BASE PROSPECTUS

GGICO

GULF GENERAL INVESTMENT COMPANY (P.S.C.)

(incorporated with limited liability in The United Arab Emirates)

U.S.$600,000,000

Euro Medium Term Note Programme

Under the U.S.$600,000,000 Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Gulf General Investment Co. (P.S.C.) (the "**Issuer**'), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") on the terms set out herein under "Terms and Conditions of the Notes" as amended and/or supplemented by a document specific to such Notes called final terms.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary" and any additional Dealer appointed under the Programme from time to time by the Issuer (each, a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or for the purposes of the Programme. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the London Stock Exchange Regulated Market (the "**London Stock Exchange**"). The London Stock Exchange is a regulated market for purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer and the relevant Dealer.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

Notes may be issued in bearer form or registered form (respectively, "**Bearer Notes**" and "**Registered Notes**"). Each Tranche (as defined herein) of Bearer Notes will initially be in the form of either a temporary global note in bearer form ("**Temporary Global Note**") or a permanent global note in bearer form ("**Permanent Global Note**"), in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Bearer Notes in definitive form ("**Definitive Notes**"). Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Each Tranche of Registered Notes will be in the form of either individual note certificates in registered form ("**Individual Registered Notes**") or a global Note in registered form (a "**Global Registered Notes**"), in each case as specified in the relevant Final Terms. Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Registered Notes in accordance with its terms.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or within any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to the account or benefit of U.S. Persons (as defined in Regulation S) (see "Subscription and Sale") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered, sold and delivered solely to non-US Persons outside the United States in reliance on Regulation S. Each purchaser of the Notes is hereby notified that the offer and sale of Notes to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S. In addition hereto, Bearer Notes are subject to U.S. tax law requirements.

To the fullest extent permitted by law, none of the Arrangers or Dealers accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arrangers or a Dealer or on its behalf in connection with the Issuer, or the issue and offering of the Notes. The Arrangers and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

Arrangers

BARCLAYS CAPITAL **STANDARD CHARTERED BANK**

Dealers

BARCLAYS CAPITAL **BNP PARIBAS**

DEUTSCHE BANK **DBS BANK LTD.**

EMIRATES NBD **GULF INTERNATIONAL BANK B.S.C.**

NATIONAL BANK OF ABU DHABI **STANDARD CHARTERED BANK**

2 June 2008

TABLE OF CONTENTS

IMPORTANT NOTICES

Gulf General Investment Company (P.S.C.) accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "Final Terms and Drawdown Prospectuses" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Trustee or any Dealer.

Neither the Dealers, the Trustee nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Neither the Trustee, nor the Dealers expressly undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Neither this Base Prospectus nor any Final Terms constitutes and offer to sell or the solicitation of an offer to buy and Notes in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale".

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Trustee, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final

Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.$600,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into United States Dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended and references to "**AED**", are to United Arab Emirates dirhams.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview

Issuer:	Gulf General Investment Company (P.S.C.)
Description:	Euro Medium Term Note Programme
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its respective obligations under the Notes are discussed under "Risk Factors" below.
Arrangers:	Barclays Bank PLC and Standard Chartered Bank
Dealers:	Barclays Bank PLC, BNP Paribas, Deutsche Bank AG, London Branch, DBS Bank Ltd., Emirates NBD PJSC, Gulf International Bank B.S.C., National Bank of Abu Dhabi PJSC and Standard Chartered Bank and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Principal Paying Agent:	Deutsche Bank AG, London Branch
Paying Agent:	Deutsche Bank Luxembourg S.A.
Registrar:	Deutsche Bank Luxembourg S.A.
Trustee:	Deutsche Trustee Company Limited
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms or, as the case may be the relevant Drawdown Prospectus.
Listing and Trading:	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the London Stock Exchange Regulated Market. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to U.S.$600,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the provisions of the Dealer Agreement.

Issuance in Series: Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Forms of Notes: Notes may be issued in bearer form or in registered form.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will not be exchangeable for Bearer Notes or *vice versa*.

Each Tranche of Registered Notes will be in the form of either Individual Registered Notes or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Registered Notes in accordance with its terms.

Currencies: Notes may be denominated in US Dollars, Euro or AED or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Senior Notes: The Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Status of Subordinated Notes: The Subordinated Notes will constitute direct, conditional as described below and unsecured obligations of the Issuer and rank *pari passu* among themselves.

The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer. The rights of the holders of Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors of the Issuer and, accordingly, payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon the Issuer being solvent at the time of such payment and no payment shall be payable by the Issuer in respect of the Subordinated Notes, except to the extent that the Issuer could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still be solvent immediately thereafter. See Condition 5(b) (*Status*).

Issue Price: Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities: Any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses;

or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer.

Redemption:	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms and also in the event of a change of control of the Issuer as set out in Condition 11(f) (*Change of Control Put*).
Change of Control	Noteholders may require the Issuer to redeem any outstanding Notes if either (i) any person(s) acquire(s) 50 per cent. or more of the issued share capital of the Issuer; or (ii) any person(s) acquire(s) 30 per cent. or more of the issued share capital of the Issuer and there is a Rating Downgrade (as defined herein as more fully set out in Condition 11(f)). (*Change of Control Put*).
Tax Redemption:	Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 11(b) (*Redemption and Purchase – Redemption for tax reasons)*.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	The Notes will be issued in such denominations as may be specified in the relevant Final Terms save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by all applicable laws and/or regulatory and/or central bank requirements, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be EUR 50,000 (or its equivalent in another currency).
Negative Pledge:	The Senior Notes will have the benefit of a negative pledge as described in Condition 6 (*Negative Pledge)*. The Subordinated Notes will not have the benefit of any Negative Pledge.
Cross Default:	The Senior Notes will have the benefit of a cross default as described in Condition 15 (*Events of Default)*. The Subordinated Notes will not have the benefit of any Negative Pledge.
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of the United Arab Emirates unless the

withholding is required by law. In that event, the Issuer will (subject as provided in Condition 14 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Governing Law: The Notes, the Trust Deed and the Agency Agreement will be governed by English law.

Ratings: The ratings for certain series of Notes issued under the Programme may be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold Notes, any may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the United Arab Emirates, Hong Kong, Japan, Malaysia and Singapore see "Subscription and Sale" below.

RISK FACTORS

Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme. Prospective Investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

General

Investors should note that the Issuer is a UAE company and is incorporated in and has its operations and the majority of its assets located in the UAE. Accordingly there may be insufficient assets of the Issuer located outside the UAE to satisfy in whole or part any judgment obtained from an English court relating to amounts owing under the Notes. If investors were to seek enforcement of an English judgment in the UAE or to bring proceedings in relation to the Notes in the UAE, then certain limitations would apply. Investors may have difficulties in enforcing judgments of English courts against the Issuer in the courts of the UAE because the conditions that must be satisfied for enforcement of foreign judgments by the UAE courts have been applied restrictively by the UAE courts. In addition, notwithstanding that the UAE has acceded to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York 1958) in 2006 regarding the recognition and enforcement of foreign arbitral awards, the mechanism for enforcement of arbitral awards made outside the UAE is as yet untested.

Bankruptcy Law of the UAE

In the event of the Issuer's insolvency, bankruptcy law of the UAE may adversely affect the Issuer's ability to make payments to the Note holders. There is little precedent to predict how the claims on behalf of the Noteholders would be resolved in the case of the Issuer becoming insolvent.

Factors relating to UAE

The Issuer has all its operations and the majority of its assets in the UAE and accordingly its business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally. Investors are advised to make, and will be deemed by the Dealers and the Issuer to have made, their own investigations in relation to such factors before making any investment decisions in relation to the Notes.

Investors should also be aware that these markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Political, Economic and Related Considerations

The UAE has enjoyed significant economic growth and relative political stability. There can be no assurance that such growth or stability will continue. Moreover, while the UAE government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. The Issuer may also be adversely affected generally by political and economic developments in or affecting the UAE.

No assurance can be given that the UAE government will not implement regulations or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects or which could adversely affect the market price and liquidity of the Notes.

The Issuer's business may be affected if there are geo-political events that prevent the Issuer from delivering its services. It is not possible to predict the occurrence of events or circumstances such as or similar to a war or the impact of such occurrences and no assurance can be given that the Issuer would be able to sustain its current profit levels if such events or circumstances were to occur. A downturn or instability in certain sectors of the UAE or regional economy could have an adverse effect on the Issuer's business, financial condition, results of operations or prospects.

Investors should be aware that these markets are subject to risks similar to other developed markets, including in some cases significant legal, economic and political risks. Traditionally the oil and gas industry has been the basis of the development in the economy, which means that economic development has been impacted by the general level of oil and gas prices. With the development of other economic sectors, the oil and gas contribution to the GDP is currently around 30 per cent.

Risks relating to the Issuer

The Issuer's business expansion strategy may not be successfully implemented and could lead to increased costs and lower profitability

The Issuer has formulated a medium-to-long-term strategic objective designed to enable significant development of its generally complementary business areas as well as allowing for expansion into new industry sectors and geographical areas. Consequently, the Issuer's business and prospects must be considered in light of the inherent risks, uncertainties, expenses and difficulties encountered by companies such as the Issuer undergoing this kind of development. There can be no assurance that the Issuer will be successful in implementing its strategic objective in the future and any failure to do so could have a material adverse effect on the Issuer's business, results of operations and financial condition.

In particular, the development and expansion of the businesses in which the Issuer invests, whether organically or by acquisition, entails significant difficulties and costs, including recruitment and compliance costs as well as the expenditure of integrating newly acquired businesses. Unless and until the businesses in which the Issuer invests generate revenues to offset these costs, the results of the operations of those businesses (and therefore of the Issuer) will be adversely affected.

The Issuer also plans to grow organically through expansion into related product lines and by acquiring ownership of its supply chain in several of its businesses, particularly in relation to suppliers of raw materials. There can be no assurance that the Issuer will continue to be successful in implementing this strategy, which could have a material effect on the Issuer's business, results of operations and financial condition.

The Issuer incurs significant risks in implementing new business investment decisions

The Issuer's business model involves investment in or the acquisition of companies with perceived high-growth potential. Investment by the Issuer and its associated companies in new companies involves a number of significant risks including:

- Limited capital resources: an acquired business may have limited financial resources and may be unable to meet its financial obligations;
- Limited operating history: an acquired business may have a limited operating history, narrower product lines and smaller market shares than an established business, which could render such a business more vulnerable to competitors' actions and market conditions, as well as to general economic downturns;
- Limited information: generally, little public information exists about the businesses in which the Issuer and its associated companies invest and the Issuer must rely on the ability of its senior management to obtain adequate information to evaluate the potential returns from the proposed investment. Any failure to obtain all material information could result in the investment underperforming or making a loss; and
- Dependence on senior management: certain businesses in which the Issuer or its associated companies invest may depend on a small management group and the loss of any one of its managers could significantly adversely impact the acquired business and therefore the Issuer and/or the relevant associated company.

As a result of the above factors, investments made by the Issuer or any of its associated companies may not perform as expected and this could have a material adverse effect on the business, results of operations and financial condition of both the Issuer and the associated company concerned.

The Issuer is largely dependent on the development and performance of its investments in associated companies

Although the Issuer currently carries on a real estate business and a limited securities trading and investment business, a material proportion of its revenues is derived from its share of the profit of associated companies. Accordingly, the Issuer's liability and ability to service its financial obligations is dependent upon the performance and development of its associated companies. The performance of the Issuer's investments in associated companies and their ability to generate dividend and/or profits is subject to a range of risks, the most important of which are described in "The businesses in which the Issuer invests are subject to particular risks" below and "Political, Economic and Related Considerations" above.

The Issuer's continued development may be constrained by operational factors

Over the last three years, the Issuer has invested in new business areas and developed the business it has invested in. As a result, the responsibilities of management have significantly increased and greater demands have been placed on the Issuer's internal control systems. The Issuer intends to expand both geographically and into new industry sectors as well as develop the businesses it has invested in and will need to:

- identify and recruit further personnel to expand the management teams of the businesses in which it has invested to cope with current and anticipated growth;
- develop and enhance its internal control systems and information technology systems and those of the businesses in which it invests;
- integrate the business culture and adoption of best policies and practices throughout its business areas; and

- increase its marketing activities, particularly in relation to its consumer-focused businesses.

There can be no assurance that the Issuer will be successful in any or all of these respects and any failure to satisfy these needs could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

The Issuer may lose the ability to significantly influence one or more of its associated companies

The Issuer's business strategy assumes it will retain significant influence over the operations of the companies in which it invests. It is possible therefore that should certain events occur, including unsolicited bids by third parties, the Issuer may lose its ability to significantly influence the strategy and business development of one or more associated companies and this could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Financing

The Issuer has made, and expects to continue to make, investments in acquiring new businesses and in financing the activities of certain of the businesses in which it has already invested. These investments are expected to be financed through a combination of internally generated cash flows and external fund raising. No assurance can be given that the Issuer will be successful in raising funds from third parties on terms that are acceptable to it or at all. If the Issuer is unable at any time to raise financing on acceptable terms, it may not be able to pursue investment opportunities and its business may be adversely affected as a result.

Any loss of senior management may adversely affect the Issuer

The Issuer's senior management has been instrumental in defining and implementing its strategy and growing its business. The continued service of this management team is important to the Issuer's overall management as well as its culture and strategic direction. The loss of one or more member of the Issuer's senior management could therefore have a material adverse effect on the Issuer's business, results of operations and financial condition.

The businesses in which the Issuer invests are subject to particular risks

The Issuer has significant investments in six wholly-owned subsidiaries, ten controlled subsidiaries and ten associated companies over a range of businesses. Each of these businesses is exposed to particular risks inherent in its sphere of operations as well as to many of the risks that also apply to the Issuer. In particular:

- Real estate development and management: this business is run at the GGICO level and as a result the Issuer faces a number of risks associated with that industry including, but not limited to, the risk that demand for its properties under development may be adversely affected by changes in political, social or economic conditions, a range of construction risks in relation to its properties under development, a competitive operating environment, the risk of project delays, the credit risk of co-investors, rising input costs such as labour and building materials and risks associated with the Issuer's ability to generate future returns from its property portfolio. Any failure by the Issuer to successfully market its existing property or complete the development of the other properties in a timely manner could have significant adverse impact on both its reputation and its financial position and prospects.
- Oil-based lubricant manufacture: Emirates Lube Oil Company Ltd. is the wholly-owned company through which the Issuer carries on its oil-based lubricants business. Emirates

Lube Oil Company Ltd. faces a number of standard risks associated with the industry including a highly competitive market, variable input costs, the risk of major contracts not being renewed and a dependency on third parties in the open market for its base oil.

- Insurance: Al Sagr National Insurance PJSC, a company in which the Issuer has a significant interest, has carried on an insurance business in Dubai since 1979. In carrying on its insurance business, Al Sagr National Insurance PJSC is subject to a range of standard industry risks including reinsurance risks, investment risks, reputation and regulatory risks, systems risk and reliance on the ability to recruit, train and retain sufficient staff to service the business.

- Manufacturing: Gulf Prefab Houses Factory Ltd. is the Issuer's wholly-owned wood manufacturing business. The risks inherent in this business are the dependency upon international suppliers for its raw materials, the fluctuating cost of wood and that the demand for its products is linked to the health of the regional construction market.

- Securities trading and investment activities: these activities are managed at the GGICO level and the Issuer's investment strategies focus on generating income from trading securities and managing its securities investment portfolio as well as capital growth of its long term securities. The Issuer invests in both the Middle East and the international markets and therefore will be subject to the risks described below in "Political, Economic and Related Considerations". GGICO is also exposed to marked risk with respect to the investments in quoted marketable securities.

- Transport and vehicle manufacturing: the Issuer's transport and vehicle manufacturing business is centralised through its 50 per cent. shareholding in Dubai Al Ahlia Quick Transport L.L.C. and its vehicle manufacture business through its 50 per cent. shareholding in Acorn Industries Co. Ltd. The Issuer's transport business is exposed to risks of maintaining safety as well as customer satisfaction with the service provided. Acorn Industries Co. Ltd. is further subject to the risk of high workmanship standards not being met.

- Retail: the Issuer has a significant interest in the following retail businesses: Amalia Perfumes Trading L.L.C. (a company specialising in manufacture and retail of perfume, in which GGICO holds a 50 per cent. shareholding) and Ghadeh General Trading and Cont. Co. (a company specialising in production and retail of jewellery, in which GGICO holds a 38 per cent. shareholding). Both these businesses are exposed to the risk of increasing rental payments for retail outlets due to inflation within the GCC.

- Hospitality: the Issuer's hospitality business centres on its 51 per cent. shareholding in Layia Hotel Management L.L.C., a hotel management company. Regional and national political risk is the major risk factor which affects the tourism business and consequently the Issuer's investment in this sector.

Any failure of the Issuer's communications and information systems could adversely affect its business, especially its securities trading and investment activities

The Issuer's business, like any business group, is dependent upon its communications and information systems and those of its key service providers for forecasting its liquidity requirements, monitoring the performance of its investments, making investment decisions and maintaining reliable accounting and processing data. Any failure in, or interruption of, such systems could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer relies on its financial, accounting and other data processing systems, particularly in connection with the confirmation or settlement of transactions and the recording or accounting of transactions. Any external information security breach or internal problem with security protection could materially interrupt the Issuer's securities trading and investment business or cause disclosure or modification of sensitive or confidential information. Any such failure could result in material financial loss, regulatory actions, breach of client contracts, damaged reputation or legal liability, any of which could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

The Issuer may be unable to protect its intellectual property

The Issuer is currently developing several brands including "National Lube" in relation to oil-based lubricants, "DATE" in relation to freight, "Amalia" in relation to retail and "Layia" in relation to hospitality as well as significant regional and international brands. The Issuer also intends to brand future developments in relation to its real estate business. The Issuer intends to protect its international brands in the jurisdictions in which they are established, including by means of appropriate trademark and other registrations. If the Issuer is unable to protect these brands or if a third party alleges that any of these brands infringe its own intellectual property rights, this could have a material adverse effect on the business, results of operations and financial condition of both the Issuer and the associated company concerned.

The Issuer may be subject to the risk of changes in law in certain countries in which its businesses operate

The Issuer and its associated companies currently have investments in companies with operations in other regional countries. Accordingly, it is possible that laws or administrative practices relating to taxation, foreign exchange control or otherwise in any of these jurisdictions may change in a way that adversely affects the Issuer, including by affecting its ability to receive funds from its associated companies.

The risk management procedures of the Issuer and its associated companies may be ineffective

The Issuer and its associated companies have established risk management procedures in relation to the principal operational risks that they face as well as business risks, including liquidity management, interest rate and currency risk. There is a risk that these procedures may fail or prove ineffective in certain circumstances, including the occurrence of presently unforeseen events, and this could have a material adverse effect on the business, results of operations and financial condition of both the Issuer and any associated company concerned.

Management of the Issuer believes that it is not currently subject to significant currency risk as its business and that of its associated companies are principally carried on in the GCC region, where currency exchange rates are generally stable and local currencies are, in many cases, linked to the U.S. dollar. However, if the Issuer is successful in expanding its operations outside the GCC it may become exposed to a greater risk of exchange rate fluctuations which could cause it to experience exchange rate gains or losses in its income statement and adversely affect its cash flows.

Any employee fraud, misconduct or improper practice could adversely affect the Issuer and its associated companies

Fraud, misconduct or improper practice by the employees of the Issuer or any of its associated companies could expose the relevant company and, in the case of an associated company, the Issuer to the risk of direct or indirect financial loss and damage to its reputation.

Principal Shareholder

The Issuer's principal beneficial shareholders are members of the Al Sari family holding, directly or indirectly, 54 per cent., of the Issuer's share capital. By virtue of such shareholding, the Al Sari family has the ability to influence the Issuer's business significantly through its ability to control actions that require shareholder approval.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement or drawdown prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

The Issuer may issue Notes which entitle the Issuer to redeem such Notes prior to their maturity date at its option and at a price which may be less than the current market price of those Notes. An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Unless the Final Terms applicable to any Notes specify otherwise, the Issuer may elect to redeem the Notes prior to their maturity date in the event that the Issuer would be obliged by the Conditions to pay additional amounts in respect of the Notes to cover any withholding or deduction required by applicable law. No assurance can be given that the UAE government will not implement new regulations or new legal interpretations of existing regulations relating to or affecting taxation which could result in the imposition of such a withholding or deduction.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency than expected;

(d) they may lose all or a substantial portion of their principal;

(e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, you should consult your own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar or related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland and the Cayman Islands, and certain dependent or associated territories of certain Member States including Belgium, Luxembourg and Austria, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus.

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes issued under the Programme will (unless they are to be consolidated into a single series with any Notes previously issued) be new securities which may not be widely distributed and for which there is currently no active trading market. Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Minimum denomination

In relation to any issue of Notes which have a denomination consisting of the minimum denomination plus an integral multiple of another smaller amount in excess thereof, it is possible that the Notes may be traded in amounts in excess of EUR50,000 (or its equivalent) that are not integral multiples of EUR50,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holding amounts to the minimum denomination.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless, in accordance with Article 16 of the Prospective Directive, any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be a single document containing the necessary information relating to the Issuer and the relevant Notes.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless, upon due certification, exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant

Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Bearer Notes in definitive form ("**Definitive Notes**"):

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available or (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Registered Notes

Each Tranche of Registered Notes will be in the form of either Individual Registered Notes or Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Registered Notes in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Registered Notes", then the Notes will at all times be in the form of Individual Registered Notes issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Registered Notes", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Registered Notes:

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time, if so specified in the relevant Final Terms; or

(iii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs.

Whenever the Global Registered Note is to be exchanged for Individual Registered Notes, the Issuer shall procure that Individual Registered Notes will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Individual Registered Notes are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note or Individual Registered Note will be endorsed on that Definitive Note or Individual Registered Note and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Exercise of put option: In order to exercise the option contained in Condition 11(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the Put Period (as defined in Condition 11(e)), give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to a Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if the Note is represented by a global Note, at the same time present or procure the presentation of the relevant global Note to a Paying Agent for notation or entry in the Register accordingly. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 11(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 25 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 25 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or a nominee for that depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

> "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

(a) *Programme*: Gulf General Investment Company (P.S.C.) (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$600,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) *Final Terms*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 2 June 2008 as amended or supplemented from time to time (the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee (as defined below) named therein. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent and the Paying Agents and any reference to an "**Agent**" is to any one of them.

(d) *Trust Deed*: The Notes are subject to, and have the benefit of, a trust deed dated 2 June 2008 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Deutsche Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).

(e) *The Notes*: All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection during normal business hours at the specified office of the Principal Paying Agent, the initial specified office of which is set out below, and at www.londonstockexchange.com.

(f) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the "**Noteholders**", which expressions shall, where appropriate, be deemed to include holders of Notes issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**")), and the holders of related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**" respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Holders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the Specified Offices of the Paying Agent, or, if applicable, the Registrar, the initial Specified Offices of which are set out below.

