed with the coming on stream of the 200,000 b/d

Al Shaheen refinery in 2010. The plant is being designed to process the extra crude planned to come on stream at the Al Shaheen field.

Natural Gas Liquids

Qatar has four natural gas liquids plants, the first of which came on stream in 1974, with the most recent commissioned in 2003. Altogether they produce a combined 875,000 t/y of ethane, 735,000 t/y of propane and 490,000 t/y of butane. Their products are used as feedstock at Qapco, Qafco, Q-Chem and Qafac, but they are also exported. Qatari propane exports reached US$2 billion in 2005, and propane sales were US$794 million the same year.

DOHA SECURITIES MARKET

The DSM was officially established in May 1997. His Excellency Mr Yousif Hussain Kamal is the Head of the DSM Committee. The DSM was established with a view to the promotion of foreign and domestic investment in Qatar and the encouragement of the diversification of the economy. As at 24 February 2008 (the latest date for which such data are available as at the date of the Prospectus), there were 41 companies listed on the DSM. The overall market capitalisation of the DSM stood at QR385.9 billion.

Seven brokers have been licensed to trade on the market. In March 2002, electronic trading was introduced at the DSM. In August 2002, a new Mutual Funds Law (No. 25) was issued, which allows non-Qatari nationals to invest in the DSM through the medium of mutual funds. Non-Qatari investors are allowed to own and trade in up to 25 per cent of DSM-listed shares, with the exception of the banking and insurance sectors.

The Government believes that a beneficial effect of lifting restrictions on the buying and trading of shares by non-Qatari nationals may be to encourage expatriates working in Qatar to invest in the DSM, thereby helping to reduce current levels of such expatriates' remittances abroad. The initiatives on the introduction of electronic trading, the listing of debt securities and the opening of the DSM to non-Qatari nationals are expected to be introduced in conjunction with reforms in the law on foreign ownership of Qatari companies and the continuation of the Government's privatisation program.

There is currently one official index for companies listed on the DSM, which is composed of all companies listed thereon (the "**DSM Index**"). Trading in shares on the DSM Index began on 1 January 1998. The following table provides an evolution of the DSM over the past years:

Year	**No. of transactions (000s)**	**Volume (millions)**	**Value ($bn)**	**Market Cap ($bn)**	**Listed companies**	**Index gains**
2000	12.2	31.6	0.2	8.2	22	8.2%
2001	15.8	51.0	0.4	9.0	23	42.9%
2002	29.8	79.6	0.9	10.6	25	37.3%
2003	134.7	190.0	3.2	26.7	28	56.6%
2004	290.3	316.6	6.4	40.4	30	47.6%
2005	1,130.0	1,033.1	28.3	87.1	32	83.5%
2006	1,732.6	1,865.4	20.5	60.9	36	-37.5%
2007	1,811.8	3,411.3	29.9	95.5	40	40.4%

Source: Doha Securities Market, Global research

TAXATION

GIS is a Qatari public shareholding company. GIS' Shares are being offered solely to Qatari nationals and the Selected Institutions. Under current Qatar income tax regulations, corporate entities wholly-owned by Qatari nationals and Qatari natural persons are not subject to income or other forms of taxation in Qatar. Therefore, holders of Shares that are either (i) corporate entities wholly-owned by Qatari nationals or (ii) individual Qatari persons will not be subject to tax on any payments of dividends with respect to the Shares or on any gain realised upon the sale or exchange of Shares.

Corporate income tax is levied on companies that are not wholly-owned by Qatari nationals. Tax is levied on the non-Qatari shareholders based on the total net profits of the company that is partly owned by non-Qataris.