2. Interpretation

(a) *Definitions*: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Appropriate Accounting Standards**" means, in relation to the Issuer, International Financial Reporting Standards and, in relation to a Subsidiary, the accounting standards then used by the Issuer;

"**Business Day**" means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day; and

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;

"**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Consolidated Tangible Net Worth**" means at any time the aggregate of:

(a) the amount paid up or credited as paid up on the issued share capital of the Issuer; and

(b) the amount standing to the credit of the consolidated capital and revenue reserves of the Group,

based on the latest published consolidated balance sheet of the Issuer but adjusted in relation to the period of such balance sheet by:

(1) adding any amount standing to the credit of the profit and loss account of the Group to the extent not included in paragraph (b) above;

(2) deducting any dividend or other distribution declared, recommended or made by any member of the Group;

(3) deducting any amount standing to the debit of the profit and loss account of the Group;

(4) deducting any amount attributable to goodwill or any other intangible asset;

(5) reflecting any variation in the amount of the issued share capital of the Issuer and the consolidated capital and revenue reserves of the Group after the date of the latest balance sheet; and

(6) excluding any amount attributable to deferred taxation;

"**Controlling Interest**" means any holding of shares in a Material Subsidiary, the sale of which would leave the Issuer, or any Subsidiary, as the case may be, unable to exert the same level of control over such Subsidiary. For the avoidance of doubt, any holding of more than 51 per cent. of the shares in a Material Subsidiary will be a Controlling Interest;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Current Assets**" means the value of the assets shown in the Relevant Financial Statements as "**current assets**" or otherwise indicated as being realisable in the short term;

"**Current Liabilities**" means the value of the liabilities shown in the Relevant Financial Statements as "**current liabilities**" or otherwise indicated as being due in the short term;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/365 (Sterling)**" is so specified, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year 366;

(v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(vi) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(vii) if "**30E/360**" or "**Eurobond Basis**" is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month),

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but including the last day of the Calculation Period;

"**Determination Date**" has the meaning given in the relevant Final Terms;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**Events of Default**" means any of the events described in Condition 15 (*Events of Default*)

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Financial Indebtedness**" means any indebtedness for or in respect of: (a) moneys borrowed; (b) any amount drawn on any acceptance credit facility; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, sukuk, notes, debentures, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with applicable law and generally accepted accounting principles including the accounting standards, policies and procedures published from time to time by the International Accounting Standards Committee; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any Sharia compliant financing, forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account; (h) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any securitisation transaction); (i) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Group**" means the Issuer and its Subsidiaries, taken as a whole;

"**Guarantee**" means, in relation to any Financial Indebtedness of any Person, any obligation of another Person to pay such Financial Indebtedness including (without limitation):

(i) any obligation to purchase such Financial Indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Financial Indebtedness;

(iii) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and

(iv) any other agreement to be responsible for such Financial Indebtedness;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2000 ISDA Definitions or such other ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Material Subsidiary**" means any Subsidiary of the Issuer which has (together with its Subsidiaries, if any, on a consolidated basis), by reference to the Relevant Financial Statements, total assets, revenues or net income which amount to not less than 5 per cent. of the consolidated total assets, consolidated revenues or consolidated net income respectively of the Group;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Participating Member State**" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

(i) if the currency of payment is euro, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Permitted Asset Sale**" means the sale of assets the book value of which, when aggregated with the book value of all, if any, previous Permitted Asset Sales, does not exceed 10 per cent. of the book value of the consolidated total assets of the Issuer and the Group, all such book values as determined by reference to the Relevant Financial Statements;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected by the Issuer;

"**Put Option Notice**" means a notice, in the form available from the Specified Office of the Paying Agent, or in the case of Registered Notes, the Registrar which must be delivered to the Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Record Date**" has the meaning given to such term in Condition 13 (*Payments – Registered Notes*);

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional

Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Registered Notes**" means Notes issued in registered form;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the place of presentation of the relevant Note or, as the case may be, Coupon or, in connection with the transfer of Registered Notes only, the place of the Specified Office of the Registrar;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 25 (*Notices*);

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Financial Statements**" means, in relation to the Issuer, its most recently available consolidated financial statements prepared in accordance with Appropriate Accounting Standards and, in relation to a Subsidiary, its most recently available financial statements (consolidated if the same are prepared) prepared in accordance with Appropriate Accounting Standards.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**TARGET**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises interlinked national real time gross settlement systems and the European Central Bank's payment mechanism and which began operations on 4 January 1999;

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means:

(a) until such time as TARGET is permanently closed down and ceases operations, any day on which both TARGET and TARGET2 are open for the settlement of payments in euro; and

(b) following such time as TARGET is permanently closed down and ceases operations, any day on which TARGET2 is open for the settlement of payments in euro;

"**Total Liabilities**" means at any time the total liabilities of the Group as determined by reference to the Relevant Financial Statements;

"**Treaty**" means the Treaty establishing the European Community, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation*: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*) or any undertaking given in addition to or in substitution of Condition 14 (*Taxation*) pursuant to the Trust Deed, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) or any undertaking given in addition to or in substitution of Condition 14 (*Taxation*) pursuant to the Trust Deed, and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Trust Deed;

(vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination and Title

(a) *Notes in Bearer Form*: Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms and integral multiples in excess thereof. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. All definitive Notes will be serially numbered, with coupons, if any, attached.

(b) *Notes in Registered Form*: Registered Notes are issued in the Specified Denomination and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms and integral multiples in excess thereof. The holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Registered Note relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Registered Note) and no Person shall be liable for so treating such holder. Title to Registered Notes will pass by transfer and registration in the register which the Issuer shall procure to be kept by the Registrar. All Individual Registered Notes will be numbered serially with an identity number which will be recorded in the register.

(c) The Notes are either Senior Notes or Subordinated Notes, as indicated in the applicable Final Terms.

4. Transfers of Registered Notes

(a) *Transfers of Registered Notes*: A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

(b) *Issue of new Registered Notes*: Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the day on which such Note was presented for transfer, be available for collection by each relevant holder at the Specified Office of the Registrar or, at the option of the holder requesting such transfer, be mailed (by uninsured post at the risk of the holder(s) entitled thereto) to such address(es) as may be specified by such holder. For these purposes, a form of transfer received by the Registrar or the Principal Paying Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Principal Paying Agent until the day following the due date for such payment.

(c) *Charges for transfer or exchange*: The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer, the Principal Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Principal Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

(d) *Closed Periods*: Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

5. Status

(a) Status of the Senior Notes: The Senior Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) Status of the Subordinated Notes: The Subordinated Notes constitute direct, conditional as described below and unsecured obligations of the Issuer and rank *pari passu* among themselves.

The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer. The rights of the holders of Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors of the Issuer and, accordingly, payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon the Issuer being solvent at the time of such payment and no payment shall be payable by the Issuer in respect of the Subordinated Notes, except to the extent that the Issuer could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still be solvent immediately thereafter. For this purpose, the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its assets exceed its liabilities, and "**Senior Creditors**" shall mean creditors of the Issuer other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank *pari passu* with, or junior to, the claims of the Noteholders.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Note. No collateral is or will be given for the payment obligations under the Subordinated Notes and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations of the Issuer in respect of the Subordinated Notes.

6. Negative Pledge

This Condition 6 only applies to Senior Notes.

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and shall procure that none of its Subsidiaries will create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Financial Indebtedness of the Issuer or Guarantee (by the Issuer) of Financial Indebtedness of others, other than a Permitted Security Interest, without (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as: (i) may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders; or (b) the Trustee may in its absolute discretion determine is not materially prejudicial to the Noteholders.

In this Condition:

"**Non-recourse Project Financing**" means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that (i) any Security Interest given by the Issuer or the relevant Subsidiary is limited solely to assets of the project, (ii) the Person or Persons providing such financing expressly agrees to limit their recourse to the project financed and the revenues derived from such project as the principal source of repayment for the moneys advanced and (iii) there is no other recourse to the Issuer or the relevant Subsidiary in respect of any default by any Person under the financing;

"**Permitted Security Interest**" means, for the purposes of this Condition 6:

(i) any Security Interest created or outstanding with the approval of an Extraordinary Resolution of Noteholders;

(ii) any Security Interest arising by operation of law or statute, provided that such Security Interest is discharged within 30 days of arising;

(iii) any Security Interest on assets or property existing at the time the Issuer or any Subsidiary acquired such assets or property provided that such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property (other than proceeds of such acquired assets or property), provided that the maximum amount of

Financial Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property or the Financial Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(iv) any Security Interest securing Financial Indebtedness of a Person and/or its Subsidiaries existing at the time that such Person is merged into or consolidated with the Issuer or a Subsidiary, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Issuer or any Subsidiary;

(v) any Security Interest created in connection with any Non-recourse Project Financing;

(vi) any Security Interest created over any real estate asset, provided that the Security Interest shall not extend to any other asset of any member of the Group; and

(vii) any Security Interest arising in the ordinary course of trading and investment activity (including, without limitation, any sale and repurchase transaction, and share, loan and bond lending transaction, any netting or set-off arrangements, liens entered into by the Issuer or any of its Subsidiaries for the purpose of netting debt and credit balances), provided that the Security Interest is limited to the assets which are the subject of the relevant transaction.

7. Fixed Rate Note Provisions

(a) *Application*: This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*: The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Bearer Notes*) and Condition 13 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount*: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount*: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

8. Floating Rate Note and Index-Linked Interest Note Provisions

(a) *Application*: This Condition 8 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*: The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Bearer Notes*) and Condition 13 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

(f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) *Calculation of other amounts*: If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(i) *Publication*: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9. Zero Coupon Note Provisions

(a) *Application*: This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon Notes*: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. Dual Currency Note Provisions

(a) *Application*: This Condition 10 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Rate of Interest*: If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

11. Redemption and Purchase

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments – Bearer Notes*) and Condition 13 (*Payments – Registered Notes*).

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates or any Emirate therein or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate or opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b).

(c) *Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*):

(i) in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 11(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified; and

(ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) pro rata to their principal amounts subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange or quotation system on which the relevant Notes may be listed, traded or quoted.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfer of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(e) *Redemption at the option of Noteholders*: If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit at the Specified Offices of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent or Registrar specifying the aggregate Outstanding Principal Amount in respect of which such option is exercised. The Paying Agent or Registrar with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(e), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or Registrar, as the case may be, shall mail notification thereof to the depositing holder at such address as may have been given by such holder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent or Registrar, as the case may be, in accordance with this Condition 11(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

The holder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Issuer of its Call Option.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfer of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(f) *Change of Control Put*: If at any time while any Note remains outstanding a Change of Control (other than a Permitted Merger) occurs (a "**Put Event**"), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the

Issuer gives notice to redeem the Notes under Condition 11(b) (*Redemption for Tax Reasons*)) to require the Issuer to redeem that Note on the Optional Redemption Date (as defined below) at its principal amount together with accrued interest to but excluding the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred on each occasion (whether or not approved by the Board of Directors) that:

(i) any person or persons acting in concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly come(s) to own or acquire(s) more than 50 per cent. of the issued share capital of the Issuer, or such number of shares of the issued share capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or

(ii) both (A) any person or persons acting in concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly come(s) to own or acquire(s) more than 30 per cent. of the issued share capital of the Issuer, or such number of shares of the issued share capital of the Issuer carrying more than 30 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; and (B) there is a Rating Downgrade.

"**Change of Control Period**" means the period commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and ending on the date which is 120 days after the date of the first public announcement of the relevant Change of Control (such 120th day, the "**Initial Longstop Date**"); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 90 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 90 days after the date of such public announcement by such Rating Agency.

"**Permitted Merger**" means a merger, consolidation or amalgamation involving the Issuer as a result of which a Change of Control in relation to the Issuer occurs provided that, immediately following such Permitted Merger, no person or persons acting in concert or any person or persons acting on behalf of any such person(s) directly or indirectly come(s) to own or acquire(s) (A) more than 50 per cent. of the issued share capital of the entity resulting from the Permitted Merger or (B) such number of shares of the issued share capital of such entity carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of such entity, and provided that, during the Change of Control Period (as defined above) in respect of such Permitted Merger, no Rating Downgrade occurs.

"**Potential Change of Control Announcement**" means any public announcement or statement by the Issuer or by any actual or potential bidder or any designated advisor thereto relating to any specific or any near-term potential Change of Control (whereby "**near-term**" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer or by any such actual or potential bidder or any such designated advisor to be intended to occur, within four months of the date of such announcement or statement).

"**Rating Agency**" means any of the following: (i) Moody's Investor Services; (ii) Fitch Ratings; (iii) Standard & Poor's or (iv) any other rating agency of equivalent international standing specified from time to time by the Issuer and, in each case, their respective successors or affiliates.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if the rating previously assigned to the Issuer by any Rating Agency: (i) is withdrawn within the Change of Control Period or has been withdrawn prior to the Change of Control Period; or (ii) is lowered by at least one full rating notch (for example, from A2 to A3 or their respective equivalents) within the Change of Control Period; provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating does publicly announce or publicly confirm that the reduction was not the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, the applicable Change of Control.

Upon becoming aware of a Put Event, the Issuer shall promptly give notice (a "**Put Event Notice**") to the Noteholders (with a copy to the Trustee) in accordance with Condition 25 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the period for exercising the option contained in this Condition 11(f).

To exercise the option to require redemption of a Note under Condition 11(f) the holder of that Note must, if this Note is in definitive or individual certificate form and held outside Euroclear and Clearstream, Luxembourg, deliver such Note, on any business day in the city of the specified office of the relevant Paying Agent falling within the period (the "**Put Period**") of 90 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed Put Option Notice in the form scheduled to the Agency Agreement. The Note should be delivered together, as the case may be, with all Coupons appertaining thereto maturing after the date (the "**Optional Redemption Date**" which is the seventh day after the last day of the Put Period) failing which an amount will be deducted from the payment to be made by the Issuer on redemption of the Notes corresponding to the aggregate amount payable in respect of such missing Coupons.

The Paying Agent to which such Note and Put Notice are delivered will issue to the holder concerned a non-transferable Put Option Receipt. The Issuer shall redeem the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date, unless previously redeemed. Payment in respect of any Note so delivered will be made if the Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg and if the holder duly specified a bank account in the Put Option Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and in every other case on or after the Optional Redemption Date, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt and, where appropriate, entry in the Register, at the Specified Office of any Paying Agent in accordance with the provisions of this Condition 11(f).

(g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.

(h) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such

Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 11(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.

(j) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

12. Payments – Bearer Notes

This Condition 12 is applicable in relation to Bearer Notes.

(a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 12(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Bearer Note or early redemption in whole of such Bearer Note pursuant to Condition 11(b) (*Redemption for tax reasons*), Condition 11(e) (*Redemption at the option of Noteholders*), Condition 11(c) (*Redemption at the option of the Issuer*), Condition 11(f) (*Change of Control Put*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 19 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Bearer Note shall become void and no Coupon will be delivered in respect of such Talon.

13. Payments – Registered Notes

This Condition 13 is applicable in relation to Registered Notes.

(a) *Principal and interest*: Payments of principal and interest shall be made by cheque drawn in the currency in which the payment is due to the Noteholder (or in the case of joint Noteholders, the first-named) appearing in the register kept by the Registrar as at the opening of business (as at the local time) on the fifteenth Relevant Banking Day before the due date for payment (the "**Record Date**"), and posted to the address (as recorded in the register held by the Registrar) of the Noteholder (or, in the case of joint Noteholders, the first named) on the Relevant Banking Day, unless prior to the relevant Record Date such Noteholder has applied to the Registrar and the Registrar has acknowledged such application, for payment to be made to a designed account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to a designated account, if the due date for any such payment is not a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located, then the Noteholder will not be entitled to payment thereof until the first day thereafter which is a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(b) Payments subject to fiscal laws: All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the holders of Registered Notes in respect of such payments.

(c) In this Condition, "**business day**" means:

(i) any day which is in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in each Additional Financial Centre; or

(ii) in the case of surrender of a Registered Note, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place in which the Registered Note is surrendered.

(d) *Partial Payments*

If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of an Individual Registered Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant Individual Registered Note.

14. Taxation

(a) *Gross up*:

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Arab Emirates or any Emirate therein or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the United Arab Emirates or any Emirate therein or any political subdivision or any authority thereof or therein having power to tax other than the mere holding of the Note or Coupon; or

(ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

(b) *Taxing jurisdiction*:

If the Issuer becomes subject at any time to any taxing jurisdiction other than the United Arab Emirates, or any Emirate therein, references in these Conditions to the United Arab Emirates, or any Emirate therein, shall be construed as references to the United Arab Emirates, or any Emirate therein, and/or such other jurisdiction, as the case may be.

15. Events of Default

(a) *Events of Default for Senior Notes*:

This Condition 15 (a) only applies to Senior Notes.

If any one or more of the following events (each an "**Event of Default**") occurs and is continuing then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject,in the case of the happening of any of the events mentioned in paragraphs (ii) (*Breach of other obligations*), (ix) (*Failure to take action, etc.*) below and, in relation only to a Subsidiary of the Issuer, paragraphs (iv) (*Unsatisfied judgment*), (v) (*Security enforced*) or (viii) (*Analogous event*) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(i) *Non-payment*: default is made in the payment of any principal in respect of any Note for a period of 3 days or more or any interest in respect of any Note for a period of 5 days or more, in each case after the due date for the same; or

(ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default remains (i) in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or

(iii) *Cross-default of Issuer or Material Subsidiary*:

(A) any Financial Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(B) any such Financial Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) any of its Material Subsidiaries or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Financial Indebtedness; or

(C) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Financial Indebtedness,

provided that such event shall not constitute an Event of Default unless the aggregate amount of all such indebtedness, either alone or when aggregated with all other indebtedness in respect of which such an event shall have occurred and be continuing shall be more than U.S.$5,000,000 (or its equivalent in any other currency or currencies).

(iv) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payments of any amount which amount shall not be less than U.S.$5,000,000 is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(v) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or

(vi) *Insolvency etc*: (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator or other similar official of the Issuer or any of its Material Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is appointed (or application for any such appointment is made), or (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Financial Indebtedness or any Guarantee of any Financial Indebtedness given by it; or

(vii) *Winding up etc*: (i) an order is made or an effective resolution is passed for the winding up, administration, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (ii) the Issuer or any of its Material Subsidiaries or any creditor of the Issuer or any of its Material Subsidiaries applies or petitions for a winding-up or administration order in respect of the Issuer or any of its Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purpose of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent (a) on terms approved by Extraordinary Resolution or (b) whereby the undertakings and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or any of its Material Subsidiaries) or (iii) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any material part of its business (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent (a) on the terms approved by an Extraordinary Resolution of the Noteholders or (b) in the case of a Material Subsidiary, whereby the undertakings and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another Material Subsidiary);

(viii) *Analogous event*: any event occurs which under the laws of the United Arab Emirates has an analogous effect to any of the events referred to in paragraphs (iv) to (vii) above; or

(ix) *Failure to take action etc*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of the United Arab Emirates is not taken, fulfilled or done; or

(x) *Repudiation or Unlawfulness*: the Issuer repudiates any of its obligations under or in respect of the Notes or the Trust Deed or it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

(xi) *Government intervention*: (A) all or any substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or (B) the Issuer or any of its Material Subsidiaries is prevented by any such Person from exercising normal control over all or any substantial (in the opinion of the Trustee) part of its undertaking, assets and revenues.

(b) *Event of Default for Subordinated Notes*:

This Condition 15(b) only applies to Subordinated Notes.

If any one or more of the following events (each an "**Event of Default**") occurs and is continuing then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(i) *Non-Payment*: default is made in the payment of any principal in respect of any Note for a period of 3 days or more or any interest in respect of any Note for a period of 5 days or more, in each case after the due date for the same; or

(ii) *Winding up etc*: the Issuer becomes insolvent, a petition is made by a creditor of the Issuer for a declaration of bankruptcy in respect of the Issuer or the dissolution of the Issuer is agreed by its shareholders or an ordered is made for the winding up, administration, liquidation or dissolution of the Issuer.

16. Financial Covenant

At any time the Issuer shall not incur any Financial Indebtedness unless it has:

(i) a Consolidated Tangible Net Worth of not less than AED 1,250,000,000;

(ii) a ratio of Total Liabilities to Consolidated Tangible Net Worth of no more than 2.25:1; and

(iii) a ratio of Current Assets to Current Liabilities of not less than 1.15:1,

17. Transactions with Affiliates

The Issuer shall not, and shall ensure that no Subsidiary will, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (each of the foregoing, an "**Affiliate Transaction**") (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with, or for the benefit of, any Affiliate of the Issuer or any Subsidiary, unless such transaction or series of related transactions are:

(i) set forth in writing; and

(ii) entered into in good faith and is on terms that are no less favourable to the Issuer or such Subsidiary, as the case may be, than those that could have been obtained in an arm's length transaction with third parties that are not Affiliates.

Furthermore:

With respect to any Affiliate Transaction involving aggregate consideration equal to or greater than U.S.$20,000,000 (or, to the extent non-U.S. dollar denominated, the U.S. Dollar Equivalent of such amount), the Issuer will deliver a certificate signed by two duly authorised Directors of the Issuer to the Trustee certifying that such Affiliate Transaction complies with Clauses (i) and (ii) above. The Trustee shall be entitled to accept such certificate as sufficient evidence that such Affiliate Transaction complies with clauses (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders.

18. Disposals

The Issuer shall not, and shall ensure that none of its Material Subsidiaries will, sell, lease, transfer or otherwise dispose of, to a Person other than the Issuer or a Subsidiary of the Issuer, as the case may be, by one or more transactions or series of transactions (whether related or not):

(i) the whole or any part of its assets, other than a Permitted Asset Sale, unless such transaction is on an arm's length basis and on commercially reasonable terms; or

(ii) any Controlling Interest in any Material Subsidiary of the Group unless such transaction is (A) on an arm's length basis and on commercially reasonable terms and (B) has been approved by an Extraordinary Resolution of the Noteholders.

19. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

20. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (in the case of Bearer Notes, or Coupons) or the Registrar (in the case of Registered Notes), (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system) subject to all applicable laws and competent authority, stock and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

21. Trustee and Agents

(a) *Trustee*: Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit. In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

(b) *Obligations of Agents*: In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agent, the Calculation Agent and the Registrar act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect of its appointment or incidental thereto.

(c) The initial Paying Agent and Registrar and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent or the Registrar or the Calculation Agent and to appoint a successor principal paying agent, paying agent, calculation agent or registrar; provided, however, that:

  (a) the Issuer shall at all times maintain a Principal Paying Agent;

  (b) the Issuer shall at all times maintain, in the case of Registered Notes, a Registrar;

  (c) the Issuer shall at all times maintain a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

  (d) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;

  (e) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent and a Registrar (for Registered Notes) each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and

  (f) in the circumstances described in Condition 12(c) (*Payments in New York City*), a paying agent with a Specified office in New York City.

Notice of any change in the Paying Agent, the Registrar, the Calculation Agent or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 25 (*Notices*).

22. Meetings of Noteholders; Modification and Waiver

(a) *Meetings of Noteholders*: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of

Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification and waiver*: The Trustee may, without the consent of the Noteholders or Couponholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or Couponholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

23. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

24. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

25. Notices

(a) *Bearer Notes*: Notices to holders of Bearer Notes shall be valid: (a) if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe; or (b) in such manner as complies with the rules and regulations of the relevant stock exchange or other relevant authority on which the Bearer Notes are listed. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

(b) *Registered Notes*: Notices to holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an address overseas) by airmail to them (or the first named of joint holders) at their respective addresses recorded in the register kept by the Registrar, and will be deemed to have been given on the fourth business day after the date of such after mailing.

26. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

27. Governing Law and Jurisdiction

(a) *Governing law*

The Notes and the Trust Deed and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law.

(b) *Arbitration*

Subject to Condition 27(c) (*Trustee and Noteholders' Option*), any dispute arising out of or connected with the Notes, the Dealer Agreement, the Trust Deed and the Agency Agreement (including a dispute regarding their existence, validity or termination or the consequences of their utility or the consequences of their nullity) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**"), as amended from time to time and by the rest of this Condition:

(i) the arbitral tribunal shall consist of three arbitrators;

(ii) the claimant and the respondent shall each nominate one arbitrator within 15 days from receipt by the Registrar of the LCIA of the Response to the Request for arbitration as defined in the Rules, and the chairman of the arbitral tribunal shall be nominated by the two party-nominated arbitrators within 15 days of the last of their appointments;

(iii) the seat of the arbitration shall be London, England and all hearings shall take place in London, England;

(iv) the language of the arbitration shall be English;

(v) the parties waive any right of application to determine a preliminary point of law under section 45 and to appeal on a question of law under section 69 of the Arbitration Act 1996;

(vi) if any Dispute raises issues which are substantially the same as or connected with issues raised in a Dispute which has already been referred to arbitration under either the Notes, the Dealer Agreement, the Trust Deed or the Agency Agreement (an "**Existing Dispute**") or arises out of substantially the same facts as are the subject of an Existing Dispute (a "**Related Dispute**"), then the arbitral tribunal nominated or appointed in respect of any such Existing Dispute shall also be nominated as the arbitral tribunal in respect of any Related Dispute, save where the arbitral tribunal considers such appointment would be inappropriate;

(vii) where the same arbitral tribunal has been appointed in relation to two or more Existing and/or Related Disputes, the arbitral tribunal may, with the agreement of all of the parties concerned or upon the application of one of the parties, being a party to each of the Disputes, order that the whole or part of the matters at issue shall be heard together upon such terms or conditions as the arbitral tribunal thinks fit.

(viii) upon request of a party to a Dispute or any party to the Notes, the Dealer Agreement, the Trust Deed or the Agency Agreement which itself wishes to be joined to any reference to arbitration proceedings in relation to a Dispute, the arbitral tribunal may join any party to the Notes, the Dealer Agreement, the Trust Deed or the Agency Agreement to any reference to arbitration proceedings in relation to that Dispute between them. Each of the parties to the Notes hereby consents to be joined to any reference to arbitration proceedings in relation to any Dispute at the request of a party to that Dispute, and to accept the joinder of a party requesting to be joined pursuant to this sub-paragraph ix.

(c) *Trustee and Noteholders' option*

Before the Trustee or (where entitled to do so) any Noteholder has filed a Request for arbitration or Response as defined in the Rules (as the case may be), such Trustee or (where entitled to do so) Noteholder may by notice in writing to the Issuer require that a Dispute be heard by a court of law. If the Trustee or (where entitled to do so) Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 27(d) (*Jurisdiction of English courts*). For the avoidance of doubt, a notice given by any Noteholder pursuant to this Condition 27(c) shall be binding on and deemed to be given on behalf of all Noteholders that are parties to the Dispute.

(d) *Jurisdiction of the English courts*

In the event that the Trustee or (where entitled to do so) any Noteholder issues a notice pursuant to Condition 27(c) (*Trustee and Noteholders' option*), the following provisions shall apply:

(i) Subject to Condition 27(b) (*Arbitration*), the courts of England shall have exclusive jurisdiction to settle any Dispute.

(ii) The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(iii) Condition 27(d) (*Jurisdiction of the English courts*) is for the benefit of the Trustee and Noteholders only. As a result, and notwithstanding paragraph (i) above, nothing in this Condition 27 (*Governing Law and Jurisdiction*) prevents the Trustee or (where entitled to do so) any of the Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the

Trustee or (where entitled to do so) Noteholders may take concurrent Proceedings in any number of jurisdictions.

The Issuer has in the Trust Deed agreed for the benefit of the Trustee and Noteholders that any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer or otherwise) by the Trustee or any Noteholder, Receiptholder or Couponholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered.

(e) *Service of process*

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX or such other address as the Issuer may notify pursuant to Condition 25 (*Notices*) or at any address for the time being at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985 or equivalent provisions from time to time in force. Nothing in this paragraph shall affect the right of the Trustee or (where entitled to do so) any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

(f) *Consent to enforcement etc*

The Issuer consents generally in respect of any Proceedings or arbitration of a Dispute to the giving of any relief or the issue of any process in connection with such, Proceedings or arbitration of a Dispute including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such Proceedings or arbitration of a Dispute.

(g) *Waiver of immunity*

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

28. Rights of Third Parties

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, (subject to Conditions 27(b)(vii) and 27(b)(ix)). This does not affect any right or remedy of any person which exists or is available apart from that Act.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [ ]

Gulf General Investment Company (P.S.C.)
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the
U.S.$600,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 2 June 2008 [and the supplemental Base Prospectus dated [ ]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [ ]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [*current date*] [and the supplemental Base Prospectus dated [*date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), save in respect of the Conditions which are extracted from the base prospectus dated [ ] and are attached hereto. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 2 June 2008 [and the supplemental Base Prospectuses dated [ ] and [ ]]. The Base Prospectuses [and the supplemental Base Prospectus] are available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any Final Terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive].

1.	Issuer:	Gulf General Investment Company (P.S.C.)
2.	[(i) Series Number:]	[ ]
	[(ii) Tranche Number:	[ ]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3.	Specified Currency or Currencies:	Notes may be denominated in US Dollars, Euro or AED or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated
4.	Aggregate Nominal Amount:	[ ]
	[(i)] [Series]:	[ ]
	[(ii) Tranche:	[ ]]
5.	Issue Price:	[ ] per cent. Of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
6.	Specified Denominations:	[ ]
	(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)	[ ] *[Notes which are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive may only be issued in denominations of at least EUR 50,000 (or equivalent in another currency at their issue date). If Bearer Notes are issued with a minimum denomination of EUR 50,000 and multiple denominations above that, the following sample wording may be used: "EUR 50,000 and integral multiples of EUR 1,000 thereof, up to and including EUR 99,000. No Notes in definitive form will be issued with a denomination above EUR 99,000".]*
	(ii) Calculation Amount:	*[(If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be*

			a common factor in the case of two or more Specified Denominations)]
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8.	Maturity Date:		*[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]* *If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.*
9.	Interest Basis:		[per cent. Fixed Rate] [*Specify* reference rate] +/– per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*Specify*)] (further particulars specified below)
10.			[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)]
11.	Change of Interest or Redemption/ Payment Basis:		*[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12.	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	[(i)]	Status of the Notes:	[Senior/Subordinated]
	[(ii)]	[Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]*
14.	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually/ semi annually/quarterly/monthly/other (s*pecify*)] in arrear]
(ii)	Interest Payment Date(s):	[ ] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/*not adjusted]
(iii)	Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount
(iv)	Broken Amount(s):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
(v)	Day Count Fraction:	[30/360 / Actual/Actual (ICMA) / other]
(vi)	Determination Dates:	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
16.	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Interest Period(s):	[ ]
(ii)	Specified Period:	[ ] *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
(iii)	Specified Interest Payment Dates:	[ ] *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business

		Day Convention/ Preceding Business Day Convention/ other (*give details*)]
(v)	Additional Business Centre(s):	[Not Applicable/*give details*]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/ other (*give details*)]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principle Paying Agent]):	[[*Name*] shall be the Calculation Agent *(no need to specify if the Principal Paying Agent is to perform this function)*]
(viii)	Screen Rate Determination:	
•	Reference Rate:	[*For example, LIBOR or EURIBOR*]
•	Interest Determination Date(s):	[ ]
•	Relevant Screen Page:	[*For example, Reuters LIBOR 01/ EURIBOR 01*]
•	Relevant Time:	[*For example, 11.00 a.m. London time/Brussels time*]
•	Relevant Financial Centre:	[*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro*]
(ix)	ISDA Determination:	
•	Floating Rate Option:	[ ]
•	Designated Maturity:	[ ]
•	Reset Date:	[ ]
(x)	Margin(s):	[+/-][ ] per cent. per annum
(xi)	Minimum Rate of Interest:	[ ] per cent. per annum
(xii)	Maximum Rate of Interest:	[ ] per cent. per annum
(xiii)	Day Count Fraction:	[ ]
(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
17.	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	[Amortisation/Accrual] Yield:	[ ] per cent. per annum
(ii)	Reference Price:	[ ]

	(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [11(h)]*]
18.	**Index-Linked Interest Note/other variable-linked interest Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Index/Formula/other variable:	[*give or annex details*]
	(ii)	Calculation Agent responsible for calculating the interest due:	[ ]
	(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[ ] *(Include a description of market disruption or settlement disruption events and adjustment provisions)*
	(iv)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ] (*Include a description of market disruption or settlement disruption events and adjustment provisions*)
	(v)	Specified Period:	[ ] *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
	(vi)	Specified Interest Payment Dates:	[ ] *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
	(vii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(viii)	Additional Business Centre(s) :	[ ]
	(ix)	Minimum Rate/Amount of Interest:	[ ] per cent. per annum
	(x)	Maximum Rate/Amount of Interest:	[ ] per cent. per annum
	(xi)	Day Count Fraction:	[ ]
19.	**Dual Currency Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i)	Rate of Exchange/method of calculating Rate of Exchange:	*[give details]*
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[ ]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[ ] (*Include a description of market disruption or settlement disruption events and adjustment provisions*)
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

20.	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[ ] per Calculation Amount
(b)	Maximum Redemption Amount	[ ] per Calculation Amount
(iv)	Notice period:	[ ]
21.	**Put Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount other/see Appendix]
(iii)	Notice period:	[ ]
22.	**Final Redemption Amount of each Note** In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	[[ ] per Calculation Amount/other/see Appendix]
(i)	Index/Formula/variable:	[*give or annex details*]

(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	[ ]
(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[ ]
(iv)	Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[ ]
(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ] (Include a description of market disruption or settlement disruption events and adjustment provisions)
(vi)	Payment Date:	[ ]
(vii)	Minimum Final Redemption Amount:	[ ] per Calculation Amount
(viii)	Maximum Final Redemption Amount:	[ ] per Calculation Amount

23. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[Not Applicable *(If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	**Form of Notes:**	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice] [Permanent Global Note exchangeable for Definitive Notes on [ ] days notice/at any time/

		in the limited circumstances specified in the Permanent Global Note]
		Registered Notes
		[Note: The exchange upon notice/at any time options as specified above and in the Conditions should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language to the following effect: ["EUR50,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR99,000]."]
		[Individual Note Certificates]
		[Global Registered Notes exchangeable for Individual Note Certificates]
25.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*. *Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(ii), 16(v) and 18(viii) relate]*
26.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/*give details*]
28.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
29.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/*give details*]
30.	[Consolidation provisions:	Not Applicable/The provisions [in Condition 24 (*Further Issues*)] [annexed to this Final Terms] apply]
31.	Other final terms:	[Not Applicable/*give details*] *[(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

DISTRIBUTION

32.	(i) If syndicated, names of Managers:	[Not Applicable/*give names and addresses*] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)* *[Addresses and underwriting commitments need only be specified if the Notes are derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation apply]*
	(ii) [Date of [Subscription] Agreement:]	[ ] *[Date of Subscription Agreement need only be specified if the Notes are derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation apply]*
	(iii) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
33.	U.S. Selling Restrictions:	[Reg. S Compliance Category]; (*In the case of Bearer Notes*) - [TEFRA C/TEFRA D/ TEFRA not applicable] (*In the case of Registered Notes*) - Not Applicable
34.	If non-syndicated, name of Dealers:	[Not Applicable/*give name and address*] *[Addresses need only be specified if the Notes are derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation apply]*
35.	Additional selling restrictions:	[Not Applicable/*give details*]

ADMISSION TO TRADING

These Final Terms comprise the final terms required for issue [and] [admission to trading on [*specify relevant regulated market*] of the Notes described herein] pursuant to the U.S.$600,000,000 Euro Medium Term Note Programme of Gulf General Investment Company (P.S.C.).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **Gulf General Investment Company (P.S.C.)**

By: ....

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING**

(i) Listing:	[London/Other(*specify*)/None]
(ii) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange/[Other] with effect from [ ].] *(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
(iii) Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

Ratings:	The Notes to be issued have been rated: [S & P: [ ]] [Moody's: [ ]] [Fitch: [ ]] [[Other]: [ ]] *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. [**NOTIFICATION**

The Financial Services Authority [has been requested to provide/has provided] [*include first alternative for an issue which is contemporaneous with the establishment/update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)	Reasons for the offer:	[ ] *(See "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
[(ii)]	Estimated net proceeds:	[ ] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
[(iii)]	Estimated total expenses:	[ ] [*Include breakdown of expenses*] *(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

6. **[*Fixed Rate Notes only* – YIELD**

Indication of yield:	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. ***[Index-linked or other variable-linked notes only* – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

8. **[*Dual Currency Notes only* – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

9. **OPERATIONAL INFORMATION**

ISIN Code:	[ ]
Common Code:	[ ]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s):	[ ]
Names and addresses of additional Paying Agent(s) (if any):	[ ]

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be used by the Issuer for general funding purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

GGICO BUSINESS DESCRIPTION

OVERVIEW

Gulf General Investment Company (P.S.C.) ("**GGICO**" or the "**Company**") was incorporated in the Emirate of Ajman by Amiri Decree No. 2/73, issued on 27 July 1973. GGICO is an investment company and as at 31 May 2008 includes 17 subsidiaries, of which six are wholly-owned (and consolidated) (the "**GGICO Group**") and is domiciled in Dubai, United Arab Emirates ("**UAE**").

The Company's main activity is real estate, principally the development, purchase, sale and rental of residential and commercial properties. GGICO also has significant results from its wholly-owned oil-based lubricants and manufacturing subsidiaries. In addition to these businesses, GGICO has controlling interests in a number of other subsidiaries and holdings in associated companies operating both in the UAE and internationally across a range of industries, including principally insurance, transport and vehicle manufacturing and retail. Finally, GGICO's securities trading and investment activities (although volatile) contribute to the gross profit of the GGICO Group.

For the year ended 31 December 2007, the GGICO Group had total assets of approximately AED 6.92 billion and recorded a net profit of approximately AED 555 million.

GGICO's registered office is at Al Fattan Plaza Building, 3rd Floor, Airport Road, P.O. Box 22588, Dubai, UAE and its telephone number is +971 (0)4 282 1888.

HISTORY

GGICO was established in 1973 as a public shareholding company under the name Arab Economists Corporation P.S.C. The name of the Company was changed in 1992 to Gulf General Investment Company (P.S.C.) and, in 2001, its headquarters were relocated to Dubai from Ajman, UAE. GGICO's principal founders were Mr. Abdalla Juma Al Sari and Dr. Moawiyah S. Al Shunnar.

GGICO originally specialised in residential development and, in 1976, with the establishment of Gulf Prefab Houses Factory Ltd. ("**Gulf Prefab**"), it diversified further through this wholly-owned subsidiary into industrial projects. During the period from its establishment to the present day GGICO has undertaken a number of notable transactions, including investment in key real estate and development projects such as Modern Industrial Warehouses, a 10 million square foot, 52 unit industrial warehousing development in the Emirate of Sharjah which completed in 1996, the Horizon Towers in Dubai Marina which completed in 2005 and Emirates Crown in Dubai Marina which completed in May 2008. GGICO commenced securities trading and investment activities (at a company level) in April 2000.

Since 1973, GGICO has established five wholly-owned subsidiaries and acquired one, Emirates Lube Oil Company Ltd. ("**ELCO**"), which was acquired in 1992. In addition, GGICO has also acquired many strategic shareholdings in subsidiaries and associated companies, for example GGICO's acquisition of 35 per cent. of the share capital of Al Sagr National Insurance PJSC ("**Al Sagr Insurance**") in December 1994 which it increased by 18 per cent. in January 2002, to a total of 53 per cent of the share capital. GGICO acquired 50 per cent. of the share capital of each of Acorn Industries Co. Ltd. (Acorn) in January 2007, Dubai Al Ahlia Quick Transport L.L.C. ("**DATE**") in June 2005 and Amalia Perfume Trading L.L.C. ("**Amalia**") in April 2007. In February 2007, GGICO also acquired 38 per cent. of the share capital of Ghadeh General Trading and Cont. Co. ("**Ghadeh Trading**").

RECENT DEVELOPMENTS

Interim Statements

Recently, GGICO released its consolidated interim financial statements (the **Interim Statements**) for the three month period ended 31 March 2008 (the **Period**). The Interim Statements disclosed an increase in gross profit and basic earnings per share from approximately AED 175.26 million and AED 0.10 for the three month period ended 31 March 2007, respectively, to approximately AED 269.99 million and AED 0.16 for the Period, respectively. GGICO also reported an increase in profit from approximately AED 127.17 million for the three month period ended 31 March 2007 to approximately AED 193.98 million for the Period. For further information, see "*Financial Statements and Auditors' Reports*" beginning on page F-1 in this Prospectus.

Acquisitions

In February 2008, GGICO acquired 50 per cent. of the share capital of Quality International Co. Ltd. ("**Quality International**"), a UAE free-zone company established in April 2000. The acquisition was made as part of GGICO's strategy of diversifying its industrial profile, see "*Strategy*" below. The other 50 per cent. of the share capital is held by the senior management of Quality International. Quality International is an engineering company specialising in stainless steel, power and desalination. It's principal activities include the manufacture of process equipment, such as brine heaters, evaporators, pressure filters and heat exchangers. In addition, Quality International is involved in the design, engineering, fabrication, installation, testing and commissioning of tanks for industrial use. In March of this same year, GGICO acquired 50 per cent. of the share capital of Lloyds Engineering Co. L.L.C. ("**Lloyds**"), a UAE resident company established in January 2002. The acquisition was made as part of GGICO's strategy of diversifying its industrial profile, see "*Strategy*" below. The other 50 per cent of the share capital is held by the senior management of Lloyds. Lloyds is a steel fabrication company specialising in providing oil-field services, principally the design, fabrication and erection of steel structures. In respect of both Quality International and Lloyds, GGICO has majority representation on the board of directors.

Newly established companies

The following companies have been or are expected to be established by the board of directors of GGICO during 2008 ("**the Board**"):

- National Aluminium Extrusion L.L.C ("**National Aluminium**"), which began operations in May 2008, and is a controlled subsidiary (GGICO holds 51 per cent. of the share capital) specialising in aluminium extrusion. The remaining 49 per cent. of the share capital is held by Investment Group (Pvt) Ltd. ("**IGP**"), the holding company of the Al Sari family. National Aluminium produces a complete range of architectural extruded aluminium, which is used in the profiles of windows and doors. National Aluminium also produces profiles for industrial applications that will enable architects and designers to utilise aluminium in the external structures of their buildings; and
- Horizon Energy Co. L.L.C., although already legally established, is expected to begin operations in the second half of 2008, and is a wholly-owned subsidiary specialising in the manufacture and sale of bitumen products.

STRATEGY

GGICO's vision is to become the largest and most diversified investment company in the Middle East and one of the most valuable companies in the UAE. In order to achieve these goals, GGICO has developed the following five key medium-to-long term strategic objectives:

Maintaining and building upon a diversified profile

GGICO intends to maintain its diversified business model, with further expansion planned both geographically and in terms of sectors covered.

In particular, GGICO is intending to grow its industrial and hospitality businesses whilst also expanding its other core businesses geographically into other parts of the Middle East and India, see "*Business*" below. Residential development is intended to continue to contribute the majority of the net profit of the GGICO Group (real estate contributed approximately 53 per cent. of the GGICO Group's consolidated income for the year ended 31 December 2007) with the relative exposure to securities trading and investment activities being scaled back (a reduction from approximately 33 per cent. of the GGICO Group's total assets for the year 2007 to approximately 22 per cent. of the GGICO Group's total assets forecast for the year 2008).

Currently, GGICO conducts most of its businesses and derives most of its revenue from within the UAE (approximately 81 per cent.[1] of the GGICO Group's consolidated revenues for the year ended 31 December 2007 came from the UAE, as compared to 31 December 2006, where GGICO Group's consolidated revenues from the UAE were approximately 79 per cent.[1]) and this is not expected to change significantly over the short-to-medium term. However, in the long term GGICO intends to expand into other international markets so as to diversify its revenue base.

Achieving growth through backward integration

GGICO plans to grow organically through expansion into related product lines and by backward integration. Backward integration is the process of acquiring ownership of one's supply chain in order to reduce supplier power and, accordingly, input costs. Already, a certain degree of backward integration has begun with GGICO's sourcing and trading of raw materials (such as wood and oil) being combined with core finished products in GGICO's lubricants and prefabricated businesses. By directly sourcing and trading raw materials in-house, GGICO is able to purchase raw materials in bulk at a discount. The remainder which is not used in its operations is then sold at a profit. Given the current high demand for raw materials in Dubai, the strategy of sourcing raw materials in this manner assists in securing adequate supplies as well as managing upfront costs.

Mitigating risks associated with residential development operations

GGICO plans to continue employing a relatively conservative approach to its residential development activities by reducing its cash commitments to certain projects. Conservative measures include pre-selling a certain percentage of units prior to construction, partnering with co-investors and forward-selling the whole development.

Growth in the hospitality sector

Hospitality (principally hotel and related property management) is a high-growth market in Dubai and reflects Dubai's progress towards establishing itself as a tourism and business hub. Although GGICO currently has very little direct exposure to the hospitality sector, it plans to invest AED 550 million, over a period of five years, in Layia Hotel Management L.L.C. ("**Layia**"), a hotel management company established in Dubai in 2007. GGICO currently holds 51 per cent. of the share capital of Layia, with the remaining 49 per cent. of the share capital being held by the senior management of Layia. Layia was established to manage 11 UAE-based hotels (which are expected to open during a five year period commencing in 2008). Of these 11 hotels, GGICO will own four and the Al Sari family two, with the remaining five being independently built and owned. Although initially focused on the UAE market, Layia intends to expand in Oman and Jordan in the future.

Achieving growth through the acquisition of small, high-growth potential companies

GGICO is also seeking to develop a venture capital business by acquiring companies with perceived high-growth potential. GGICO's policy is not to acquire companies valued at more than US$50 million. During 2007, GGICO purchased controlling stakes in a small perfumery (Amalia), a brokerage company (Stock Securities Co. L.L.C.) and a vehicle manufacturing company (Acorn), see "*Businesses*" below. In determining which companies to invest in, GGICO aims to ensure that there is significant growth potential in the target company.

---

1 Excluding sales made to local agents for the purpose of exports to other countries.

COMPETITION AND COMPETITIVE STRENGTHS

Competition

The GGICO Group competes with a range of companies in the UAE and elsewhere in each of its core business areas, as described further under "*Businesses*" below.

Competitive strengths

Strong market position and a leading brand name

In February 2007, Brand Finance Middle East, a division of UK-based Brand Finance PLC, produced the first-ever business brand value table in the UAE which covers a select set of companies across industry sectors. In this report, GGICO's brand was ranked as the sixth most valuable by projected sales revenue in the UAE and as the most valuable among investment companies.

Diversified and integrated business operations

The GGICO Group benefits from exposure to a range of industries and, accordingly, is naturally hedged against a market downturn in any one specific industry. In addition, the strategic backward integration of trading in raw materials, which it also uses to manufacture finished products, both provides sourcing benefits (through economies of scale) and mitigates cost increases in the underlying products as the trading operations generally can benefit from such increases.

Stable customer base and overseas revenue

The GGICO Group believes it has a broad and stable customer base and is not dependent on any single customer. The largest customer of the GGICO Group accounted for approximately 2 per cent. of the GGICO Group's consolidated revenues for the year ended 31 December 2007 and the ten largest customers accounted for approximately 11 per cent. of the GGICO Group's consolidated revenues for the year ended 31 December 2007.

Although predominantly a UAE company, the GGICO Group has been expanding internationally over the last three years (principally in terms of its manufacturing, oil-based lubricants, retail and insurance businesses), and revenue from countries outside the UAE constituted approximately 19 per cent.[1] of the GGICO Group's consolidated revenues for the year ended 31 December 2007. The GGICO Group expects that revenues from countries outside the UAE will represent a higher percentage of consolidated revenues in the future.

Favourable economic and market conditions

The UAE has an expanding economy with high gross domestic product growth rates and a rapidly growing population, reflecting the UAE government's stated goal of reaching a population of 10 million by 2015. In addition, manufacturing and trading conditions are considered favourable to the GGICO Group for the following reasons:

- a zero tax rate on the importation of raw materials and the exportation of finished products;
- affordable labour compared to Europe and the United States of America; and
- an established air, sea and road transport network which provides reliable and cheap export routes.

The UAE is establishing itself as the commercial, economic and industrial hub for the Middle East region, which is also expected to be favourable to local market conditions in the medium-to-long term, due to the:

1 Including sales made to local agents for the purpose of exports to other countries.

- readily available infrastructure facilities, such as power and water; and
- high liquidity in the local market and throughout the Gulf Co-operative Council (the "**GCC**").

Accounting Strengths

GGICO believes that it has two key strengths which are not currently reflected in the financial statements under International Financial Reporting Standards ("**IFRS**"). These are:

- GGICO's wholly-owned subsidiaries and its consolidated controlled subsidiaries are represented on a book value basis in the consolidated financial statements of GGICO. These book values are significantly below current market values. In particular, net worth of the wholly-owned and consolidated controlled subsidiaries is not reflected in the consolidated financial statements of the GGICO Group. In relation to Al Sagr Insurance, for example, the book value of this company is approximately AED 453 million while the market value is approximately AED 533 million. Consequently, GGICO has the capacity to realise a substantial gain on any potential future sale of its consolidated subsidiaries; and
- GGICO uses the consolidation method provided for by IFRS IAS 27 and IAS 29. These standards mean that companies which historically have produced high-equity returns (such as ELCO and Gulf Prefab) are not consolidated at their true market value, pursuant to the accounting standards which are followed in the region.

Reputable and experienced management team

The Board is the top decision-making body of the Company and consists of influential, reputed and experienced members, all of whom have served for lengthy terms. The senior management of GGICO are also experienced executives in their respective fields and GGICO has low staff turnover rates, see "*Management and Employees*" below.

Robust and improving financial profile and high potential

GGICO is a growth company with prudent financial policies aimed at safeguarding the interests of stakeholders including creditors and bondholders. Over the past five years, the Company has generated more than a 100 per cent. return on its paid-up capital. For the years ended 31 December 2005, 2006 and 2007, the Company's net profit was approximately AED 621 million, AED 406 million and AED 555 million, respectively.