GDI is subject to corporate income tax as a result of the shareholding interest of foreign equity participation. The tax status of GDI is subject to specific tax incentives including tax holidays for profits arising in the initial years of operation of the projects or expansion projects. The incentives benefit the profit share and dividends of the foreign shareholders. As Qatari nationals or companies wholly-owned by Qatari nationals are exempt from corporate income tax, GIS will, under current income tax law, be entitled to receive its share of profits and dividends from the subsidiaries free of taxation. Capital gains accruing to Qatari shareholders from the sale of Shares in GIS are not subject to taxation under current Qatar taxation regulations.

UNDERTAKINGS BY THE COMPANY

The following constitutes a translation of text included in the Arabic Prospectus:

> *The Company undertakes to promptly inform the DSM about any information that might affect the Company's Share price on the DSM, and to publish this information in daily newspapers in collaboration and coordination with the Ministry of Economy and Commerce and the DSM, clearly and accurately. The Company further undertakes to provide the DSM with all periodic information and reports issued by the Company in the future.*
>
> *The Company and the Board, acting jointly and severally, confirm that the information provided in the Prospectus is true and accurate and no facts were omitted therefrom, which omission would render any statement in this undertaking or in the Prospectus misleading.*

LEGAL COUNSEL'S REPORT

The following constitutes a translation of text included in the Arabic Prospectus:

We hereby confirm and certify that the offering of Offer Shares by the Company is in accordance with the Companies Law and with the rules and regulations of the QFMA and the DSM and the Company's Memorandum and Articles of Association. We further confirm that all procedures undertaken in this respect are in accordance with applicable laws and regulations.

Manna Nasser Saleh
Advocate & Legal Consultant

AUDITORS' REPORT

The following constitutes a translation of text included in the Arabic Prospectus:

Independent Auditor Certificate

We, the undersigned Reporting Accountants, hereby confirm that we have traced the financial information included in the Prospectus of ***Gulf International Services Company Q.S.C*** *with the audited financial statements of Al Koot insurance and reinsurance company (S.A.Q.), Gulf Drilling International Limited (Q.S.C.) and Gulf Helicopters Q.S.C for the years ended December 31, 2005, 2006 and 2007, which were audited by other auditors who expressed their unqualified opinion on the respective financial statements, and with the proforma combined financial statements of* ***Gulf International Services Company.***

Furthermore, we confirm that those proforma combined financial statements are consistent with the audited financial statements of the above mentioned companies which have been prepared in accordance with ***International Financial Reporting Standards****.*

For ***Deloitte & Touche***

Samer Jaghoub
Managing partner
Doha – Qatar
License No. 88

ADVISORY PARTIES

HSBC Bank Middle East Limited - Financial Advisor and Lead Manager

HSBC's investment banking activities in the region span the entire range of wholesale financial services: from initial public offerings, mergers and acquisitions advisory to debt and equity capital markets, from global custody to cash management, and from foreign exchange to structured products and derivatives. The range of HSBC's activities means that it is able to bring world-class solutions to our clients across the region.

HSBC's Global Banking business provides investment banking and financial solutions for large corporates and institutions. It is by some margin the largest, longest-established and most successful investment banking operation in the Middle East.

HSBC has been operating in Qatar since 1954. As the largest foreign bank with 6 branches in Qatar it offers a full range of services including Personal Financial Services, Corporate Banking and Islamic Banking solutions.

HSBC is an employer of equal opportunity and has a diverse and talented work force of more than 250,000 people in an excess of 10,000 offices all over the world.

Qatar National Bank - Lead Receiving Bank

QNB was established in 1964 as the country's first Qatari-owned commercial bank, with an ownership structure split between Qatar Investment Authority (50%) and the private sector (50%).

QNB has steadily grown to be among the largest banks in the region and is by far the leading financial institution in the country with a market share approaching 45% of banking sector assets. QNB has the largest distribution network of 42 branches and offices (including three mobile branches), in addition to ten Islamic branches and offices, and 130 Automated Teller Machines (ATMs).

QNB's international presence is rapidly expanding to include new locations around the world to supplement existing branches in London and Paris and the Representative Office in Iran. QNB's new branches in Yemen, Oman & Kuwait and its representative offices in Libya & Singapore began its operations in 2007. Recently, QNB, obtained licenses to operate in Sudan and Mauritania.