SHARE CAPITAL

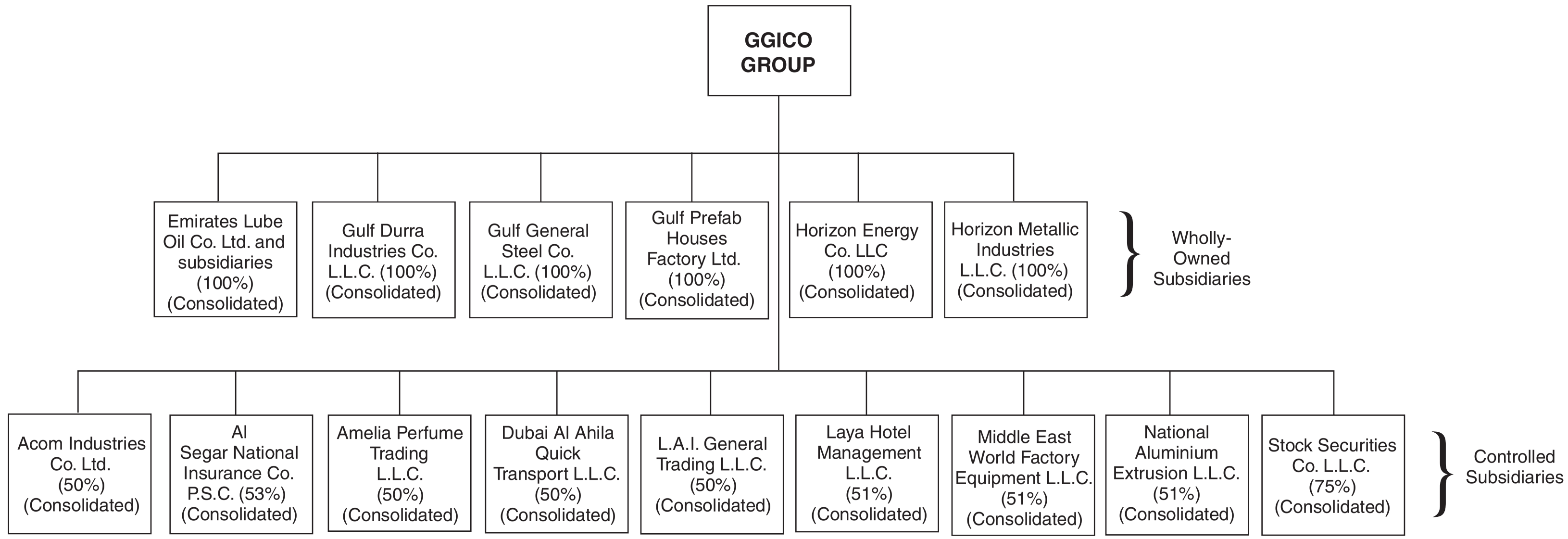
GGICO's shares were listed on the Dubai Financial Market on 22 April 2004. As at 31 December 2007, the authorised and issued share capital of GGICO was AED 540 million divided into 540 million fully paid shares with a nominal value of AED 1 each. As at 31 March 2008, GGICO had an approximate market capitalisation of AED 7,965 million. For the year ended 31 December 2007, the Board proposed a stock dividend of 100 per cent. which, upon implementation in April 2008, increased the authorised and issued share capital to AED 1.08 billion.

As GGICO is a growth company, the focus is on retaining profit to fund further development as opposed to making cash distributions to shareholders. This policy is supported by the majority of GGICO's shareholders. It is the intention of GGICO to continue this policy for the next five years.

As at 31 December 2007, GGICO's principal shareholder was IGP which owned approximately 54 per cent. of the share capital of GGICO. IGP is wholly-owned by the Al Sari family. GGICO's public float, on 31 December 2007, accounted for approximately 22 per cent. of the share capital and the remaining approximately 24 per cent. is owned by approximately 1,500 private investors.

GGICO GROUP STRUCTURE

The table below shows the GGICO Group as at 31 December 2007 (with the approximate share holding percentages).[1]



1 Since 31 December 2007, both Gulf Engineering Services LLC and Horizon Aluminium Ind. Co. LLC have become controlled subsidiaries within the GGICO Group. As at 29 May 2008, GGICO held a 50 per cent. shareholding in Gulf Engineering Services LLC and a 50 per cent. shareholding in Horizon Aluminium Ind. Co. LLC.

OVERVIEW OF PRINCIPAL SHAREHOLDINGS IN ASSOCIATED COMPANIES

The chart below shows GGICO's principal shareholdings in associated companies as at 29 May 2008:

Name of Company	GGICO's holding (percentage)
Al Qalaa First Investment Company	31
Arabcorp (formerly Arab Real Estate Development Co. PSC)	31
Ghadeh General Trading and Contracting Co.	38
Gulf Investment Services PSC	17
Oil Laboratories & Marine Surveyors Co. Ltd.	25
Jordan and Emirates Dimensions for Investment Trading PSC	10
R.A.K. National	10
Tassnim International Morocco PSC	10
Union Insurance Co. PSC	15

BUSINESSES

GGICO's core business focuses on: (i) real estate development (at Company level), (ii) oil-based lubricant manufacture through its wholly-owned subsidiary ELCO, (iii) insurance (principally automotive and medical) through its subsidiary Al Sagr Insurance, (iv) the manufacture of wood products and, in particular, prefabricated buildings through its wholly-owned subsidiary Gulf Prefab, (v) securities trading and investment activities (at Company level), (vi) transport (principally freight and vehicle manufacture) through its subsidiaries DATE and Acorn, respectively, and (vii) retail, through Amalia and Ghadeh General.

The table below shows the relative contributions of these core businesses to the GGICO Group's gross profit in each of the three years ended 2005, 2006 and 2007:

	Year ended 31 December		
	2005	2006	2007
	(AED thousands)		
Real estate	40,959	505,952	460,359
Gain on sale of investment properties	22,884	282,584	231,548
Fair value gain on investment properties	3,036	205,082	194,492
Rental income	15,039	18,286	34,319
Oil-based lubricants	64,510	82,852	87,637
Insurance	37,000	72,655	83,023
Manufacturing	9,903	25,658	33,120
Securities trading and investment activities	642,286	(121,209)	148,715
Gain on sale of investments	271,704	1,078	45,133
Fair value (loss)/gain on held for trading investments	370,336	(121,071)	94,199
(Loss)/profit from investment in associates	246	(1,216)	9,383
Transport and vehicle manufacturing	3,376	0	22,117
Retail	6,126	0	24,481
Other	0	0	2,068
TOTAL GROSS PROFIT[1]	**804,160**	**588,245**	**861,520**

1 For the years ended 31 December 2005 and 2006 the financial statements of the Company referred to "total operating income". For the year ended 31 December 2007, however, due to an accounting presentation change, the Company now refers to "gross profit".

The table below shows the relative contributions of these core businesses to the GGICO Group's consolidated revenues in each of the three years ended 2005, 2006 and 2007:

	Year ended 31 December		
	2005	2006	2007
	(AED thousands)		
Real estate	92,095	749,292	822,951
Oil-based lubricants	610,508	760,076	797,335
Insurance	77,904	136,820	204,612
Manufacturing	46,761	102,226	117,486
Securities trading and investment activities	3,080,434	1,024,131	3,390,788
Transport and vehicle manufacturing	16,694	47,208	146,258
Trading	43,348	63,982	106,206
Other	0	0	2,068
TOTAL CONSOLIDATED REVENUES	3,967,744	2,883,645	5,587,704

In addition to its seven core businesses, GGICO received contributions from the aluminium industry and brokerage divisions in addition to minor contributions from service subsidiaries.

Real estate

Overview

GGICO's real estate activities contributed approximately 5 per cent. of consolidated gross profit for the year ended 31 December 2005, approximately 86 per cent. of consolidated gross profit for the year ended 31 December 2006 and approximately 53 per cent. of consolidated gross profit for the year ended 31 December 2007. In both 2006 and 2007, it was the intention of GGICO's senior management that the contribution from the real estate business be approximately 50 per cent. of total gross profit; this intention was based on the large number of properties being released to the market during that period. The reason for the anomaly in the 2006 figures was due to volatile results in the securities trading and investment activities business, see "*Businesses – Securities trading and investment activities*" below. Going forward, it is the intention of the management of GGICO to reduce its dependency on the contribution made by the real estate business to consolidated gross profit by increasing the revenues generated by the other operating companies.

GGICO's real estate activities generate cash revenues through realised gains when investment properties are sold and through rental income earned on properties which are leased. In addition, GGICO earns non-cash revenues through marked-to-market valuations of its investment properties.

GGICO continues to focus on leveraging the expertise and experience of its sales team by executing marketing strategies that have been developed in collaboration with leading marketing agencies such as Gowealthy, Vakson Real Estate L.L.C. and Landmark Properties L.L.C. To further promote the sale of its residential and commercial properties, GGICO provides third party financing options to its clients, mainly private individuals. To this end, GGICO has partnered with Tamweel PJSC and commercial banks including First Gulf Bank P.S.C. and Commercial Bank International P.S.C. to facilitate property sales by granting secured loans in favour of the purchaser.

GGICO actively manages its real estate portfolio and is involved at every stage, ranging from acquisition to daily administration. All completed properties under the management of GGICO are maintained by an in-house property management company called Gulf Engineering Services L.L.C., which is also responsible for handling all security and general maintenance issues.

Approval process

GGICO's investment decisions follow a five-step process: (i) offer from master developer or broker; (ii) internal pre-feasibility study; (iii) Investment Committee (as further described under "*Management*" below) evaluation; (iv) extensive feasibility study; and (v) funding.

As part of the first stage, GGICO maintains strong connections with key master developers and brokers in the market. These companies either offer, or are approached by GGICO in connection with, property investment opportunities. Normally any resulting offer will contain a 15-day exclusivity period. During the second stage, GGICO will conduct an internal pre-feasibility study involving an examination of the potential site and consideration of the other developers in the area. This process normally takes two to three days, after which the results are presented to the Investment Committee for its evaluation.

The Investment Committee will conduct further due diligence, namely the verification of the pre-feasibility study, and evaluate the prospective investment. The prospective investment will either be approved, rejected or approved with certain conditions, such as pricing limits, proof of other developers entering the same area or certain other concerns being answered. The UAE's Real Estate Regulatory Agency will then assess the correct division for the project between residential and commercial usage.

If the prospective investment is approved, an extensive feasibility study needs to be undertaken. GGICO retains a team of engineers who are responsible for conducting the technical feasibility of any property under consideration. This technical feasibility study involves pre-design approval from the master developer, municipality approvals and the overall design.

Once the technical feasibility has been completed, a detailed study on the commercial viability is prepared by the finance department of GGICO, which focuses on, among other things, the best case (lowest construction price/highest sale price) and worst case (highest construction price/lowest sale price) scenarios. This study is then submitted to the Investment Committee for review and consideration. Once in receipt of this detailed study the Investment Committee will finalise the funding, cashflows and expenditure for the project. Finally, a project manager will be appointed to oversee the project.

For every construction project, GGICO conducts a tender process. The tender process takes approximately 30 days in which time GGICO normally asks between ten and 15 engineers to bid. For a bid to be successful, the engineer will need to provide GGICO with a performance bond and bank guarantee for the deposit.

Real estate development

Residential developments undertaken by GGICO principally involve the development of large multi-unit residential towers in Dubai and, to a lesser extent, in the neighbouring Emirate of Sharjah, on either a develop-to-sell basis or a develop-to-rent basis.

As at 31 December 2007, GGICO's investment in property assets amounted to approximately AED 2.09 billion which comprised of: (i) investment properties (approximately AED 1,872 million); (ii) projects under construction (approximately AED 212 million); and (iii) development properties (approximately AED 1 million).

Investment Properties

Investment properties are investments in buildings and freehold land held for capital appreciation and/or leased to earn rental income. As at 31 December 2007, GGICO's investment properties were approximately 75 per cent. freehold and 25 per cent. leasehold, hotels and serviced villas. These properties are recorded in the financial statements at their book value and marked-to-market periodically, with any gain or loss in their fair value being recognised in the income statement.

For the years ended 31 December 2005, 2006 and 2007, the investments made in properties for sale were approximately AED 246 million, AED 90 million and AED 249 million, respectively, and the incomes from the sale of properties were approximately AED 23 million, AED 283 million and AED 232 million, respectively. For the years ended 31 December 2005, 2006 and 2007, the investments in rental properties were approximately AED 102 million, AED 389 million and AED 645 million, respectively, and the rental income generated was AED 15 million, AED 18 million and AED 34 million, respectively.

As at 31 December 2007, GGICO had 41 undeveloped residential and commercial land plots, which are held both for future development or as a land bank, located in Dubai, Sharjah and Oman with a combined book value of approximately AED 768 million. In addition, GGICO had 12 fully occupied (and 2 ready for occupation) residential developments and one industrial warehouse with a combined book value of approximately AED 645 million. GGICO had also committed to purchase five plots of undeveloped land and two residential developments in various stages of completion.

As at 31 December 2007, approximately 31 per cent. (approximate value AED 652 million) of GGICO's investment properties were encumbered with mortgages to secure construction. In addition, five of the properties have been purchased in the name of related parties on behalf of the GGICO Group. Due to historical UAE regulations requiring property to be owned by UAE nationals or companies with 100 per cent. UAE ownership, four properties were registered in the name of GGICO's chairman and one property was registered in the name of it's managing director. As the said UAE legislation no longer exists, it is the intention of GGICO not to register further property in the name of any related parties. It is the intention of GGICO to transfer these properties back into the name of the Company.

Projects under Construction

Any project (other than that relating to a development property) on which work has commenced, but where no sales have been made, is classified as a project under construction until it is completed. All costs incurred in relation to projects under construction are capitalised when incurred. In terms of GGICO's balance sheet, projects under construction appear as non-current assets.

As at 31 December 2007, GGICO had a total of 1,886 units under construction with a combined book value of approximately AED 423 million besides others which are currently being designed. This includes 4,006 residential and 170 commercial units. Of the units under construction, 15 per cent. (626 units) are expected to be completed by the end of 2008. Once these new units are completed, GGICO currently plans to manage and lease approximately 20 per cent. of them and sell the remaining 80 per cent. 3,836 (approximately 92 per cent.) of the units under construction are located in Dubai.

The table below sets out GGICO's current projects under construction, their location, area (in square metres), book value, percentage ownership, completion stage, type, value sold, value received and expected date of completion:

SR NO.	DESCRIPTION	LOCATION	BUILT-UP AREA SQ. MT.	NO. OF FLATS	BOOK VALUE AED.000 AS ON 31/12/2007	GGICO OWNERSHIP	TYPE & STATUS	VALUE SOLD AS AT 31/12/2007	VALUE RECEIVED AS AT 31/12/2007	EXPECTED DATE OF COMPLETION
A-	**DEVELOPMENT WORK IN PROGRESS**									
1-	DUBAI MEDIA CITY BLDG. - 14 FLOOR	DUBAI	5,909	172	42,758	50%	FURNISHED APARTMENT	0	0	2008
2-	MOWAILEH BLDG. PLOT NO.417- 7 FLOOR	SHARJAH	2,092	142	22,565	100%	RESEDENTIAL	0	0	2008
3-	DUBAI SILICON OWASIS BLDG.PLOT NO.5,6,24 - 8 FLOOR (11-039)	DUBAI	11,455	316	28,578	100%	RESEDENTIAL	0	0	2009
4-	DUBAI SILICON OWASIS BLDG. PLOT NO.25,26,27 - 8 FLOOR (11-040)	DUBAI	10,212	284	19,301	100%	RESEDENTIAL	0	0	2008
5-	DUBAI SPORTS CITY BLDG.PLOT NO. R4-5 - 14 FLOOR	DUBAI	4,690	126	19,441	100%	RESEDENTIAL	0	0	2009
6-	DUBAI SPORTS CITY BLDG. PLOT NO. R4-6 - 14 FLOOR	DUBAI	4,841	126	19,417	100%	RESEDENTIAL	0	0	2009
7-	DUBAI SPORTS CITY BLDG. PLOT NO. R8-6	DUBAI	4,430	154	26,843	100%	RESEDENTIAL	0	0	2009
8-	DUBAI SPORTS CITY BLDG. PLOT NO. R8-7	DUBAI	4,522	126	32,201	100%	RESEDENTIAL	0	0	2009
	SUBTOTAL			**1,446**	**211,104**					
B-	**PROJECT UNDER CONSTRUCTION (INCLUDED IN INVESTMENT PROPERTIES)**									
9-	JUMEIRAH LAKE POINT TOWER - 44 FLOOR	DUBAI	1,649	440	211,715	50%	RESEDENTIAL	0	0	2008
	SUBTOTAL			**440**	**211,715**					
C-	**PROJECTS UNDER DESIGNING & PREPARATION A9 INCLUDED IN INVESTMENT PROPERTIES)**									
10-	34 VILLA IN AL BARSHAA	DUBAI	15,944	34	40,214	100%	RESEDENTIAL	0	0	2009
11-	MOWAILEH BUILDING - 5 FL. PLOT NO. 137/696	SHARJAH	2,400	150	6,197	100%	RESEDENTIAL	0	0	2011
12-	MOWAILEH BUILDING - 5 FL. PLOT NO. 138/696	SHARJAH	2,439	150	6,202	100%	RESEDENTIAL	0	0	2011
13-	DUBAI MARINA BUILDING - 106 FLOOR	DUBAI	3,500	DESIGN	115,925	100%	RESEDENTIAL	0	0	2012
14-	3 BUILDING IN JUMEIRAH VILLAGE	DUBAI	9,426	DESIGN	16,118	100%	RESEDENTIAL	0	0	2010
15-	AL MEYDAN TOWER - 38 FLOOR	DUBAI	8,777	466	57,699	100%	RESEDENTIAL	0	0	2012
16-	LITTLE ITALY PROJECT - AL AIN ROAD	DUBAI	102,192	2,000	17,253	50%	RESEDENTIAL	0	0	2012

Certain of these properties have been sold, however, they have not been booked yet as GGICO has not received 20 per cent. of the value of sales, which is the bench mark for booking sales. GGICO has also completed a number of successful projects (which no longer appear on its books), including:

- Six villas in Al Sharqan;
- Building 33 in International City; and
- Horizon Tower (a luxurious tower in the Dubai Marina region), 98 per cent. of this project was pre-sold off-plan prior to 31 December 2007.

The table below sets out GGICO's completed projects, their location, book value and completion date:

Description	**Location (Emirate of)**	**Book Value (AED'000) as at 31 December 2007**	**Expected date of Completion**
Al Khan Building, 26 floors	Sharjah	39,424	2003
Emirates Crown Building, 57 floors	Dubai	203,433	2007
Horizon Tower (2 per cent. of this project remains on the books as of 31 December 2007)	Dubai	25,560	2006

Development Properties

Development properties are those that are being constructed where sales have commenced. Expenses incurred in the construction phase are capitalised when incurred. In terms of GGICO's balance sheet, development properties appear as current assets. Whilst under construction, these properties are stated at cost plus attributable profit or loss less contractors' monthly billings. Once completed, unsold development properties are stated at the lower of cost and net realisable value.

Currently, GGICO has two development properties, both under construction:

- The Dubai Marina Tower, with 106 floors, is one of the tallest buildings in Dubai Marina. Special approval was sought from, and has been granted by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister and Vice President of the UAE and the Ruler of Dubai, for constructing the building to such a height, as other towers in the same location are below 50 per cent. of its height. GGICO has two co-investors in the project (25 per cent. of the investment is provided by Arab Corp. P.S.C. of Jordan, an affiliate of GGICO, and 25 per cent. is provided by United Arab Investor Co. P.S.C. of Jordan). Project costs are estimated at an aggregate amount of AED 928 million. The project is expected to complete in June 2011; and
- Little Italy, which is a leisure, commercial, hotel and retail complex with a built-up area of 2.75 million square feet in a land area of 1.4 million square feet in Dubailand. Dubailand is an ambitious tourism, leisure and entertainment project, catering to the needs of the entire family, being developed over 3 billion square feet. The GGICO project cost is estimated at AED 1.77 billion. The project is expected to start in April 2008 and be completed in September 2010. GGICO has two co-investors in the Little Italy development holding 35 per cent. (Arab Corp. P.S.C. of Jordan) and 15 per cent. (Gowealthy), respectively.

Key financials

The following table sets out some key figures for real estate for the years ended 31 December 2007 and 2006:

	2007	2006
	(AED millions)	
Total assets	2,085	1,209
Net earnings	460	506

Strategy

GGICO's strategy in relation to its real estate business is to expand within the Middle East with a short- to medium- term focus on establishing a subsidiary in both Jordan and Oman.

GGICO intends to brand its future developments in order to add value to the sale margin through the association with the international brand name.

Risk management

A material part of GGICO's business is concentrated around real estate and the economic movements of this business sector. GGICO seeks to mitigate this risk through its approval process, by careful selection and procurement of relevant land plots or projects, and the diversification into other business sectors such as manufacturing, industry and trading. In addition, GGICO also seeks to limit its exposure within the real estate sector by diversifying into development, leasing, freehold and hospitality (except warehousing and labour accommodation).

In addition, GGICO is exposed to a competitive operating environment, the risk of project delays, the credit risk of co-investors and rising input costs such as labour and building materials (to the extent they are not mitigated by construction contracts). In the past, GGICO has not experienced material cost overruns in relation to its projects under construction as its contractors are all paid on a fixed cost basis (with no price escalation clause) and GGICO receives compensation for any material overruns.

Both the Executive Committee and the Investment Committee are involved in risk management at a strategic level by, among others, approving the contracts of the suppliers and contractors.

Competition

The real estate sector in the UAE is highly competitive. GGICO competes with other real estate developers, including, but not limited, Deyaar Development PJSC and ETA Star Property Developers LLC. GGICO competes with these real estate developers when purchasing development land from the master developers operating in the UAE such as Emaar Properties PJSC and Nakheel Co. PJSC. Whilst GGICO expects competition to remain strong, with the announcement of other major developments schemes, management considers GGICO to be in a strong position with respect to its competitors for the reasons set out in "*Competitive Strengths*" above.

Oil-based lubricants

Overview

GGICO's oil-based lubricants business is centred on its wholly-owned subsidiary, ELCO. Founded in 1972, ELCO specialises in the manufacture and marketing of automotive, industrial and marine lubricants as well as greases and other specialty products which are marketed under the "National Lube" brand.

For the years ended 31 December 2005, 2006 and 2007, GGICO's oil-based lubricants activities contributed approximately 8.41 per cent., 14.08 per cent. and 10.10 per cent., respectively, of consolidated gross profit.

ELCO manufactures all of its products to meet and exceed industry specifications and original equipment manufacturer standards. ELCO's blending plant is equipped with modern technology and is fully automated. In addition, ELCO has well-equipped laboratories with centrally located testing facilities. The laboratory serves to develop new products to international specification and also gives technical backup to ELCO customers, including condition monitoring of the oil, wear metal analysis and lubrication troubleshooting. Qualified chemists and technicians work in the laboratory to ensure quality and consistency of ELCO products. ELCO is ISO 9001-2000, ISO 9002 and ISO 14001 accredited.

The process of lubricant manufacture involves the blending of bare oils with certain additives and at certain specific temperatures. Base oils are generally available in five types, depending on viscosity, while additives vary considerably more. There are up to 100 different types of additives, depending on performance requirements. Base oils are procured from refineries around the world, such as Exxon Mobil Corporation, BP Middle East plc, Saudi Aramco Lubricating Oil Refining Co., Petrobas Brasileiro S.A., Repsol YPF S.A. and Thai Petroleum & Trading Co. Ltd. Additives are procured from global leaders such as Lubrizol and Chevron Oronite. Both the base oils and additives are stored in bulk steel storage tanks, which are thermostatically controlled. A computerised blending system ensures the requisite quantity of base oil and additives are drawn into the blends. The blended products are then tested for quality control before being stored prior to sale.

GGICO uses the consolidation method provided for by IFRS IAS 27 and IAS 29, which means that ELCO which historically has produced high-equity returns is not consolidated at its true market value.

ELCO has three business divisions:

- Retail sales, through its brand "National Lube" and other brands

  ELCO's main brand, "National Lube", is sold in more than 80 countries. As at 31 December 2007, approximately 85 per cent.[1] of ELCO's products were exported outside the UAE. ELCO currently sells to approximately 1,000 clients directly and to 60,000 indirectly through a worldwide network of agencies it works with. ELCO's sole distributors represent it in their respective countries. The sole distributors are ELCO's direct interface with the end customer and are trained to provide the right lubricant solution to each customer.

  ELCO customers include leading international and local oil companies, governments and quasi-governmental organisations and lubricant plants.