As part of the same expansion plan, QNB has acquired 30.5% of the shares of the Jordan based The Housing Bank for Trade and Finance (HBTF) which operates in Palestine, Bahrain, Algeria, Syria, UAE, Libya and Iraq, in addition to Jordan. QNB also signed an agreement to establish the Qatar National Bank-Syria jointly with other Syrian private and public sectors institutions with 49% share.

QNB offers a full range of retail, corporate, investment, treasury, wealth management, and Islamic banking products and services for individuals, corporate institutions and government entities. QNB is constantly striving to provide intelligent banking solutions and its range of products and services, and delivery channels across all disciplines continues to be unrivalled.

Through its Islamic branch, QNB Al Islami, QNB was the first commercial bank in Qatar to offer Islamic Banking products and services, and the first Qatari bank to launch equity funds (Al Watani Funds) for companies listed in the DSM.

The London-based Ansbacher, QNB's Wealth Management and Private Banking subsidiary, operates in Switzerland, Channel Islands, the Bahamas, Dubai International Financial Center and Qatar Financial Center. Ansbacher was the first financial institution to be granted a license to operate at Qatar Financial Centre providing a wide range of wealth management services in Qatar and the region.

QNB has the highest credit rating among regional banks from leading rating agencies including Standard & Poor's, Moody's, Fitch, and Capital Intelligence. The Bank has also been the recipient of many awards for its innovative products, services and remarkable performance from leading international specialized financial publications.

QNB has an active community support program and sponsors various social, educational, and sports events.

Norton Rose (Middle East) LLP - International Legal Counsel

Norton Rose (Middle East) LLP Norton Rose (Middle East) LLP is part of a group of entities called "Norton Rose Group". Norton Rose Group is a leading international legal practice. Norton Rose Group offers a full business law service from offices across Europe, the Middle East and Asia. Norton Rose Group's core practice areas include corporate finance; financial institutions; energy and infrastructure; transport; and technology.

In relation to this document, Norton Rose Group has provided legal advice on matters other than local Qatari law issues, for which Manna Nasser Saleh, Advocate & Legal Consultant, has been responsible.

Manna Nasser Saleh, Advocate and Legal Consultant - Legal Counsel as to Qatari law

Legal services in Qatar were provided by the following:

Manna Nasser Saleh, Advocate and Legal Consultant. EDUCATION: Beirut University. PREVIOUS CAREER: Head of Civil Cases at Qatar Ministry of Justice, 1993-2000. LANGUAGES: Arabic and English. PRACTICE AREAS: business and commercial law; criminal law; litigation.

Gebran N. Majdalany, Legal Consultant. Member of Beirut Bar Association since 1952. EDUCATION: Lyon (LLL, 1949); St. Joseph, Beirut (1950). LANGUAGES: Arabic, English, and French. PRACTICE AREAS: business and commercial law; banking law; company law; project financing; litigation.

Dr. Elie Bacache, Legal Consultant. (Beirut & Doha) Member of Beirut Association from 1958 to 1963 and from 1992. Judge from 1964 to 1991. President of a Panel of the Court of Appeal in Beirut. President of the Institute of Judiciary Studies; Member of the Supreme Court and Member of the Supreme Judiciary Committee; Professor at the Institute of Judiciary Studies. EDUCATION: BA in philosophy; Diploma in Pedagogic Attitude; LLL in French and Lebanese Laws; PHD in Private Law. LANGUAGES: French and Arabic.

William J. Shannon, Legal Consultant. Admitted to practice law in New York, Hawaii and Maine (Japan 1988-1992). EDUCATION: U.S. Merchant Marine Academy, Kings Point, B.S. with Honours; Cornell Law School, J.D. with Specialization in International Affairs. PREVIOUS CAREER: Partner, Kelly Drye and Warren, Tokyo; Partner, Bryan Cave, Riyadh; Senior Legal Advisor, Saudi Aramco; Consultant, Romanian Privatization Ministry, Bucharest; Counsel, European Bank for Reconstruction and Development, London; Counsel, White and Case, Moscow. LANGUAGES: English, German and Russian (basic); PRACTICE AREAS: oil and gas, corporate and commercial, finance, banking, privatization and maritime.

GLOSSARY OF DEFINED TERMS

AGM	Annual General Assembly of GIS;
AIG	American International Group;
AK Decree	Council of Ministers' Decree No. 27 of 2003, incorporating Al Koot;
Al Koot	Al Koot Insurance and Reinsurance S.A.Q.;
AMAC	Al Maha Aviation Company, a private limited company incorporated in Libya;
AOC	Air Operator's Certificate;
Application Form	an application form available only from the Receiving Banks and to be completed by applicants for the Shares;
Arabic Prospectus	the official version of the Prospectus, issued in the Arabic language;
Articles	the Articles of Association of GIS;
AXA	AXA Insurance Gulf, a part of the AXA Insurance Group;
b/d	barrels per day, a measure of oil production;
Bell	Bell Helicopter, an American manufacturer of helicopters;
Bn	Billion;
Board	the board of Directors of GIS;
CEO	Chief Executive Officer;
Closing Date	12 March 2008;
Companies Law	Commercial Companies Law No. 5 of 2002 of the State of Qatar;
Company	Gulf International Services Q.S.C.;
DFSA	The Dubai Financial Services Authority, the integrated regulator of all financial and ancillary services undertaken in or from the DIFC;
DIFC	The Dubai International Financial Centre, a purpose-built financial free zone situated in Dubai, United Arab Emirates;
Dolphin	Dolphin Energy Limited;
Drilling Services	drilling and drilling-related services provided by GDI to its customers;
DSM	Doha Securities Market;
DSM Index	The combined index of the DSM;
FAA	US Federal Aviation Administration;
G&A	General and Administrative, a category of costs;

GCC	Cooperation Council for the Arab States of the Gulf, also known as the Gulf Cooperation Council (comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates);
GDI	Gulf Drilling International Q.S.C.;
General Assembly	an assembly of GIS' shareholders;
GHC	Gulf Helicopters Company Q.S.C.;
GHL	Gulf Helicopters Limited;
GIS	Gulf International Services Q.S.C.;
GIS Group Companies	GIS and the Portfolio Companies;
Government	the Government of the State of Qatar;
GTL	gas-to-liquids, a refinery process to convert natural gas or other gaseous hydrocarbons into longer-chain hydrocarbons;
HMC	Hamed Medical Corporation;
HSBC	HSBC Bank Middle East Limited;
IFRS	International Financial Reporting Standards;
Independent Directors	directors of GIS who are suitably qualified, experienced, professional persons with private sector experience; who are not QP appointees to the Board, ministers of the Government, Government officials and/or employees, directors or employees of QP and/or an affiliate of QP and/or directors (other than as independent directors) and/or employees of any other Government corporation;
Individual Investors	Qatari individuals;
Insurance and Reinsurance Services	insurance and reinsurance services provided by Al Koot;
Insurance Decree	Decree No. 1 of the Supervision and Control of Insurance Companies and Agents Law of 1966, as amended;
IQ	Industries Qatar, a company incorporated in Qatar;
JDC	Japan Drilling Co., Ltd., a company incorporated in Japan;
JVA	a Joint Venture Agreement dated 22 March 2004 between QP and JDC;
Kogas	Korea Gas Corporation, a company incorporated in Korea;
LDPE	low-density polyethylene;
LNG	liquefied natural gas, being natural gas that has been converted to liquid form;
LPG	liquid petroleum gas;