  For the year ended 31 December 2007, approximately one-third of the sales of ELCO were derived from long term contracts with approximately five major international oil companies, with the remaining sales being made directly to retail customers. ELCO has a qualified sales team which assists customers with choosing the right lubricant solution for their particular equipment.

  ELCO currently has a production capacity of approximately 0.24 million metric tonnes per annum.

  ELCO has regional offices across the UAE, India, Oman and Morocco.

  Retail sales, through its "National Lube" brand, account for approximately 27 per cent. of ELCO's total sales. Retail sales, through its other brands, including but not limited to "Crown" and "Liberty", account for approximately 9 per cent. of ELCO's total sales.

1 Including sales made to local agents for the purpose of exports to other countries.

- Trading in base oil

  ELCO is classified as an independent producer as it does not operate its own refinery to produce base oil.

  ELCO's main raw material is base oil, which it imports from independent refineries from around the world on the open market. ELCO procures almost double its own requirements and then trades the excess to the regional markets in the UAE, GCC and Southern Asia. Trading sales account for approximately 29 per cent. of ELCO's total sales.

  ELCO is well established as one of the leading base oil traders in the region and has many long term contracts with customers.

  ELCO stores its base oil in dedicated storage tanks and trades the base oil by delivery either of storage tanks or by road tankers.

- Blending of international brands

  ELCO's operations involve the blending of base oil which is both the core input material and a derivative of crude oil. Additives are then mixed to create various forms of lubricant. The products are blended using highly refined base stocks and additives sourced from Europe and Saudi Arabia.

  Besides this, ELCO is the preferred choice for toll blending oils and greases for various international brands. ELCO blends the products in accordance with the customer's pre-approved formula which is vetted by the customer's in-house representatives. ELCO procures all raw and packaging materials as per the customer's pre-approved specifications and standards. The packed products are then loaded into the customer's designated trucks and/or tankers. Many of its partners and distributors have been working with ELCO continuously for more than 25 years.

  ELCO's most important customer in its blending business is for a U.S. multinational company. ELCO has a five-year renewable, non-cancellable contract (which is now into its third year) with this U.S. multinational company, having already completed a previous five-year contract. ELCO's major customer represented approximately 16 per cent. of ELCO's sales as at 31 December 2007 (and approximately 2 per cent. of GGICO's overall sales as at 31 December 2007). ELCO's customers are predominantly U.S. and European multinationals.

  ELCO holds the exclusive rights to sell, market, produce and deliver marine lubricants for one of the top five multinational oil companies. ELCO also has a tie-up contract with a major US multinational to manufacture and market FAMM Marine products in this region.

  Blending sales account for approximately 35 per cent. of ELCO's total sales.

Products

ELCO's product range is extensive, covering:

- *Automotive*: diesel and petrol engine oils, motorcycle oils, gear and transmission oils, brake fluid, radiator coolant, antifreeze and greases; and

- *Industrial*: transformer oils, refrigeration oils, circulation oils, compound lubes, gear lubricants, compressor oils, concrete form oil, cutting oils, flushing oils, hydraulic oils, knitting oils, mill roll bearing lubricants, turbine oil, quenching oil, rock drill oil, slideway oil and therm oil.

ELCO has its own filling and packaging division. Filling is done by various machines which allow the product to be packaged into drums, pails, small plastic packs and metal cans. The machinery can fill the product into both metal and plastic containers, varying in size from 0.5 litre to 208 litres.

Key financials

The following table sets out some key figures for ELCO for the years ended 31 December 2007, 2006 and 2005:

	2007	2006	2005
		(AED millions)	
Total assets	754	908	588
Total liabilities	503	651	406
Net earnings	62	73	76
Revenue	797	760	627

Strategy

ELCO's strategy principally involves the expansion of its exclusive agents into other countries, such as Egypt, Turkey, Indonesia, Eastern Europe and certain Commonwealth of Independent States countries. In addition, ELCO is seeking to expand into oil-based products with higher profit margins, such as refrigeration and transformer oils. ELCO also plans to continue its backward integration of this business line in order to maximise margins. It is GGICO's intention for ELCO to continue to contribute approximately 10 to 14 per cent. toward GGICO's consolidated revenues in the medium- to long- term.

Risk management

ELCO's business is exposed to a highly competitive market, variable input costs (especially base oil) and the risk of major contracts not being renewed. ELCO mitigates the variable input costs by procuring multiple international sources of supply and passing on any additional costs to the consumer. The risk of ELCO's major perpetual contracts not being renewed is believed to be a minor risk due to the limited blending plants available in the market coupled with a high demand for such facilities.

Competition

ELCO's key competitors are major oil companies, including Chevron Corporation, Total Lubricants Middle East LLC, Shell Market Middle East, BP Middle East plc and Abu Dhabi National Oil Co. (the national oil company of the UAE). ELCO estimates that it holds a market share in the UAE of approximately 10 per cent. While ELCO's market is very competitive, there exists a high barrier to entry due to costs (for example, establishing a blending plant) and know-how (for example, in relation to the overall blending process and the requisite additives) required to enter the market.

GGICO believes ELCO's strong local brand helps differentiate ELCO's products in what is largely a commodity industry. The brand association adds significant reputational value to ELCO's products.

Management

Mr. Mohamed Ali Al Sari is the managing director of ELCO and reports directly to the managing director of GGICO. He is also the deputy managing director of GGICO. ELCO's board of directors comprises of the same members as the Board. See "*Management*" below.

Insurance

Overview

GGICO's insurance business is centred on its subsidiary, Al Sagr Insurance (in which currently it holds a 53 per cent. shareholding). Al Sagr Insurance, headquartered in Dubai, began operations in 1979 following a decree to this effect from the then Ruler of Dubai, H.H. Sheikh Rashid Bin Said Al Maktoum. Al Sagr Insurance is a public company listed on the Dubai Financial Market and is licensed to transact in all acceptable types of insurance in the UAE.

For the years ended 31 December 2005, 2006 and 2007, GGICO's insurance activities contributed approximately 4.58 per cent., 12.35 per cent. and 9.64 per cent., respectively, of consolidated gross profit.

The UAE market does not itself generally underwrite the full risks associated with any form of insurance. The market has developed such that all UAE insurance is reinsured internationally. Accordingly, the UAE insurance market is more similar to a broker or an underwriter. Al Sagr Insurance has reinsurance support from the world's leading reinsurers, all AAA-rated companies, such as Munich Reinsurance Co. and Swiss Reinsurance Co.

The main focus of Al Sagr Insurance is on automotive insurance (which is required by UAE law) (representing approximately 28 per cent. of sales for the period ended 31 December 2007) and medical insurance (which is required by UAE law) (representing approximately 28 per cent. of sales for the period ended 31 December 2007). Al Sagr Insurance also insures against a wide variety of other risks, including (among others) fire, general accident, marine (cargo and vessel), life and professional liability and indemnity. According to the Abu Dhabi Stock Market and Dubai Financial Market, Al Sagr Insurance has, since 2004 been in the list of the top five insurance companies in the UAE in terms of premiums received.

Al Sagr Insurance has its own branches throughout the UAE and a large-scale insurance interest in the Kingdom of Saudi Arabia through an associated company (in which it owns 50 per cent. of the share capital), Al Sagr Saudi Insurance Co. ("**Al Sagr Saudi**"). Al Sagr Saudi, with a head office and three branches across Saudi Arabia, plans to list on the Saudi Stock Market by the end of 2008. Al Sagr Insurance also has a wholly-owned Qatari subsidiary, Al Sagr National Insurance Co. Qatar LLC. In March 2008, Al Sagr Insurance acquired a new subsidiary, Oasis Insurance P.S.C., in Jordan.

In March 2008, Al Sagr Insurance signed a management agreement with Union Insurance Co. P.S.C. ("**Union Insurance**") of the Emirate of Ajman whereby Al Sagr Insurance will manage Union Insurance's entire operation.

Al Sagr Insurance's clientele includes prominent entities from the following industries: government ministries, public services, municipalities, property developers, banks and construction companies.

As at 31 December 2007, Al Sagr Insurance's book value was approximately AED 453 million while the market value was approximately AED 533 million. Consequently, GGICO has the capacity to realise a substantial gain on any potential and future sale, see "*Competitive Strengths – Accounting Strengths*" above.

Al Sagr Insurance is currently rated BBB by Standard & Poor's.

Key financials

The following table sets out some key figures for Al Sagr Insurance for the years ended 31 December 2007, 2006 and 2005:

	2007	2006	2005
		(AED millions)	
Total assets	1,165	764	622
Total liabilities	693	410	272
Net earnings	121	12	168
Total shareholders' equity	472	354	350
Market capitalisation	533	533	750
Revenue	205	137	78

Strategy

Al Sagr Insurance's strategy principally involves buying other established insurance companies across the Middle East and, accordingly, increasing its customer base. Al Sagr Insurance anticipates further expansion in Qatar, Jordan and Saudi Arabia through its newly established subsidiaries. GGICO intends that Al Sagr Insurance will continue to contribute approximately 10 per cent. toward GGICO's consolidated revenues in the medium- to long- term.

Risk management

The insurance division, Al Sagr Insurance, is exposed to the credit risk of its reinsurers.

Al Sagr Insurance limits risk exposure through reinsurance by AAA-rated companies such as Munich Reinsurance Co. and Swiss Reinsurance Co. The underrating is mostly done by AAA-rated companies to minimise risk level. The biggest single claim in the history of Al Sagr Insurance was AED 42 million in 2006, of which Al Sagr Insurance's own loss was limited to AED 600,000.

Competition

There are approximately 48 UAE-based insurers and six international insurers which compete actively with Al Sagr Insurance. However, the top five UAE-based insurance companies (of which Al Sagr Insurance is one) control approximately 60 to 80 per cent. of the insurance market, and therefore real competition is substantially less (source: Emirates Securities and Commodities Authority). In addition, the UAE currently is not granting any more insurance licences to new companies.

Management

Mr. Sami Shakhshir is the chief executive officer of Al Sagr Insurance and reports directly to the Board, through Mr. Mohamed Abdalla Juma Al Sari. Mr. Mohamed Abdalla Juma Al Sari is the managing director of GGICO and a member of GGICO's Executive Committee and Investment Committee. Mr. Abdalla Juma Al Sari is the chairman of Al Sagr Insurance. There are five members on Al Sagr Insurance's board of directors, of whom Mr. Mohamed Abdalla Juma Al Sari and Mr. Majid Abdalla Juma Al Sari are two. See "*Management*" below.

Manufacturing

Overview

GGICO's manufacturing business is centred on its wholly-owned subsidiary, Gulf Prefab. Gulf Prefab commenced operations in 1976 in Sharjah, and was among the first entities to offer competitive industrial and domestic building solutions ranging from traditional timber frames to pre-engineered steel frames within the UAE. Its main activity is the production of prefabricated buildings used for villas and other buildings. Gulf Prefab also produces wood panels, doors, frames and furniture and also trades in raw wood.

For the years ended 31 December 2005, 2006 and 2007, GGICO's manufacturing activities contributed approximately 1.23 per cent., 4.36 per cent. and 3.84 per cent., respectively, of consolidated gross profit.

Through a policy of backward integration, Gulf Prefab has acquired ownership of substantially all of its supply chain (with the exception of forestry). As a result, Gulf Prefab's profit for the year ended 2007 was AED 40 million on a turnover of AED 199 million, displaying a 20 per cent. margin, which is high in the context of the market sector.

Gulf Prefab's 240,000 square foot factory is located in the Emirate of Sharjah. Production capacity has increased to over 4,500 standard units per annum (or over 200,000 square metres per annum) in 2007 from a modest 600 units in the year 2000. Gulf Prefab has more than 950 employees and is ISO 9001-2000 certified.

Gulf Prefab caters to customers located in the UAE, Oman, Bahrain, Qatar, Kuwait, Tanzania and Iran. As at 31 December 2007, approximately 80 per cent. of Gulf Prefab's sales were to the UAE with the remaining approximately 20 per cent. being to overseas customers. As at 31 December 2007, Gulf Prefab estimated that it held approximately 20 per cent. of the UAE market.

Gulf Prefab believes its strengths include a strong customer base complemented by in-house technical expertise. Gulf Prefab has a diverse customer base in the following sectors: telecommunications, education, public services, construction, property development, engineering and an internationally renowned humanitarian relief organisation.

Gulf Prefab has seven business divisions:

- *The Prefabricated Buildings division*, established in 1976, specialises in master planning and design of civic, community, retail and private development projects. Approximately 40 skilled employees work to tailor each project to individual sites, such as office fit-outs. This division has approximately 280 employees;

- *The Doors and Furniture division* was established to manufacture prefabricated villa requirements, such as wooden and fire-rated doors, architraves, frames and furniture. The division also caters to demands for a variety of fixtures, such as wardrobes, kitchen cabinets and other furniture. This division has approximately 250 employees;

- *The Decor division* manufactures, markets and supplies high-quality paper and melamine decorative panels to customers' specific requirements. This division has approximately 25 employees;

- *The Timbers division* is a newly established division which caters to factory and local market requirements for wood, timbers, plywood and MDF. The timber division is rapidly creating a brand identity both locally and within the GCC. This division has approximately 30 employees;

- *The Melamine MDF division* is a newly established division which overlays MDF panels with melamine to provide pre-finished hard surfaced panels which are stain and scratch resistant. These melamine panels are used extensively in the manufacture of cupboards, shelving, cabinets and built-in kitchens. This division has approximately 25 employees;

- *The Saw Mill division* is a newly established division consisting of two automatic German saw milling units which are capable of producing around 100 cubic metres of sawn timber in eight hours. The division principally serves the GGICO Group's requirements for sawn wood. This division has approximately 30 employees; and

- *The Joinery division* assembles high quality doors, wardrobes, kitchen cabinets and furniture. This division has approximately 310 employees.

The strategy behind the establishment of the various divisions is to support specialisation while promoting cross-functionality. This backward integration is designed to reduce risk and minimise overheads.

GGICO uses the consolidation method provided for by IFRS IAS 27 and IAS 29, which means that Gulf Prefab which historically has produced high-equity returns is not consolidated at its true market value.

Key financials

The following table sets out some key figures for Gulf Prefab for the years ended 31 December 2007, 2006 and 2005:

	2007	**2006**	**2005**
		(AED millions)	
Total assets	300	162	88
Total liabilities	76	101	54
Net earnings	41	28	8
Revenue	211	166	90

Strategy

Gulf Prefab's strategy is to continue to grow its business and to increase the existing capacity (by the construction of an additional factory in the UAE) to handle the consistently high number of orders. GGICO intends that Gulf Prefab will continue to contribute approximately 8 to 9 per cent. toward GGICO's consolidated revenues in the medium-to long-term.

Risk management

Gulf Prefab's wood manufacturing business is exposed to a demand which is to an extent linked to the health of the GCC's construction market (a major consumer of Gulf Prefab's products). With greater sales expected from outside of the UAE, principally Iran, the other GCC countries and Tanzania, the Company intends to further mitigate its exposure to the UAE's (and GCC's) construction market. Gulf Prefab is also exposed to fluctuating wood costs (raw materials being largely sourced from international suppliers), which may lead to competitive pressures arising in the future. Gulf Prefab mitigates this risk by passing on any increase in wood costs to the customer.

Competition

Gulf Prefab believes that, due to its multiple and compatible business division structure and use of backward integration as part of its business model, it is currently unique in the UAE and accordingly experiences no material competition. In order to stay competitive, Gulf Prefab continuously strives to seek new potential customer and country specific markets, whilst streamlining its operations and monitoring cost effectiveness and quality controls of its finished products.

Management

Mr. Adnan Mahmood Tayeh is the managing director of Gulf Prefab and reports directly to the managing director of GGICO. He is also the assistant managing director of GGICO. Gulf Prefab's board of directors comprises of the same members as the Board. See "*Management*" below.

Securities trading and investment activities

Overview

GGICO has an actively managed securities trading and investment business which is controlled by a team of investment professionals and portfolio managers. Investment strategies primarily focus on generating income from trading its securities, principally bonds and equities (both listed and non-listed). Stock specific risks, sector weighting and risk-reward characteristics are taken into account when building an investment portfolio.

For the years ended 31 December 2005, 2006 and 2007, GGICO's securities trading and investment activities contributed approximately 79.87 per cent., (20.60) per cent. and 17.26 per cent., respectively, of consolidated gross profit.

In addition, GGICO places considerable emphasis on building a strong investment base through investment in securities that increase in value over time. From time to time the Company also participates in initial public offerings ("**IPOs**"), pre-IPOs and direct private equity investments. GGICO invests in both the Middle East and the international markets.

The majority of investments made in the UAE are executed through five brokerage houses while international investments are made through eight multinational banks.

The investment portfolio is managed under the guidance of two key committees:

- *The Audit/Corporate Governance Committee* is primarily responsible for ensuring that all investment activities are conducted in strict compliance with GGICO's investment policies and procedures and are within acceptable risk criteria; and
- *The Investment Committee* is primarily responsible for exploring and assessing all possible investment opportunities as well as ensuring that all investments made by GGICO meet its risk criteria.

Both of the committees are made up of three individuals, and both meet on a quarterly basis and report directly to the Board, see "*Management and Employees – Board Committees*" below.

Approval process

GGICO's investment decisions for all securities trading and investment activities follow a four-step process: (i) screening, (ii) evaluation, (iii) due diligence, and (iv) funding.

Members of senior management screen potential investment opportunities, of which they become aware through their contacts with investment banks, to ensure that they are in accordance with GGICO's overall investment viability plan. If the investment opportunity is found to be in accordance with the overall investment strategy, senior management will embark upon a more detailed evaluation, considering aspects such as: (i) the profile of the target company; (ii) available analyst research reports; and (iii) price targets and/or share price. This process will normally take approximately two days to complete.

Senior management will then present a report to the Investment Committee detailing their findings and recommendations. At this stage, the Investment Committee conducts its own due diligence by considering operations and strategy, financial performance and the market and by reviewing (as necessary) the senior management's report and sources. The Investment Committee meets once a week to consider (among other things) potential new investments.

Acceptable proposals are approved for funding and the amount provided is based on investment potential, risk assessment and available funds.

Investment portfolio

As at 31 December 2007, the book value of GGICO's total securities and investment activities portfolio was AED 2.3 billion. As at 31 December 2007, approximately 53 per cent. of this portfolio comprised investments held for trading, approximately 46 per cent. comprised investments available for sale and the remaining 1 per cent. comprised investments held to maturity.

Investments held for trading are initially recorded at cost and are subsequently periodically marked-to-market. The unrealised gains and losses arising are recorded in the income statement. In the year ended 31 December 2005, GGICO recorded approximately AED 370 million in unrealised gains on its trading investments, reflecting generally improving local stock markets during the year. By contrast, 2006 was marked by significant falls in regional stock market valuations at the end of the year compared to the beginning and, as a result, GGICO recorded unrealised losses of approximately AED 121 million on its trading investments. In 2007, GGICO recorded unrealised gains of approximately AED 94 million on its trading investments.

Investments available for sale are initially recorded at cost and are subsequently periodically marked-to-market. The unrealised gains and losses arising are recorded in equity until the investment is disposed of at which time the cumulative gain or loss is recorded in the income statement. Held to maturity investments are recorded at amortised cost. If any such investment is determined to be impaired, a charge to reflect the impairment is recorded in the income statement.

Investments held for trading should constitute approximately two-thirds of the portfolio with the remaining one-third of the portfolio being investments available for sale. The securities trading guidelines require that the trading investments be sold when profit levels reach 20 to 25 per cent. or, conversely, in the case of declining performance, when returns have a 15 per cent. stop loss. The Investment Committee ensures that all investments are within the sector investment limits defined in GGICO's investment guidelines.

A breakdown of GGICO's diversification by both geographical region and industry sector is as follows:

	31 December 2005	31 December 2006	31 December 2007
		AED'000	
Breakdown by industry			
Banks	585,831	485,879	719,542
Insurance companies	131,851	142,062	366.327
Industry companies	28,446	15,765	68,383
Service companies	321,141	437,834	1,012,917
Other segments	454,596	480,009	108,545
Total[1]	1,521,866	1,561,549	2,275,714
Breakdown by geographical region			
UAE	1,505,727	1,416,438	1,675,388
GCC countries except UAE	14,639	84,565	228,320
Middle East	1,500	5,471	96,940
Asia	0	14,031	10,994
Other countries	0	41,044	264,071
Total[1]	1,521,866	1,561,549	2,275,714
Breakdown by purpose of investment			
Available for sale	290,811	537,256	1,039,304
Held for trading	1,220,520	1,004,748	1,209,485
Held for maturity	10,535	19,545	26,925
Total[1]	1,521,866	1,561,549	2,275,714
Breakdown by investment type			
Corporate bonds	0	9,182	27,734
Listed equities	1,450,584	1,347,194	2,004,315
Non-listed equities	71,282	205,173	243,664
Total[1]	1,521,866	1,561,549	2,275,714

1 Minor discrepancies caused due to rounding.

Key financials

The following table sets out some key figures for securities trading and investment activities for the years ended 31 December 2007 and 2006:

	2007	2006
	(AED millions)	
Total assets	2,276	1,562
Net earnings	139.33	(120)

Strategy

GGICO's strategy in relation to its securities trading and investment activities business is to reduce its investment portfolio from 33 per cent. of the GGICO Group's total assets for the year 2007 to approximately 22 per cent. of the GGICO Group's total assets for the year 2008. This is in order to reduce GGICO's dependency on investment income as a source of revenue. In the long-term, GGICO's securities trading and investment activities business will remain focused on maintaining its current levels of exposure to predominantly listed (approximately 89 per cent. as at 31 December 2007) and non-listed (approximately 11 per cent. as at 31 December 2007) equities.

Risk management

Market risk is the risk that the value of an asset of the GGICO Group fluctuates as a result of changes in market prices. The GGICO Group is exposed to market risk with respect to its investments in quoted marketable securities. However, it limits market risks by maintaining a diversified portfolio and by continuous monitoring, by the Investment Committee, of developments in the market. In addition, the GGICO Group actively monitors stock and market movements, including analysis of operational and financial performance. GGICO is not actively involved in hedging any securities trading and investment activity risks.

Other businesses

Transport and vehicle manufacturing

GGICO is active in the transport sector, principally through its transport and vehicle manufacture businesses. For the years ended 31 December 2005, 2006 and 2007, GGICO's transport and vehicle manufacturing activities contributed approximately 0 per cent., 1.71 per cent. and 2.57 per cent., respectively, of consolidated gross profit.

(i) ***Transport***

GGICO's transport business is centralised through its 50 per cent. shareholding in DATE (the other 50 per cent. being held by the senior management of DATE). DATE, which was founded in 1985, is one of the two biggest (by revenue) bulk transporting companies in the UAE specialising in the transport of oil and petrochemicals. The geographical spread of DATE's transport operations covers the entire Middle East.

DATE has a fully equipped 29,000 square foot workshop area and garage for both servicing and maintaining its fleet. In addition, DATE runs a 24-hour breakdown service for its fleet.

Apart from transportation, DATE's other business divisions are:

- *Container Services*. In order to improve the backward integration of DATE, an automatic tank container cleaning and maintenance facility has been established. This facility automatically steam cleans and inspects the tank containers used in the transport of oil and petrochemicals. This service is also offered to other tank container operators;
- *Quarry and Crusher*. Established in 1997, this company produces aggregates and rocks for the real estate and construction sectors within the UAE, Kuwait and Qatar; and
- *General Trading*. The general trading of petroleum products is exclusively undertaken by DATE's wholly-owned subsidiary Silver Home General Trading Est.

DATE's principal clients are the major national and international petrochemical companies.

Key financials

The following table sets out some key figures for DATE for the years ended 31 December 2007 and 2006:

	2007	**2006**
	(AED millions)	
Total assets	75	53
Total liabilities	29	17
Net earnings	9	7

Strategy

DATE's strategy is to expand its operations both within the UAE and the GCC in order to become the leading petrochemical transporting company in the region. DATE is currently working at full capacity but is actively looking to expand this capacity in the medium-term by increasing the number of qualified drivers and the size of its fleet. GGICO intends that DATE will continue to contribute approximately 3 to 4 per cent. toward GGICO's consolidated revenues in the medium- to long- term.

Risk management

Safety and service satisfaction are the inherent risk factors in this business and DATE mitigates the risk by recruiting and training its drivers to comply with quality, environmental, health and safety standards. DATE is currently certified by the Bureau Veritas for Integrated Quality Management Systems to ISO 9001-2000, ISO 14001-2004 and OHSAS 18001-2007 standards. DATE also carries public liability insurance, throughout the territories in which it is active.

Management

There are four members on DATE's board of directors, of whom Mr. Mohamed Ali Al Sari and Mr. Simon Philip are two. Mr. Mohamed Ali Al Sari is the deputy managing director of GGICO and Mr. Simon Philip is the general manager of GGICO. See "*Management*" below.

(ii) ***Vehicle manufacturing***

GGICO's vehicle manufacturing business is held through its 50 per cent. shareholding in Acorn (the other 50 per cent. being held by senior management). Acorn was founded in April 2002. It is principally involved in the design, fabrication and erection of both underground and above-ground bulk storage tanks across the UAE. Acorn also fabricates road tankers and trailers (for the bulk transport of all types of liquids, for example diesel, petrol, bitumen, cement and water), heavy goods transporter trucks (for example, tippers, flat-bed trailers, low-bed trailers and tipper semi-trailers) and special vehicles (for example, ambulances, fire-fighting vehicles and refuse compactors). As of 31 December 2007, Acorn accounted for approximately 2 per cent. of GGICO's overall consolidated revenues.

Acorn also has experience in: (i) the execution of turnkey projects where it acts as a solution provider for fuel handling systems. In doing so, Acorn designs, supplies and installs the entire fuel handling system including all the instrumentation to suit specific customer requirements; and (ii) building pressure vessels, canopies, gantries, piping and ducting.

Acorn is also active in providing mobile lighting towers for construction sites, sand and grit blasting and fire-fighting pipeline riser systems (water and foam) for industrial projects.

In addition to the above, Acorn is involved in equipment trading around the globe with various oilfield equipment manufacturers and represents leading brands such as Blackmer pumps, Euro gauge level instruments, Kuber float switches and Nupi flexible pipes, amongst others. It also represents Fisher controls U.S.A., in relation to LPG control instruments.

Acorn customers include both national and international oil and petroleum corporations.

Key financials

The following table sets out some key figures for Acorn (which was acquired in January 2007) for the years ended 31 December 2007 and 2006:

	2007	2006
	(AED millions)	
Total assets	44	15
Total liabilities	27	2
Net earnings	5	5

Strategy

Acorn's strategy is to become one of the leading players in the vehicle manufacturing business in both the UAE and the GCC, through its planned expansion policy to grow the business four times in the medium-to long-term. GGICO intends that Acorn will continue to contribute approximately 2 per cent. toward GGICO's consolidated revenues in the medium-to long-term.

Risk management

Acorn is exposed to the risk of its products requiring precision workmanship, which again is mitigated through recruiting highly qualified staff and providing a substantial in-house training programme.

Management

There are four members on Acorn's board of directors, of whom Mr. Mohamed Ali Al Sari and Mr. Simon Philip are two. Mr. Mohamed Ali Al Sari is the deputy managing director of GGICO and Mr. Simon Philip is the general manager of GGICO. See "*Management*" below.

Retail

GGICO is active in the retail sector, principally through its perfumery and jewellery businesses. For the years ended 31 December 2005, 2006 and 2007, GGICO's retail activities contributed approximately 0 per cent., 0 per cent. and 3.14 per cent., respectively, of consolidated gross profit.

(i) ***Perfume***

GGICO's perfume division is centralised through its 50 per cent. shareholding in Amalia. Founded in 2003, Amalia currently has 27 retail outlets in the GCC, except Saudi Arabia. These retail outlets are principally located in hypermarkets, malls and duty free zones. By the end of 2009, Amalia is planning to increase the total number of retail outlets to 60 and intends in the long term to expand into India, Indonesia and Saudi Arabia. A new factory opened in Sharjah in January 2008.

Amalia also manufactures perfumes, colognes and incense. The manufacturing process of the perfumes and colognes involves a five stage process: (i) the perfume/cologne is initially distilled into a concentrate, which will be used in the final products; (ii) the concentrate is then chilled to industry standards; (iii) the concentrate is subsequently allowed to mature for a minimum period of 30 days (or as required); (iv) the matured concentrate is then packaged into glass, metal or crystal containers, subject to its specific requirements; and (v) finally the containers are packaged and shipped to warehousing facilities. Amalia's product range includes the following brand names: Amore, Bushra, Leader, Redwater, Solitude and Waves.

Key financials

The following table sets out some key figures for Amalia for the years ended 31 December 2007 and 2006:

	2007	**2006**
	(AED millions)	
Total assets	12	6
Total liabilities	5	4
Net earnings	0.62	0.96

Strategy

Amalia's strategy is to expand its product range throughout the UAE and GCC. In addition, with the planned increase in retail outlets, Amalia intends to further diversify into India and Indonesia. GGICO intends that Amalia will continue to contribute approximately 1 to 3 per cent. Toward GGICO's consolidated revenues in the medium-to long-term.

Risk management

Rental amounts for the retail outlets are increasing due to inflation within the GCC, particularly in the UAE. This risk is mitigated by maintaining sales over inflation.

Management

There are four members on Amalia's board of directors, of whom Mr. Mohamed Abdulla Juma Al Sari and Mr. Simon Philip are two. Mr. Mohamed Abdulla Juma Al Sari is the managing director of GGICO and a member of GGICO's Executive Committee and Investment Committee and Mr. Simon Philip is the general manager of GGICO. See "*Management*" below.

(ii) ***Jewellery***

GGICO's jewellery division is held through its 38 per cent. shareholding in Ghadah General, a limited liability company registered and incorporated in Kuwait (the other 62 per cent. Being held principally by the senior management of Ghadah General). Ghadah General is a retail company specialising in the sale of watches, jewellery and accessories in Kuwait. Currently Ghadah General has one office and two boutiques in Kuwait. Ghadah General plans to expand to between six and eight boutiques around the globe in the coming five years.

Ghadah General is the official retailer in Kuwait for the following brands: Calgaro, Carole Guez, Chaumet, Corum, Daniel Roth, Dewitt, ECW, Eterna, F.P. Journe, Franck Muller, Gerald Genta, Girarad Perregaux, Harry Winston, Jean Richard, Jerome, Leon Popov, MB&F, Michel Perrenoud, Pasquale Bruni, Pierre Kunz, Porsche Design, Richard Mille, Romain, Stephen Webster, Vacheron Constantin and Vieri.

Key financials

The following table sets out some key figures for Ghadeh General (which was acquired in January 2007) for the periods ended 31 December 2007 and 30 June 2006:

	18 months ended 31 December 2007	**year ended 30 June 2006**
	(AED millions)	
Total assets	49	46
Total liabilities	24	27
Net earnings	9	5

Strategy

Ghadah General intends to expand the number of its boutiques by six to eight in the next five years. The expansion will principally be internationally. GGICO intends that Ghadeh General will continue to contribute approximately 1 per cent. toward GGICO's consolidated revenues in the medium- to long- term.

Risk management

Ghadah General's management is well connected to the royal and prominent families in the Middle East. Accordingly, the risks associated with the jewellery market are mitigated by careful sale and purchase procedures.

Management

GGICO does not have management representation in Ghadah General.

Hospitality

GGICO's hospitality division is centralised through its 51 per cent. shareholding in Layia, a hotel management company established in Dubai in 2007. Layia expects to tap the growing tourism and hospitality market within the UAE. Over the next five years, the GGICO Group will be developing 11 UAE-based hotels which will be managed by Layia. The first Layia-managed hotel, located in Dubai, is expected to open during the first quarter of 2009. Of these 11 hotels, GGICO will own four the Al Sari family will own two, with the remaining five being independently owned.

As hospitality (principally hotel and related property management) is a high-growth market in Dubai and reflects Dubai's progress towards establishing itself as a tourism and business hub, GGICO is expecting Layia to expand rapidly in terms of both size and profitability over the next three years.

Apart from the hotel management business, Layia also focuses on the following hospitality sectors:

- *Hotel Apartments*. Layia's Hotel Apartments will provide both short and longstay customers with all the amenities and comfort of a hotel but give more competitive rates than conventional hotels. The first Hotel Apartment is expected to open in Dubai during the summer of 2008;

- *Serviced Villas*. Layia's Serviced Villas will provide customers and their families with all the benefits of the Hotel Apartments but will offer the peace and quiet and space associated with living in a villa. The choice of three-, four- and five-bedroom villas will be available to customers. These villas will be located in compounds which will themselves offer a concierge desk, 24-hour security, housekeeping, 24-hour maintenance and recreational facilities (pool, playground and day-care centre). The first villa compound, situated in Dubai and consisting of 34 villas, is expected to open in the first quarter of 2009; and

- *Living Courts*. Located in the city centre, these furnished apartments will combine basic hotel services with self-catering. Housekeeping, maintenance and 24-hour security are all standard services. These properties will be offered on either a short or long term basis.

Key financials

The following table sets out some key figures for Layia for the years ended 31 December 2007:

	2007
	(AED millions)
Total assets	2.69
Total liabilities	1.46
Net earnings	0.94

Strategy

GGICO intends to expand geographically by opening hotels, hotel apartments, serviced villas and living courts within major cities located throughout the Middle East and North African region, all of which are to be managed by Layia. GGICO expects that Layia will begin to contribute approximately 3 to 4 per cent. of GGICO's consolidated revenues in the medium-to long term.

Risk management

Regional and national political risk will be the major factor which affects the tourism industry. This risk is managed by actively developing long-term local customers, such as airline crew, thus enabling Layia to cover break-even expenses.

Management

Mr. Mohamed Abdalla Juma Al Sari is the chairman of Layia. He is also the managing director of GGICO. See "*Management*" below.

RISK MANAGEMENT

Each of GGICO's operations have its own unique business risks which are described above. The following is a description of the general business risks to which the GGICO Group is exposed.

Operational risks

GGICO believes that its principal operational risks are:

Exposure to fluctuations in raw material prices

GGICO's subsidiaries ELCO and Gulf Prefab may be exposed to material increases in their raw material costs to the extent that they are not able to pass these on to customers either immediately or at all. GGICO seeks to mitigate this risk by pre-fixing, buying and selling in forward contracts using similar formulae with a view to ensuring a fixed margin where possible and by geographically diversifying its suppliers so as to take advantage of regional prices where there are material differences. In addition, GGICO closely monitors market conditions and seeks to optimise the management of its raw material inventories.

Limited geographical diversification

At present, GGICO has limited international diversification as its main businesses are focused primarily on the UAE and the GCC. GGICO seeks to mitigate this risk by establishing an ever-stronger and more stable overseas customer base and employing a prudent expansion strategy into various carefully considered international markets including the Middle East and North Africa.

Exposure to weaker subsidiaries and associated companies

The GGICO Group comprises numerous subsidiaries and associated companies, each with varying credit profiles. GGICO seeks to mitigate this risk by investing in these young subsidiaries and/or associated companies, thereby allowing them to contribute materially to GGICO Group's consolidated revenues. GGICO develops its subsidiaries or associated companies by appointing members to the board of directors, granting financial assistance and providing access to certain other group facilities, such as cheaper finance, information technology and know-how.

Non-operational risks

GGICO also experiences the following non-operational risks:

Liquidity management risk

Liquidity risk is the risk that the GGICO Group will encounter difficulties in raising funds to meet its liabilities when they all become due. To limit this risk, the management has arranged diversified funding sources and monitors liquidity on daily basis. GGICO further seeks to manage this risk by maintaining credit control over trade receivables to ensure minimal bad debt and fostering banking relationships among international and domestic banks to create financial flexibility.

Interest rate risk

The GGICO Group is exposed to interest rate risk on its interest-bearing assets and liabilities, namely bank deposits, term loans and short term borrowings. GGICO seeks to manage interest rate risk by keeping foreign exchange exposure low (currently, sales and operating costs are mostly denominated in UAE Dirham), refinancing borrowings with fixed rate bonds and hedging. GGICO hedges by the use of five year interest rate swaps. In addition, GGICO's General Manager and finance department seek to further mitigate the risk by maintaining adequate insurance coverage for all operations and production facilities.

Currency risk

Currency risk is the risk of the value of financial instruments, assets and liabilities fluctuating due to changes in foreign currency exchange rates. Currency risk faced by the GGICO Group is minimal as the majority of the assets and liabilities are denominated in UAE Dirham which is pegged to the US Dollar.

INTELLECTUAL PROPERTY

Apart from the brand names which it is building, such as "National Lube" in relation to oil-based lubricants, "DATE" in relation to freight, "Amalia" in relation to retail and "Layia" in relation to hospitality, GGICO does not believe that it owns any intellectual property rights the loss of which would significantly adversely affect its business. It is GGICO's intention to take appropriate steps to protect its international brands in the jurisdictions in which they are established, including through trademark and other registrations.

SUMMARY OF GROUP FINANCING

As at 31 December 2007, GGICO had banking facilities amounting to AED 3.4 billion. GGICO also uses trade finance and overdrafts amounting to AED 2.6 billion (as at 31 December 2007) as a source of funding.

REGULATION

As a company listed on the Dubai Financial Market, GGICO is subject to rules and regulations as enforced by the Emirates Securities and Commodities Authority. GGICO's compliance officer is responsible for ensuring GGICO's compliance with these regulations.

INFORMATION TECHNOLOGY

GGICO's current information technology systems include 50 servers which support its current software packages such as Great Plains – E.R.P, Focus – E.R.P, Telly, Xease and various in-house software packages. Given its recent and contemplated expansion, GGICO is currently investigating a possible significant upgrade of its information technology network infrastructure with a view to creating an E.R.P.S. System which will provide centralised finances throughout the GGICO Group. This system will allow greater centralisation of the GGICO Group, by allowing all thirty subsidiaries and associated companies to utilise the same accounting, treasury and administrative systems.

GGICO's senior management regularly reviews, updates and upgrades its hardware and software systems to ensure that it has the best systems to support its day-to-day operations and the administration of its business. GGICO also has a backup system that runs automatically on a daily basis and is currently working on a full contingency plan for disaster recovery.

LITIGATION

The GGICO Group currently has no claims outstanding against it, nor has it been subject to any material litigation in the past.

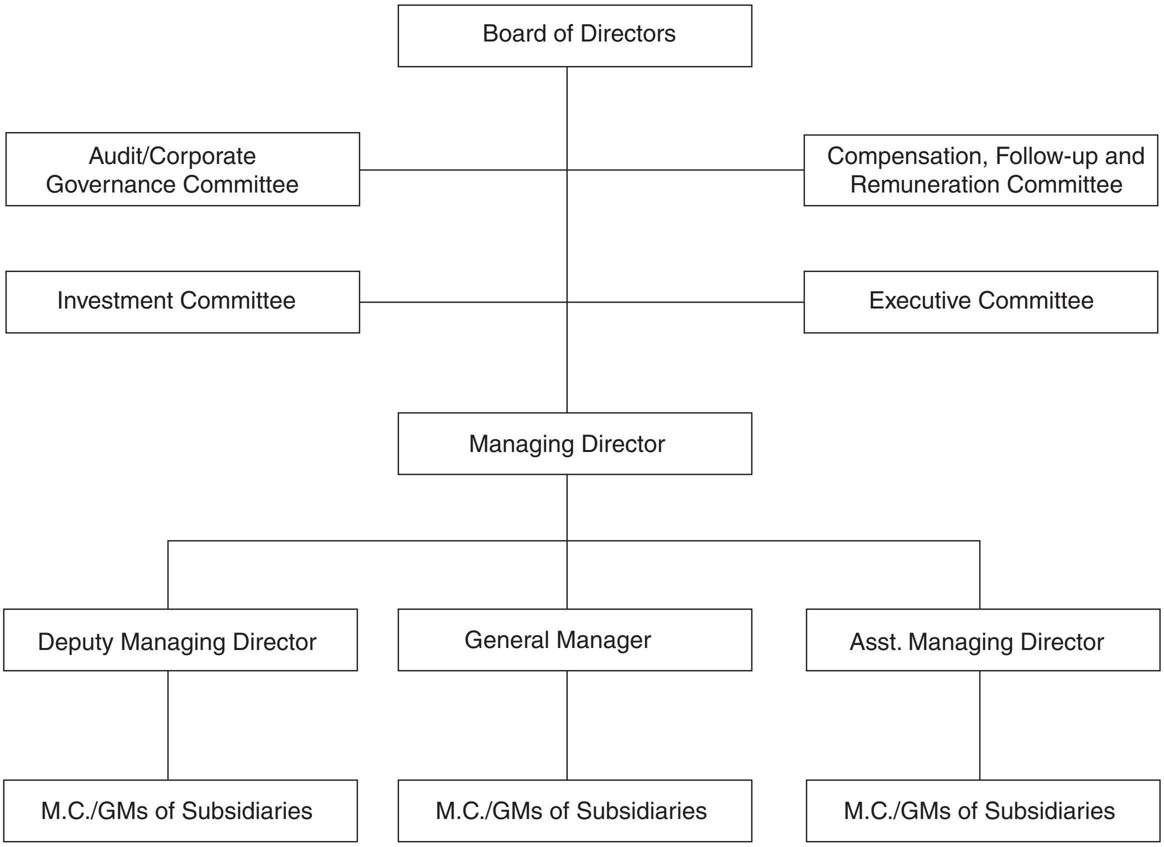
MANAGEMENT AND EMPLOYEES

Management

GGICO's corporate structure consists of the Board under which a senior management team sits. The Al Sari family has a significant presence on the Board with three of the seven board members being family members, including the chairman (Mr. Abdalla Juma Al Sari). The Al Sari family also has a significant presence within the senior management team as the managing director, Mr. Mohamed Abdalla Juma Al Sari, is also a member of the Al Sari family.

There are four sub-committees within GGICO, namely the Audit/Corporate Governance Committee, the Compensation, Follow-Up and Remuneration Committee, the Investment Committee and the Executive Committee, see "*Board Committees*" below.

The senior management team oversees the day-to-day operations of the GGICO Group. As represented in the chart below, the senior management team consists of: the managing director, Mr. Mohamed Abdalla Juma Al Sari; the deputy managing director, Mr. Mohamed Ali Al Sari; the general manager, Mr. Simon Philip; and the assistant managing Director, Mr. Adnan Mahmood Tayeh, each of whom reports directly to the managing director.



As of 1 February 2008, there were 545 executives in the GGICO Group out of the total number of 2,522 employees (52 at the holding company level).

Directors

GGICO is managed by the Board, which currently comprises the seven executive directors. Brief details of GGICO's executive directors are set out below:

Name	Position	Dated joined
Mr. Abdalla Juma Al Sari	Chairman	1990
Dr. Moawiyah S. Al Shunnar	Vice Chairman	1973
Mr. Mohamed Abdalla Juma Al Sari	Managing Director	1997
Shk. Nasser Rashid Abdulaziz Al Mualla	Director	2004
Mr. Mohammed Ameen Sedeeq Al Kathim Kazim	Director	1973
Mr. Ahmed Youssef Habib Al Youssef	Director	2004
Mr. Majid Abdalla Juma Al Sari	Director	1997

As at the date of this Base Prospectus, none of the directors stated above have any actual or potential conflicts of interest between their duties to GGICO and their private interests or other duties. The business address of each of the Directors of GGICO is Gulf General Investment Co. (P.S.C.), Al Fattan Plaza Building, 3rd Floor, Airport Road, P.O. Box 22588, Dubai, UAE.

MR. ABDALLA JUMA AL SARI – CHAIRMAN

Current positions:

Mr. Abdalla Juma Al Sari is currently the Chairman of GGICO. He has been a board member of the Company since 1990. In addition, he is also the Chairman of Fal Oil Co. Ltd. and Al Sagr Insurance Investment Group Pvt. Ltd., a Director of Al Buhaira Insurance Company and a Board Member of the Sharjah Business College.

Previous career positions:

Commander-in-Chief of Security and Police Force, Sharjah, Vice Chairman to the Economic Advisory Committee to the Ruler of Sharjah, Vice Chairman of the Sharjah Municipality and Chairman of the Executive Committee at the Dubai Commercial Bank.

Qualifications:

West Riding Constabulary, Yorkshire, U.K.

Hendon Police Training

DR. MOAWIYAH S. AL SHUNNAR – VICE CHAIRMAN

Current positions:

Dr. Moawiyah S. Al Shunnar is currently the Vice Chairman of GGICO. He has been a board member of the Company since 1973. In addition, he is also a Partner and Director of ALICO Industries L.L.C., Partner and Managing Director of National Plastic & Building Material L.L.C., Partner and Managing Director of International Trading Company L.L.C., Partner of Sparco Spare Parts & Hardwards Materials L.L.C., and the owner and Managing Director of Al Shunnar Polyclinic.

Previous career positions:

Dr. Moawiyah S. Al Shunnar originally trained as a medical doctor.

Qualifications:

Dr. Moawiyah S. Al Shunnar holds an MBBS degree from Ain Shams University, Egypt.

SHEIKH NASSER RASHID ABDULAZIZ AL MUALLA – DIRECTOR

Current positions:

Sheikh Nasser Rashid Abdulaziz Al Mualla is currently a Director of GGICO. He has been a board member of the Company since 2004. In addition, he is the Vice Chairman, Managing Director and C.E.O. of the National Bank of Umm Al Qaiwain, a Director of the Sharjah Insurance & Reinsurance Company and Vice Chairman of Umm Al Qaiwain Cement Industries.

Previous career positions:

Sheikh Nasser Rashid Abdulaziz Al Mualla served, since its inception in 1982, as Managing Director and C.E.O. of Bank of Umm Al Qaiwain.

Qualifications:

Sheikh Nasser Rashid Abdulaziz Al Mualla holds a Bachelor's degree in Economics from Tulane University, New Orleans, LA, U.S.A.

MR. MOHAMMED AMEEN SEDEEQ AL KATHIM KAZIM – DIRECTOR

Current positions:

Mr. Mohammed Ameen Sedeeq Al Kathim Kazim is currently a Director of GGICO. He has been a board member of the Company since 1973. In addition, he is also a Director of Al Buri Real Estate, the Vice Chairman of Scandinavian Insurance P.S.C. and the Chairman of Al-Kazem Group of Companies LLC.

Previous career positions:

Former Finance Manager of Central Military Command (CMC – Dubai).

MR. AHMED YOUSSEF HABIB AL YOUSSEF – DIRECTOR

Current positions:

Mr. Ahmed Youssef Habib Al Youssef is currently a Director of GGICO. He has been a board member of the Company since 2004. In addition, he is also a Director of Dubai Refreshment Company, a Director of Sharjah Group and a Director of Al Yousuf L.L.C.

Previous career positions:

Mr. Ahmed Youssef Habib Al Youssef has expertise as a businessman in the automotive, electronic, real estate and general trading sectors.

Qualifications:

Mr. Ahmed Youssef Habib Al Youssef holds a BSc in Business Management and Marketing from the University of Geneva, Switzerland.

MR. MAJID ABDALLA JUMA AL SARI – DIRECTOR

Current positions:

Mr. Majid Abdalla Juma Al Sari started his career as, and has remained, a Director of GGICO. In addition, he is also the Managing Director of Fal Oil Co. Ltd., a Director of Al Sagr Insurance Company, a Director of Burj Real Estate, the Chairman of West Dean Investment Ltd., a member of the Sharjah Chamber of Commerce and Industry, Director of Invest Bank P.S.C. and the Managing Director of Investment Group Pvt. Ltd.

Qualifications:

Mr. Majid Abdalla Juma Al Sari holds a BSc in Business Management from Southeastern University, Washington D.C., U.S.A. He has also completed the Risk Management Course at Oxford University, U.K.

MR. MOHAMED ABDALLA JUMA AL SARI – MANAGING DIRECTOR

Current positions:

Mr. Mohamed Abdalla Juma Al Sari started his career as, and has remained, the Managing Director of GGICO since 1997. In addition, he is also a Director of Fal Oil Co. Ltd., the Managing Director of Al Sagr Insurance Co., a Director of Union Insurance Co. P.S.C., a Director of Hortin Holding Co., U.K., a Board Member of the Sharjah Chamber of Commerce and Industry, a Director of Investment Group Pvt. Ltd. and the Vice Chairman of Al Shaab Sports Club.

Qualifications:

Mr. Mohamed Abdalla Juma Al Sari holds a BSc in Business Management from Southeastern University, Washington D.C., U.S.A. He has also completed the Risk Management Course from Cambridge University, U.K.

Senior Management

Brief details of GGICO's senior management are set out below:

Name	Position	Dated joined
Mr. Mohamed Ali Al Sari	Deputy Managing Director	1990
Mr. Adnan Mahmood Tayeh	Assistant Managing Director	1998
Mr. Simon Philip	General Manager	1990

MR. MOHAMED ALI AL SARI – DEPUTY MANAGING DIRECTOR

Current position:

Mr. Mohamed Ali Al Sari is the Managing Director of ELCO and its various subsidiaries and a Board Member of DATE and Acorn.