Maersk	Maersk Oil Qatar, a company connected to Mærsk Olie og Gas AS;
Managing Director	the managing Director of GIS;
Markets Law	DIFC Law 12 of 2004, as amended;
Maximum Allocation	10,000 Offer Shares;
Maximum Application	10,000 Shares;
MENA (and MENA region)	Middle East and North Africa;
Minimum Allocation	expected to be 250 Offer Shares;
Minimum Application	250 Offer Shares (though this number may be revised downwards);
MLT	Marathon Le Tourneau;
MOEC	State of Qatar Ministry of Economy and Commerce;
Offer Shares	86,005,000 ordinary shares in GIS;
Offering	the initial public offering of the Shares;
Offering Period	28 February 2008 to 12 March 2008;
OPEC	The Organization of the Petroleum Exporting Countries (comprising Algeria, Angola, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, Venezuela, and Ecuador);
Opening Date	28 February 2008;
Ordinary Shares	A class of Shares;
Oryx GTL	Oryx GTL Limited, a company incorporated in Qatar;
OSR	Offered Securities Rules, a module of the DFSA's Rulebook made to further the purpose of the Markets Law;
PAE	property, aircraft and equipment;
PBT	Profit Before Taxation;
Plan	The Government's Qatarisation plan;
Portfolio Companies	Al Koot, GDI and GHC;
Prospectus	this document;
Qafac	Qatar Fuel Additives Company Limited Q.S.C., a company incorporated in Qatar;
Qafco	Qatar Fertilisers Company S.A.Q., a company incorporated in Qatar;
Qapco	Qatar Petrochemical Company Limited Q.S.C., a company incorporated in Qatar;

Qatargas	Qatargas Operating Company Limited, a company incorporated in Qatar;
Qatargas LNG	Qatargas Liquefied Natural Gas Company Limited, a company incorporated in Qatar;
Qatargas Transport	Qatar Gas Transport Company Limited (Nakilat) Q.S.C., a company incorporated in Qatar;
Qatar Pertoleum Development Company	a company incorporated in Qatar;
QCAA	Qatar Civil Aviation Authority;
Q-Chem	Qatar Chemical Company Q.S.C., a company incorporated in Qatar;
QFMA	Qatar Financial Markets Authority;
QIC	Qatar Insurance Company S.A.Q., a company incorporated in Qatar;
QNB	Qatar National Bank S.A.Q., a company incorporated in Qatar;
QP	Qatar Petroleum, a company incorporated in Qatar;
QP Board	QP's Board of Directors;
QP Group	QP and its subsidiaries;
QR	Qatari Riyals, the official currency of the State of Qatar;
QVC	Qatar Vinyl Company Limited, a company incorporated in Qatar;
RasGas	RasGas Company Limited Q.S.C., a company incorporated in Qatar;
Receiving Banks	Commercial Bank of Qatar Q.S.C., Doha Bank Q.S.C., HSBC Bank Middle East (Qatar) Limited, Qatar International Islamic Bank Q.S.C. and Qatar National Bank S.A.Q.;
Reorganisation	the process more fully described on page 10 of the Prospectus;
Reorganisation Date	18 February 2008;
Securities Act	The US Securities Act of 1933, as amended;
Selected Institutions	the General Retirement and Pension Authority, the Qatar Education and Health Fund and the Qatar Foundation for Education, Science and Community Development;
Selling Shareholder	QP;
Service Agreement	an agreement between Al Koot and QP dated 1 May 2005;
Shareholder	an holder of Shares;
Shares	the entire issued share capital of GIS;
SPA	sale and purchase agreement;

Special Share	a single Share in GIS owned by QP and which confers on QP certain additional rights beyond those held by other Shareholders;
t/y	tonnes per year, a measure of LNG production;
TSA	a technical support agreement entered into by JDC and QP on 26 May 2004.
UK	the United Kingdom;
US	the United States of America; and
US$	the Dollar, the lawful currency of the US.

Financial Advisor and Lead Manager

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