Previous career position:

Mr. Mohamed Ali Al Sari started his career with the GGICO Group and over the past 18 years he has served the Company in many key positions. He has been instrumental in the success of ELCO. He was also responsible for starting greenfield developments of many manufacturing units including the steel barrel and bitumen plants.

Qualifications:

Mr. Mohamed Ali Al Sari holds a Bachelor's degree in Journalism from the University of Al Ain, UAE.

MR. ADNAN MAHMOOD TAYEH – ASSISTANT MANAGING DIRECTOR

Current position:

Mr. Adnan Mahmood Tayeh is the Assistant Managing Director of Horizon Aluminium Industries Co. L.L.C., Gulf Engineering Services L.L.C., Middle East World Factories Equip. L.L.C. and Integration General Trading Co. L.L.C., also Managing Director of Gulf Prefab and a Director of National Aluminium.

Previous career position:

Mr. Adnan Mahmood Tayeh has approximately 20 years' of experience in countries such as Jordan, Kuwait, Oman and UAE with reputable companies, for example Arthur Anderson and Shair & Co. He has also given training on management and strategic finance to various international institutes.

Qualifications:

Mr. Adnan Mahmood Tayeh holds a degree of Bachelor of Commerce from Musil University, Iraq.

MR. SIMON PHILIP – GENERAL MANAGER

Current position:

Mr. Simon Philip is currently the General Manager of GGICO. He is also a Board Member of various subsidiaries of GGICO including DATE, Acorn, Amalia and Emirates Lube India Pvt. Ltd.

Previous career position:

Mr. Simon Philip has more than 23 years' expertise in various sectors, including Investments, Real Estate, Oil, Insurance and Engineering. He has also served in various key positions within the GGICO Group for the past 18 years, where he was responsible for managing the oil business, setting up new subsidiaries and initiating acquisitions for the GGICO Group. He also worked at Asian Tech in Bhutan and Assurance Générale de France in Dubai before joining the GGICO Group.

Qualifications:

Mr. Simon Philip is an Associate Member of Institute of Chartered Accountants of India (ACA). He also holds a BSc degree in Mathematics from the University of Kerala, India.

Board Committees

GGICO's four board committees are:

- The Audit/Corporate Governance Committee, comprising three members (Dr. Moawiyah S. Al Shunnar, Mr. Majid Abdalla Juma Al Sari and Mr. Ahmed Yousuf Habib Hassan Al Yousuf), which meets at least once a quarter;
- The Compensation, Follow-Up and Remuneration Committee, comprising three members (Dr. Moawiyah S. Al Shunnar, Mr. Majid Abdalla Juma Al Sari and Mr. Ahmed Yousuf Habib Hassan Al Yousuf), which meets at least once a month;
- The Investment Committee, comprising three members (Sheikh Nasser Rashid Abdulaziz Al Mulla, Mr. Ahmed Yousuf Habib Hassan Al Yousuf and Mr. Mohamed Abdalla Juma Al Sari), which meets at least once a week; and
- The Executive Committee, comprising four members (Mr. Abdalla Juma Al Sari, Dr. Moawiyah S. Al Shunner, Mr. Majid Abdalla Juma Al Sari and Mr. Mohammed Abdalla Juma Al Sari), which meets at least eight to ten times a month.

Audit/Corporate Governance Committee

The Audit Committee has the following tasks and duties: (i) to contract and monitor the independence and objectivity of the auditors; (ii) to report to the Board any matters that necessitate its action; (iii) to monitor and revise the integrity of the financial statements and the yearly, half-yearly and quarterly reports; (iv) to meet with the auditors at least once a year; (v) to consider any significant and unusual matters contained or to be contained in such financial reports and accounts; (vi) to revise the financial control systems and risk management procedures; (vii) to ensure coordination between the internal auditors and the external auditor; (viii) to revise GGICO's financial and accounting policies and procedures; (ix) to revise the auditor's letters and business plan and to ensure the timely reply by the Board on the explanations and matters contained in the auditor's letters; (x) to develop rules, through which employees of GGICO can confidentially notify any of their doubts on potential abnormalities in the financial reports or internal controls and allow independent and fair investigation of such abnormalities; and (xi) to monitor the Company's adherence to professional conduct rules. The Chairman and Managing Director cannot sit on the Audit/Corporate Governance Committee.

The Compensation, Follow-Up and Remuneration Committee

The Compensation, Follow-Up and Remuneration Committee has the following tasks and duties: (i) to develop and review annually the remuneration, benefits, bonus and salary policy; (ii) to determine staffing needs and monitor the hiring of staff; and (iii) to develop, control and review annually the human resources and training policies.

The Investment Committee

The Investment Committee has the following tasks and duties: (i) to provide advice to the Board on new and established investment policies; (ii) to review annually the Statement of Investment Policy, which gives general guidelines on types of investment and prohibited investments, and recommend modifications to the Board; (iii) to take decisions on investments of shares and securities; and (iv) to take decisions on property investments. See "*Business - Securities trading* *and investment activities - Approval process*" and "*Businesses - Real estate - Approval process*" above.

The Executive Committee

The Executive Committee has the following tasks and duties; (i) responsibility for signing all cheques (irrespective of its value); (ii) agrees GGICO's master strategy and policy; (iii) takes all key banking and treasury decisions; (iv) takes decisions on corporate expansion; and (v) takes decisions on organisational expansion.

Employees

As at 1 February 2008, GGICO had 2,522 (545 executive) employees. GGICO's employees are entitled to an annual bonus, subject to GGICO's and the individual's performance.

The directors of GGICO have not been granted any stock options or other forms of option.

GGICO expects that it will recruit additional employees as it continues to expand its activities. GGICO expects a growth rate of approximately 20 per cent. over the next three years and subsequently an organic growth of approximately 10 per cent. thereafter.

GGICO believes that its remuneration policies are in line with those offered by other Dubai-based companies.

TAXATION

The following is a general description of certain European Union and the United Arab Emirates tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates Taxation

There is currently in force in the Emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments of interest or principal on debt securities (including the Notes).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into "Double Taxation Arrangements" with certain other countries, but these are not extensive in number.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland and the Caymans, and certain dependent or associated territories of certain Member States including Austria, Belgium and Luxembourg, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, BNP Paribas, Deutsche Bank AG, London Branch, DBS Bank Ltd., Emirates NBD PJSC, Gulf International Bank B.S.C., National Bank of Abu Dhabi PJSC and Standard Chartered Bank and any other dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a tranche of Notes (together the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated 2 June 2008 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or

(c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and warranted and each further Dealer appointed under the Programme will be required to represent and warrant that:

(a) ***No deposit-taking:*** in relation to any Notes having a maturity of less than one year:

    (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:

    (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

        (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

        (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

    where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and warranted and each further Dealer appointed under the Programme will be required to represent and warrant that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has agreed that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Malaysia

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offer or issue of the Certificates in Malaysia can only be made to investors in the manner specified in Schedules 6 or 7 and 8 of the Capital Markets and Services Act 2007 (e.g. unit trust schemes, holders of a Capital Markets Services Licence ("**CMSL**") who carry on the business of dealing in securities, closed-end funds approved by the Securities Commission of Malaysia, holders of a CMSL who carry on the business of fund management, licensed financial institutions under the Banking and Financial Institutions Act 1989 or licensed Islamic banks under the Islamic Banking Act 1983, licensed offshore banks under the Offshore Banking Act 1990, insurance companies registered under the Insurance Act 1996, corporations with total net assets exceeding ten million Malaysian ringgit or its equivalent in foreign currencies based on the last audited accounts, statutory bodies established by an Act of Parliament of Malaysia or an enactment of any state in Malaysia and pension funds approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967).

Singapore

The Base Prospectus has not been registered as a base prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (ii) to an accredited investor or other relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275(1A) of the Securities and Futures Act;

(ii) where no consideration is given for the transfer; or

(iii) by operation of law.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer acknowledges and agrees, and each further Dealer appointed under the Programme will be required to acknowledge and agree that:

(a) the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities; and

(b) the information contained in this Base Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law 8 of 1986 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

Dubai International Financial Centre

Each Dealer represents and agrees, and further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) deemed to be an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**Rules**"); and

(b) made only to Qualified Investors as defined in the Rules.

General

Each Dealer has represented, warranted and agreed that, to the best of its knowledge and belief it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by the Board of Directors of the Issuer passed on 1 May 2008.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries (the "**GGICO Group**").

Significant/Material Change

3. Since 31 December 2007 there has been no material adverse change in the prospects of the Issuer or the GGICO Group nor, since 31 March 2008, any significant change in the financial or trading position of the Issuer or the GGICO Group.

Auditors

4. The consolidated financial statements of the Issuer have been audited without qualification for the two years ended 31 December 2006 and 2007 by Talal Abu-Ghazaleh & Co. International, P.O. Box 952, Sharjah, United Arab Emirates, certified public accountants. The auditors of the Issuer are not required to be a member of a professional body in the United Arab Emirates as such body does not exist there. The auditors of the Issuer have no material interest in the Issuer.

Documents on Display

5. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of the Principal Paying Agent, Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB United Kingdom for 12 months from the date of this Base Prospectus:

   (a) the constitutive documents of the Issuer;

   (b) the audited consolidated financial statements of the Issuer for the years ended 2006 and 2007 and the consolidated interim financial statements of the Issuer for the three months ended 31 March 2008;

   (c) the Agency Agreement;

   (d) the Programme Manual;

   (e) the Trust Deed; and

   (f) the Dealer Agreement.

Material Contracts

6. Neither the Issuer nor any of its Subsidiaries has entered into any material contracts outside the ordinary course of business which could result in its being under an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

Clearing of the Notes

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Passporting

8. The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in The United Kingdom to be issued by the FSA to the competent authority in any Member State.

Post issuance information

9. The Issuer does not intend to provide any post issuance information in relation to any issues of Notes.

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

Contents

GULF GENERAL INVESTMENTS CO. (P.S.C.)
AND SUBSIDIARIES
DUBAI - UNITED ARAB EMIRATES

CONSOLIDATED INTERIM FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE THREE MONTH PERIOD
ENDED MARCH 31, 2008

Gulf General Investments Co. (P.S.C.) and Subsidiaries
Dubai - United Arab Emirates

Consolidated Interim Financial Information and Review Report For the Three Month Period Ended March 31, 2008

Table of Contents

Deloitte.

Deloitte & Touche (M.E.)
Corniche Plaza II, Suite 701
P.O. Box 5470, Sharjah
United Arab Emirates

Tel : +971(6) 574 1052
Fax: +971(6) 574 1053
www.deloitte.com

Ref: 99G01FS08-Mar

Report on Review of Consolidated Interim Financial Information

The Board of Directors
Gulf General Investment Company (P.S.C.) and Subsidiaries
Dubai - United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of **Gulf General Investment Company (P.S.C.) (the "Company") and Subsidiaries (together the "Group"), Dubai, United Arab Emirates,** as of March 31, 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review. The comparative amounts in the condensed consolidated balance sheet as at December 31, 2007 and related explanatory notes were audited by another auditor whose report dated January 27, 2008 expressed an unqualified opinion thereon. The prior period comparative amounts in the condensed consolidated statements of income, changes in equity and cash flows and related notes for the three month period ended March 31, 2007, were reviewed by another auditor who issued an unqualified report dated April 29, 2007.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

For Deloitte & Touche

SSindaha

Saba Y. Sindaha
Partner
(Registration No. 410)

Sharjah
May 12, 2008

Gulf General Investments Co. (P.S.C.) and Subsidiaries
Dubai - United Arab Emirates

Condensed Consolidated Balance Sheet
At March 31, 2008
(In Thousand Arab Emirates Dirhams)

	Notes	March 31, 2008 Unaudited	December 31, 2007 Audited
ASSETS			
Current assets			
Bank balances and cash		462,949	358.193
Held for trading investments		1,078,916	1.209,484
Trade and other receivables		2,085,163	1,544,304
Inventories		289,004	210.262
Development properties		1,421	1,421
Total current assets		3,917,453	3,323.664
Non-current assets			
Notes receivable - post dated cheques		24,186	-
Available-for-sale investments		1,131,750	1,039.305
Held-to-maturity investments		64,544	26.925
Investments in associates		204,395	156,988
Goodwill		77,504	29,727
Investment properties		1,753,498	1,872,413
Development work-in-progress		832,249	211,607
Land		138,676	145.296
Property, plant and equipment		197,197	115,054
Total non-current assets		4,423,999	3.597.315
Total Assets		8,341,452	6.920.979
LIABILITIES AND EQUITY			
Current liabilities			
Bank borrowings		979,979	729.811
Current portion of bank loans		852,451	661.484
Trade and other payables		2,252,211	1.515.118
Total current liabilities		4,084,641	2.906.413
Non-current liabilities			
Notes payable - post dated cheques		93,051	12.269
Bank loans		1,162,995	1.179.828
Provision for employees' end of service indemnity		16,972	15.467
Total non-current liabilities		1,273,018	1,207.564
Total Liabilities		5,357,659	4.113.977
Capital and reserves			
Share capital	5	1,080,000	540.000
Reserves	6	535.768	535.768
Investments revaluation reserve		85,841	54.722
Retained earnings		960,377	1.331.397
Equity attributable to the equity holders of the parent		2,661,986	2.461.887
Minority interest		321,807	345.115
Total equity		2,983,793	2.807.002
Total Liabilities and Equity		8,341,452	6.920.979

The accompanying notes form an integral part of this consolidated interim financial information.

Abdulla Juma Al Sari
Chairman

Dr. Muawiah Saleh Al Shanar
Deputy Chairman

Gulf General Investments Co. (P.S.C.) and Subsidiaries
Dubai - United Arab Emirates

Condensed Consolidated Statement of Income
For the three month period ended March 31, 2008
(In Thousand Arab Emirates Dirhams)

	Notes	March 31, 2008 Unaudited	March 31, 2007 Unaudited
Revenue	7	**1,997,866**	773,223
Cost of revenue	7	**(1,727,870)**	(597,968)
Gross profit		**269,996**	175,255
Other operating income		**28,991**	5,644
Selling and distribution expenses		**(11,232)**	(9,249)
General administrative expenses		**(49,713)**	(17,165)
Operating profit		**238,042**	154,485
Finance costs		**(44,066)**	(27,313)
Profit for the period		**193,976**	127,172
Attributable to:			
Equity holders of the parent		**168,980**	104,831
Minority interest		**24,996**	22,341
		193,976	127,172
Basic earnings per share	8	**AED 0.16**	AED 0.10

The accompanying notes form an integral part of this consolidated interim financial information.

Gulf General Investments Co. (P.S.C.) and Subsidiaries
Dubai - United Arab Emirates

Condensed Consolidated Statement of Changes in Equity
For the three month period ended March 31, 2008
(In Thousand Arab Emirates Dirhams)

	Share capital	Reserves	Investments revaluation reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
Balance at December 31, 2006 (Audited)	400,000	305,761	(121,787)	1,070,881	1,654,855	338,866	1,993,721
Loss on available-for-sale investments recognised directly in equity	-	-	(30,840)	-	(30,840)	-	(30,840)
Profit for the period	-	-	-	104,831	104,831	22,341	127,172
Total recognised income and expense for the period	-	-	(30,840)	104,831	73,991	22,341	96,332
Issue of bonus shares	140,000	-	-	(140,000)	-	-	-
Dividends paid	-	-	-	(40,000)	(40,000)	-	(40,000)
Other movements	-	-	-	-	-	5,710	5,710
	140,000	-	-	(180,000)	(40,000)	5,710	(34,290)
Balance at March 31, 2007 (Unaudited)	540,000	305,761	(152,627)	995,712	1,688,846	366,917	2,055,763
Balance at December 31, 2007 (Audited)	540,000	535,768	54,722	1,331,397	2,461,887	345,115	2,807,002
Gain on available-for-sale investments recognised directly in equity	-	-	31,119	-	31,119	-	31,119
Profit for the period	-	-	-	168,980	168,980	24,996	193,976
Total recognised income and expense for the period	-	-	31,119	168,980	200,099	24,996	225,095
Issue of bonus shares	540,000	-	-	(540,000)	-	-	-
Dividends paid	-	-	-	-	-	(280)	(280)
Other movements	-	-	-	-	-	(48,024)	(48,024)
	540,000	-	-	(540,000)	-	(48,304)	(48,304)
Balance at March 31, 2008 (Unaudited)	**1,080,000**	**535,768**	**85,841**	**960,377**	**2,661,986**	**321,807**	**2,983,793**

The accompanying notes form an integral part of this consolidated interim financial information.

Gulf General Investments Co. (P.S.C.) and Subsidiaries
Dubai - United Arab Emirates

Condensed Consolidated Statement of Cash Flows
For the three month period ended March 31, 2008
(In Thousand Arab Emirates Dirhams)

	March 31,	
	2008	2007
	Unaudited	Unaudited
Operating activities		
Profit for the period	**193,976**	127,172
Adjustments for:		
Provision for employees' end of service indemnity - net	**1,505**	677
Finance costs	**44,066**	27,313
Operating cash flows before movements in working capital	**239,547**	155,162
(Increase)/decrease in inventories	**(78,742)**	15,390
Increase in trade and other receivables	**(540,859)**	(130,682)
Increase in notes receivable - post dated cheques	**(24,186)**	-
Increase in trade and other payables	**740,593**	173,573
Increase in notes payables - post dated cheques	**80,782**	-
Cash generated from operations	**417,135**	213,443
Interest paid	**(44,066)**	(27,313)
Net cash from operating activities	**373,069**	186,130
Investing activities		
Decrease/(increase) in deposits under lien and deposits with maturity over three months	**92,421**	(49,807)
Net movement in property, plant and equipment	**(75,523)**	(33,897)
Net movement in investment in securities	**(15,784)**	12,503
Net movement in development work-in-progress	**(620,642)**	46,039
Net movement in investment properties	**118,915**	(146,243)
Increase in goodwill	**(47,777)**	(7,500)
Net cash used in investing activities	**(548,390)**	(178,905)
Financing activities		
Increase in bank borrowings/loans	**424,302**	27,147
(Decrease)/increase in minority interest	**(48,304)**	5,710
Board of directors' remuneration paid	**(3,500)**	(1,400)
Dividends paid	**-**	(40,000)
Net cash from/(used in) financing activities	**372,498**	(8,543)
Net increase/(decrease) in cash and cash equivalents	**197,177**	(1,318)
Cash and cash equivalents at the beginning of the period	**138,700**	90,028
Cash and cash equivalents at the end of the period (see Note 9)	**335,877**	88,710

The accompanying notes form an integral part of this consolidated interim financial information.

1. General information

Gulf General Investments Co. (P.S.C.) - Dubai (the "Company") is formed pursuant to Emiri Decree No. 2/73 dated July 27, 1973 and is incorporated as a Public Shareholding Company. The Company operates in the United Arab Emirates under a trade license issued by the Department of Economic Development of the Government of Dubai. The "Group" comprises Gulf General Investments Co. (P.S.C.) and its subsidiaries. The address of the Company's registered office is P. O. Box 22588, Dubai, United Arab Emirates.

The principal activities of the Company are:
- Industrial holding and trust companies
- Commercial holding and trust companies
- Real estate agent
- Real estate development services, and
- General trading

The duration of the Company is ninety nine years commencing from the date of issuance of the above Emiri Decree.

2. Basis of preparation

This consolidated interim financial information is prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E. The consolidated interim financial information is prepared in accordance with the historical cost basis, except for the revaluation of land, investment properties and certain financial instruments. The consolidated interim financial information is presented in U.A.E. Dirhams (AED) (in thousands) since that is the currency in which the majority of the Group's transactions are denominated.

This consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 2007. In addition, results for the 3 months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

2. Basis of preparation (continued)

(a) Estimates

The preparation of consolidated interim financial information require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2007.

(b) Management of financial risk

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended December 31, 2007.

3. Basis of consolidation

The consolidated interim financial information of Gulf General Investments Co. (P.S.C.) and Subsidiaries (the "Group") incorporate the financial information of the Company and enterprises controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiary

Details of the Company's subsidiaries at March 31, 2008 are as follows:

Name of the entity	Place of incorporation	Proportion of ownership (%)	Principal activities
Emirates Lube Oil Co. Ltd. (LLC)	U.A.E.	100	Manufacturing of trading in oil, lubricants and grease

3. Basis of consolidation (continued)

Details of the Company's subsidiaries at March 31, 2008 are as follows: (continued)

Name of the entity	Place of incorporation	Proportion of ownership (%)	Principal activities
Gulf Prefab Houses Factory (LLC)	U.A.E.	100	Manufacturing of prefab houses, concrete, carpentry, restaurant, ovens, kitchens,
Horizon Metallic Ind. Co. LLC	U.A.E.	100	Manufacturing metallic cans, refill and drums
Crown Lubricants Co. (L.L.C.)	U.A.E.	100	Trading in lubricants
Emirates Crown Lubricants Co. (LLC)	U.A.E.	50	Trading in lubricants
L.A.I. General Trading LLC - Dubai	U.A.E.	50	General trading
Al Sagr National Insurance Co. P.S.C.	U.A.E.	53	The writing of insurance of all types
Dubai Al Ahlia Quick Transport L.L.C	U.A.E.	50	Transportation of general materials by trucks
Emirates Lube India Private Limited	India	100	Trading in lubricants
Layia Hotels Management (L.L.C.)	U.A.E.	51	Hotels management
Amalia Perfumes Trading LLC	U.A.E.	50	Perfumes trading
Acorn Industries Co. LLC	U.A.E.	50	Vehicle body manufacturing, stell, structure parts
Stock Securities Co. (LLC)	U.A.E.	75	Broker in sale and purchase of local shares and bonds
Middle World Factories Equip. LLC	U.A.E.	51	Import and re-export, factories equipment, machinery supplier, trading merchants, spare parts, equipments of factories
Quality International Company L.L.C.	U.A.E.	50	Engineering, specialised in stainless steel, power and desalination
Lloyds Engineering Co. L.L.C.	U.A.E.	50	Steel fabrication

3. Basis of consolidation (continued)

Details of the Company's subsidiaries at March 31, 2008 are as follows: (continued)

Name of the entity	Place of incorporation	Proportion of ownership (%)	Principal activities
Horizon Aluminium Industries L.L.C.	U.A.E.	50	Building metal products manufacturing
Gulf Engineering Services L.L.C.	U.A.E.	50	Services, securities and maintenance (MEP)
Gulf General Steel Co. L.L.C.	U.A.E.	100	Trading in all kinds of steel products

Investment in Al Sagr National Insurance Co. P.S.C. is registered in the name of related parties in trust and for the benefit of the Company.

4. Accounting policies

The accounting policies used in the preparation of this consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended December 31, 2007.

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2008

5. Share capital

	March 31, 2008	December 31, 2007
	Unaudited	Audited
	AED '000	AED '000
Issued and fully paid:		
1,080 million ordinary shares of AED 1 each (December 31, 2007: 540 million ordinary shares of AED 1 each)	**1,080,000**	540,000

During the period, the share capital of the Company was increased by AED 540 million by the issue of 540 million bonus shares.

6. Reserves

	Statutory reserve	**Additional reserve**	**Land revaluation reserve**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**
Balance at December 31, 2006 - (audited)	162,626	140,626	2,509	305,761
Net movement	-	-	-	-
Balance at March 31, 2007 - (unaudited)	162,626	140,626	2,509	305,761
Balance at December 31, 2007 - (audited)	218,127	196,127	121,514	535,768
Net movement	-	-	-	-
Balance at March 31, 2008 - (unaudited)	**218,127**	**196,127**	**121,514**	**535,768**

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2008

7. Revenue and cost of revenue

	Three month period ended March 31,	
	2008	2007
	Unaudited	Unaudited
	AED '000	AED '000
Revenue		
Sale of goods manufactured	**346,999**	333,968
Sale of investment properties	**168,889**	46,537
Sales of investments in securities	**1,207,294**	181,210
Insurance income	**179,731**	138,166
Trading income	**57,032**	-
Share of profits in associates	**1,483**	800
Rental income	**11,876**	5,536
Fair value gain on investment properties	**-**	67,006
Service income	**24,562**	-
	1,997,866	773,223
Cost of revenue		
Cost of goods manufactured and sold	**287,498**	286,583
Cost of investment properties sold	**108,248**	46,537
Cost of investments in securities sold	**1,127,838**	137,335
Cost of insurance income	**150,603**	116,832
Cost of trading	**28,601**	-
Fair value loss in investments held for trading	**9,631**	10,681
Cost of services	**15,451**	-
	1,727,870	597,968

8. Basic earnings per share

	Three month period ended March 31,	
	2008	2007
	Unaudited	Unaudited
Profit for the period (in AED'000)	**168,980**	104,831
Number of shares (in thousands)	**1,080,000**	1,080,000
Basic earnings per share (in AED)	**0.16**	0.10

8. Basic earnings per share (continued)

The denominator for the purpose of calculating basic earnings per share for 2007 has been adjusted to reflect the capitalisation issue of 540 million bonus shares (see Note 5).

9. Cash and cash equivalents

	March 31,	
	2008	2007
	Unaudited	Unaudited
	AED '000	AED '000
Bank balances and cash	**462,949**	201,413
Less: Deposits under lien and deposits with maturity over three months	**(127,072)**	(112,703)
	335,877	88,710

10. Bank facilities

Bank borrowings are secured by mortgage of properties and constructions financed by banks, assignment of rental income from the aforementioned properties, assignment of insurance policies, lien on fixed deposits, promissory note, hypothecation of inventories and pledge of investments in securities and subsidiary.

11. Approval of consolidated interim financial information

The consolidated interim financial information were approved and authorised for issue on May 12, 2008.

12. Comparatives

Certain amounts for the prior period were reclassified to conform to current period presentation.

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

INDEX

Talal Abu-Ghazaleh & Co. International — طلال أبوغزاله وشركاه الدولية
Certified Public Accountants — محاسبون قانونيون
The Arab Organization for Global Professional Services — المؤسسة العربية للخدمات المهنية الدولية

Independent Auditor's Report

101380345

The Shareholders
Gulf General Investment Company
A Public Shareholding Company
Dubai
United Arab Emirates.

Report on Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of **GULF GENERAL INVESTMENT COMPANY AND ITS SUBSIDIARIES "the group"**, which comprise the balance sheet as at 31 December 2007 and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Gulf General Investment Company and its Subsidiaries "the group" as of 31 December 2007 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

TAGorg Offices: Abha, Abu-Dhabi, Ajman, Al-Ain, Al-Khobar, Algiers, Amman, Aqaba, Ankara, Baghdad, Beirut, Cairo, Casablanca, Cyprus, Damascus, Doha, Dubai, Erbil, Fujairah, Gaza, Jebel Ali, Jeddah, Karachi, Khartoum, Kuwait, Manama, Moscow, Muscat, Nablus, New Delhi, Ramallah, Ras Al-Khaimah, Regional Office- Amman, Riyadh, Sana'a, Sharjah, Tehran, Tripoli, Tunis, Umm Al Quwain. Correspondents Offices: USA, EU, Latin America, South Korea, East Europe, Africa, Asia. Associate Offices: Buffalo, Edinburgh, Munich, N.Y, Paris. Liaison Offices: Bahamas, Beijing, Montreal, Shanghai

Sharjah Office: tagco.sharjah@tagi.com www.tagorg.com — Tel:(971-6) 5563484 Fax:(971-6) 5562947 :مكتب الشارقة
Corniche Al-Buheira Crescent Tower-12th floor — كورنيش البحيرة. برج الهلال. الطابق ١٢
P.O.Box : 952 Sharjah, United Arab Emirates — ص.ب : ٩٥٢ الشارقة. الإمارات العربية المتحدة
We Try Harder to Stay First — نبذل جهداً أكبر لنظل في المقدمة

Report on Other Legal and Regulatory Requirements

Also in our opinion, the Group has maintained proper accounting records, inventory count was duly carried out and the contents of the Directors' report relating to the financial statements are in agreement therewith. To the extent of information and explanations made available to us, nothing came to our attention concerning occurrence of violations of the Commercial Companies Law of 1984 and its amendments or the Articles of Association of the Company during the year which would have had a material effect on the Group's activities or its financial position.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL

Ali Hasan Shalabi
Licensed Auditor No. 34
27 January 2008

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

EXHIBIT A

	Note	2007 AED '000'	2006 AED '000'
ASSETS			
Non-Current Assets			
Land	4	**145,296**	19,671
Property, plant and equipment	5	**115,054**	132,546
Investments in associates	6	**156,988**	19,673
Investment properties	7	**1,872,413**	916,985
Development work-in-progress	8	**211,607**	112,334
Available for sale investments	9	**1,039,305**	537,256
Held to maturity investments	9	**26,925**	19,545
Goodwill	10	**29,727**	4,000
Post-dated cheques received – Non-current portion		**--**	6,668
Total Non-Current Assets		**3,597,315**	1,768,678
Current Assets			
Held for trading investments	9	**1,209,484**	1,004,748
Development properties	11	**1,421**	179,442
Inventories	12	**210,262**	246,384
Trade and other receivables	13	**1,419,591**	856,585
Post-dated cheques received		**124,713**	142,244
Cash and banks balances	14	**358,193**	152,924
Total Current Assets		**3,323,664**	2,582,327
TOTAL ASSETS		**6,920,979**	4,351,005

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been authorized for issue by the Board of Directors on 27 January 2008

Abdulla Juma Al Sari
Chairman

معاوية

Dr. Muawiah Saleh Al Shanar
Deputy Chairman

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

EXHIBIT A
CONTINUED

	Note	2007 AED '000'	2006 AED '000'
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity :			
Paid-up capital	15	**540,000**	400,000
Reserves	15	**535,768**	305,761
Cumulative changes in fair value		**54,722**	(121,787)
Retained earnings		**791,397**	890,881
Proposed issue of bonus shares	15	**540,000**	140,000
Proposed cash dividends		–	40,000
Total		**2,461,887**	1,654,855
Minority Interest	16	**345,115**	338,866
Total Shareholders' Equity – Exhibit C		**2,807,002**	1,993,721
Non-Current Liabilities			
End of service benefits obligation	17	**15,467**	10,943
Term loans	18	**1,179,828**	363,983
Post-dated cheques issued - Non-Current portion		**12,269**	47,272
Total Non-Current Liabilities		**1,207,564**	422,198
Current Liabilities			
Trade and other payables	19	**1,515,118**	807,638
Current instalments of term loans	18	**661,484**	274,179
Short-term borrowings	20	**729,811**	853,269
Total Current Liabilities		**2,906,413**	1,935,086
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**6,920,979**	4,351,005

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been authorized for issue by the Board of Directors on 27 January 2008

Abdulla Juma Al Sari	**Dr. Muawiah Saleh Al Shanar**
Chairman	Deputy Chairman

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2007

EXHIBIT B

	Note	2007 AED '000'	2006 AED '000'
Revenue	24	**5,587,704**	2,883,645
Cost of revenue	25	**(4,726,184)**	(2,295,400)
Gross profit		**861,520**	588,245
Other income		**25,641**	16,926
Distribution expenses		**(28,830)**	(22,291)
Administrative expenses	26	**(101,187)**	(61,715)
Finance cost		**(131,183)**	(84,220)
Profit for the Year – Exhibit C		**625,961**	436,945
Attributable To :			
Equityholder of parent company		**555,018**	406,261
Minority interest		**70,943**	30,684
		625,961	436,945
Basic Earnings Per Share	27	**AED. 1.03**	AED. 1.02

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY AND ITS SUBSIDIARIES
DUBAI – UNITED ARAB EMIRATES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

EXHIBIT C

	Attributable to equity holders of the parent company								
	Capital AED'000'	Reserves AED'000'	Cumulative changes in fair value AED'000'	Retained earnings AED'000'	Proposed issue of bonus shares AED'000'	Proposed cash dividends AED'000'	Total AED'000'	Minority interest AED'000'	Total AED'000'
Balance at 1 January 2006	200,000	224,509	106,426	747,272	100,000	--	1,378,207	280,740	1,658,947
Issue of bonus shares	100,000	--	--	--	(100,000)	--	--	--	--
Share subscription through rights issue	100,000	--	--	--	--	--	100,000	--	100,000
Profit for the year ended 31 December 2006 - Exhibit B	--	--	--	406,261	--	--	406,261	30,684	436,945
Transferred to statutory reserve	--	40,626	--	(40,626)	--	--	--	--	--
Transferred to additional reserve	--	40,626	--	(40,626)	--	--	--	--	--
Net changes in fair value of available for sale investment	--	--	(228,213)	--	--	--	(228,213)	--	(228,213)
Funds invested by minority shareholder and other movements	--	--	--	--	--	--	--	27,442	27,442
Proposed issue of bonus shares	--	--	--	(140,000)	140,000	--	--	--	--
Proposed cash dividends	--	--	--	(40,000)	--	40,000	--	--	--
Directors' remuneration	--	--	--	(1,400)	--	--	(1,400)	--	(1,400)
Balance at 31 December 2006 - Exhibit A	**400,000**	**305,761**	**(121,787)**	**890,881**	**140,000**	**40,000**	**1,654,855**	**338,866**	**1,993,721**
Issue of bonus shares	**140,000**	--	--	--	**(140,000)**	--	--	--	--
Profit for the year ended 31 December 2007 - Exhibit B	--	--	--	**555,018**	--	--	**555,018**	**70,943**	**625,961**
Transferred to statutory reserve	--	**55,501**	--	**(55,501)**	--	--	--	--	--
Transferred to additional reserve	--	**55,501**	--	**(55,501)**	--	--	--	--	--
Transferred to land revaluation reserve	--	**119,005**	--	--	--	--	**119,005**	--	**119,005**
Net changes in fair value of available for sale investment	--	--	**176,509**	--	--	--	**176,509**	**1,215**	**177,724**
Funds invested by minority shareholder and other movements	--	--	--	--	--	--	--	**(65,909)**	**(65,909)**
Proposed issue of bonus shares	--	--	--	**(540,000)**	**540,000**	--	--	--	--
Cash dividends	--	--	--	--	--	**(40,000)**	**(40,000)**	--	**(40,000)**
Directors' remuneration	--	--	--	**(3,500)**	--	--	**(3,500)**	--	**(3,500)**
Balance at 31 December 2007 - Exhibit A	**540,000**	**535,768**	**54,722**	**791,397**	**540,000**	--	**2,461,887**	**345,115**	**2,807,002**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2007

EXHIBIT D

	2007 AED '000'	2006 AED '000'
OPERATING ACTIVITIES		
Profit for the year - Exhibit B	**555,018**	406,261
Adjustments for:		
Depreciation of property, plant and equipment	**17,831**	14,266
End of service benefits obligation	**4,767**	2,304
Profit from sale of investments in securities	**(45,133)**	(1,078)
Profit from investment properties	**(231,548)**	(282,584)
Gain on sale of property and equipment	**(1,120)**	(291)
Loss of disposal of property, plant and equipment	**52,574**	--
Insurance contract assets	**(213,475)**	(99,903)
Insurance contract liabilities	**256,109**	157,603
(Profit)/loss in fair value of held for trading investment	**(94,199)**	121,071
Changes in fair value of investment properties	**(194,492)**	(205,082)
Provision for doubtful accounts	**1,238**	2,220
(Profit)/loss from investment in associates	**(9,383)**	1,216
Operating Profits Before Working Capital Changes	**98,187**	116,003
Inventories	**36,122**	(64,650)
Trade and other receivables	**(350,769)**	(348,849)
Post-dated cheques received	**24,199**	(119,761)
Trade and other payables	**311,941**	78,435
Post-dated cheques issued	**102,327**	21,408
End of service benefits paid during the year	**(243)**	(485)
Net Cash Provided by/(Used in) Operating Activities	**221,764**	(317,899)
INVESTING ACTIVITIES		
Fixed deposits	**(156,597)**	14,673
Purchase of investment in securities	**(3,685,530)**	(1,413,236)
Purchase of investment properties	**(1,096,574)**	(437,261)
Development work-in-progress	**(126,227)**	(97,019)
Purchase of property, plant and equipment	**(55,480)**	(52,545)
Development properties	**178,021**	10,897
Proceeds from sale of investments in securities	**3,287,206**	1,025,347
Proceeds from sale of investment properties	**594,140**	525,924
Purchase of land	**(6,620)**	(13,252)
Purchase of investments in associates	**(127,932)**	(14,359)
Proceeds from sale of property and equipment	**3,687**	4,189
Addition to goodwill	**(25,727)**	--
Net Cash Used in Investing Activities	**(1,217,633)**	(446,642)
Balance carried forward	**995,869**	(764,541)

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2007

EXHIBIT D
CONTINUED

	2007 AED '000'	2006 AED '000'
Balance brought forward	**995,869**	(764,541)
FINANCING ACTIVITIES		
Proceeds from right issue	**–**	100,000
Dividends paid	**(40,000)**	(162)
Payment of directors' remuneration	**(1,400)**	(1,400)
Medium-term loan	**1,203,150**	494,987
Short-term borrowings	**(123,458)**	179,144
Minority interest	**6,249**	58,126
Net Cash Provided by Financing Activities	**1,044,541**	830,695
Net increase in cash & cash equivalents	**48,672**	66,154
Cash & cash equivalents at beginning of year	**90,028**	23,874
Cash & Cash Equivalents at end of Year – Note 29	**138,700**	90,028

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

Gulf General Investment Company – Dubai – United Arab Emirates, parent company (hereinafter referred to as the **"Company"**) is a public shareholding company incorporated under Amiri Decree No.2/73 issued on 27 July 1973. The company and its subsidiaries constitute the group (together referred to as **"The Group"**)

The shares of the company are traded on the Dubai Financial Market.

The main activities of the Company are :

- Purchase, sale and utilization of land & real estate.
- Rental services and managing real estate.
- General trading.
- Commercial holding & trust companies
- Industrial holding & trust companies

The Company is domiciled in Dubai city and its registered address is P.O. Box 22588, Dubai, United Arab Emirates.

The duration of the Company is ninety nine years starting from the date of issuance of the Amiri Decree announcing for its inception mentioned above.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the group has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these consolidated financial statements regarding the Group's financial instruments and management of capital.

The adoption of interpretation issued by the International Financial Reporting Interpretation Committee which were effective for the current year has not led to any changes in the Group's accounting policies.

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations were in issued but not yet effective.

IAS 1 (Revised)	Presentation of Financial Statement (effective for periods beginning on or after1 January 2009).
IAS 23 (Revised)	Borrowing Cost (effective for periods beginning on or after 1 January 2009).
IFRS 8	Operating Segments (effective for periods beginning on or after 1 January 2009).
IFRIC 11	IFRS 2 Company and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007).
IFRIC 12	Service Concession Arrangements (effective for periods beginning on or after 1 January 2008).

IFRIC 13	Customer Loyalty programmes (effective for annual periods beginning on or after 1 July 2008).
IFRIC 14	The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008).

The directors anticipate that the adoption of these Standards and Interpretations in future period will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the United Arab Emirates Laws.

Basis of preparation

The group's consolidated financial statements are prepared on the historical cost convention except for certain elements which has been measured on the basis of fair value as set forth in the attached notes. The following is the summary of significant accounting policies adopted :

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the company (its subsidiaries) (together referred to as "the Group") control is evidenced by the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the company.

The details of the subsidiaries are as follows :

	Incor-porated	Owner-ship %	Principal activities
Emirates Lube Oil Co. Ltd. (LLC)	U.A.E.	100	Manufacturing of and Trading in oil, lubricants and grease.
Gulf Prefab Houses Factory (LLC)	U.A.E.	100	Manufacturing of prefab houses, Concrete, carpentry, restaurant, ovens, kitchens, central aircon-ditioning systems.
Horizon Metallic Ind. Co. LLC	U.A.E.	100	Manufacturing metallic cans, refill and drums.
Crown Lubricants Co. (L.L.C.)	U.A.E.	100	Trading in lubricants.
Emirates Crown Lubricants Co. (L.L.C.)	U.A.E.	50	Trading in lubricants.
L.A.I. General Trading LLC – Dubai	U.A.E.	50	General trading.
Al Sagr National Insurance Co. P.S.C.	U.A.E.	53	The writing of insurance of all types.
Dubai Al Ahlia Quick Transport Est. - Partnership	U.A.E.	50	Transportation of general materials by trucks.
Emirates Lube India Private Limited	India	100	Trading in lubricants
Layia Hotels management (L.L.C.)	U.A.E.	51	Hotels management
Amalia Perfumes Trading LLC	U.A.E.	50	Perfumes Trading
Acorn Industries Co. LLC	U.A.E.	50	Vehicle body manufacturing, stell Structure parts.
Stock Securities Co. (LLC)	U.A.E.	75	Broker in sale & purchase of local Shares and bonds.
Middle World Factories Equip. LLC	U.A.E.	51	Import & re-export, factories Equipment, machinery supplier, Trading merchants , spare parts Equipment of the factories.

Investment in Al Sagr National Insurance Co. P.S.C. – Dubai is registered in the name of related parties on behalf of the company and for its own benefit.
All significant inter-company's account balances and transactions have been eliminated on consolidation.

Minority interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement, and within equity in the consolidated balance sheet, separately from the parent shareholders' equity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and rebates.

Sale of goods
Revenue from the sale of goods is recognized when all the following conditions are satisfied :

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The group retains neither continuing managerial involvement to degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the group.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Revenue from rendering of services is recognized when the outcome of the transaction can be estimated reliably by reference to the stage of completion of the transaction at the balance sheet date.

Dividend and interest revenue
- Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established.
- Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income
Rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

Sale of properties
Revenue from the sale of properties under sale agreements is recognized in the Consolidated Statement of Income when the amounts received from the buyer equals 20% and more of the value of sale agreement and the significant risks and rewards of ownership are transferred to the buyer.

Property, plant and equipment

The property and equipment are carried at their cost less any accumulated depreciation and any accumulated impairment.

Cost includes purchase cost and any incidental expenses of acquisition including professional fees.

Depreciation is calculated on a straight line basis over the estimated useful lives. Annual rates of depreciation used are as follows :

	%
Buildings, sheds and prefab houses	7.50 – 20
Plant and equipment	5 – 20
Motor vehicles, ships & trucks	10 – 25
Office and residence furniture	15 – 25
Storage tanks	5
Marine tanks	15
Other assets	12.50 – 20

No depreciation is charged on capital-work-in-progress. The depreciation charge for each period is recognized in the consolidated income statement.

The estimated useful lives, residual values and depreciation method are reviewed and adjusted if appropriate at each balance sheet date.

The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Any gain or loss arising on derecognition of any item of property and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the assets is recognized in the consolidated income statement.

Investments in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control evidenced by the power to govern the financial and operating policies of that investee.

The group's investment in its associate is accounted for under the equity method of accounting. Under the equity method investments in associates are carried in the balance sheet at cost plus post acquisition changes in the group's share of net assets of the associate, less any impairment in value. The financial performance of its associates are recorded in the consolidated statement of income.

Investment properties

Investment properties held to earn rentals or for capital appreciation, investment properties are measured at fair value as at the consolidated balance sheet date. Gain or loss arising from changes in the fair value of investment properties are included in the Consolidated Statement of Income.

Development work-in-progress

Properties in the course of construction for rental or appreciation in value are carried at cost, less any recognized impairment loss. Cost includes all direct costs relating to project and professional fees, administrative cost and other expenses from the start of the projects up to completion are capitalized and classified under projects under construction. Completion is defined as the earlier of issuance of a certificate of the practical completion or when management considers the project to be completed. Upon completion of construction such properties are transferred to investment properties.

Development properties

Properties that are being constructed/developed for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realizable value. Properties in the course of development for sale are stated at cost plus attributable profit/(loss) less progress billings. The cost of development properties comprises the cost of land and other related expenditure which are capitalized until the properties are ready for its intended use.

Financial assets

Financial assets comprising of, among other things, investments in debt and equity instruments, are recognized and derecognized on the trade date when the group becomes party to the contractual provisions of the instruments. The financial assets are initially recognized at fair value plus transaction costs, directly attributable to the acquisition or issue of those assets, except for the financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following categories :

- Financial assets at fair value through profit or loss (FVTPL),
- Held to maturity
- Available for sale (AFS)
- Loans and receivables.
- Cash and cash equivalents.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL
Financial assets are classified as FVTPL when they are held for trading, which means they have been acquired principally for the purpose of selling in the near future.
Financial assets at FVTPL are stated at fair value. Gains or losses resultant form changes in the fair value are recognized in the consolidated income statement. The net gain or loss recognized in the consolidated income statement incorporates any dividend or interest earned on the financial asset.

Held to maturity
Held to maturity investments are debt instrument with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Held to maturity investments are measured at amortized cost using the effective interest method less impairment with revenue recognized on an effective yield basis.

AFS financial assets
AFS financial assets may include equity instruments that are not held principally for the purpose of selling in the near future or debt instruments with fixed or determinable payments and fixed maturity dates that the group has no positive intent and ability to hold to maturity. AFS financial assets are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses and foreign exchange gains and losses on monetary assets, which are recognized directly in the consolidated income statement. The cumulative gain or loss previously recognized in the investments revaluation reserve is included in the consolidated income statement upon the disposal of investment. Dividends on AFS equity instruments are recognized in profit or loss when the group's right to receive payments is established.

Loans
Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Trade receivables
Trade receivables are stated at original invoices amount less a provision for any uncollectible amounts.

An estimate for doubtful accounts is made when collection of full amount is no longer probable. Bad accounts are written off when there is no possibility of recovery.

Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand, unrestricted balances of current accounts and call and fixed deposits with banks for three months or less from the original date of placement.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Derecognition of financial assets

The group derecognizes a financial assets only when the contractual rights of the cash flows from the assets expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity depending on the substance of the contractual arrangement.

Equity instruments are contracts that evidence residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

Other financial liabilities, including accounts payable and others and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Accounts payable and accruals

Accounts payable and accruals are recognized for amounts to be paid in the future for goods or services received, whether billed by supplier or not.

Derecognition of financial liabilities

The group derecognizes financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Goodwill

- Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or associate as at the date of the acquisition. Goodwill arising on the acquisition of a subsidiary is recognized as a separate asset in the balance sheet. Goodwill is stated at cost less impairment losses. Goodwill is reviewed for impairment annually or more frequently when there is an indication that the carrying value may be impaired.

- Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized. If the recoverable amount of the goodwill is less than the carrying amount, the impairment loss is recognized in the consolidated income statement. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

- On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Inventories

Inventories of raw materials and spare parts at year end are stated at the lower of cost or net realizable value, cost being determined on the basis of weighted average prices. Cost includes purchase cost, freight, insurance and other related expenses incurred in bringing the goods to their present condition and location. Net realizable value is based on the normal selling price, less cost expected to be incurred on disposal. Provision is made where necessary for obsolete, slow-moving and damaged items.

Finished and semi-finished products are stated at the lower of cost incurred in blending division or net realizable value. Cost include materials, labour and an appropriate proportion of manufacturing overheads allocated on the basis of quantity produced which is close to the normal production capacity.

End of service benefits obligation

End of service benefits obligation is calculated in accordance with U.A.E. Labour law requirements.

Defined contribution plan

U.A.E. national employees of the Group are members of the Government managed retirement pension and the social security benefit scheme established pursuant to U.A.E. Federal Labour Law No. 7 of 1999. The Group is required to contribute by 12.5% of "the contribution calculation salary" to the retirement benefit scheme to fund the benefits. The employees are also required to contribute by 5% of the "contribution calculation salary" to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the Consolidated Statement of Income.

Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions are review and adjusted at each balance sheet date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

Related parties

Related parties are considered to be related because they have the ability to exercise control over the group or to exercise significant influence or joint control over the group's financial and operating decisions. Further, parties are considered related to the group when the group has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties.

Contingent liabilities

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the financial statements.

Foreign currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which the company operates (its functional currency). The consolidated financial statements are presented in Arab Emirates Dirhams (AED) which is the functional currency of the parent company. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on translating monetary items in profit or loss are recognized in the consolidated income statement.

Segments Information

- ***Business segment***
  The Group's policy of differentiation between the work segments which are considered as primary segments by taking into consideration the nature of services and product from these segments, production machinery used, organization and administrative hierarchy, and the internal system relating to the internal financial reports about it.

- ***Geographic segment***
  The Group's policy of differentiation between the geographical segments which are considered as secondary segments taking into consideration the economic consequences, the related risk for each geographical segment and the ruling regulations of commercial exchange and geographical segments, have been presented according to client locations.

  Financial information of segments has been presented in net amount after eliminating the internal balances and transactions.

Critical accounting judgments and key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of insurance contract assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and the latest available information including expectations of future events that are believed to be reasonable under the circumstances.

4. LAND

- Land amounting to AED. 145,054 thousand (2006 : AED. 19,671 thousand) (Exhibit A) represents the value of plots of land in the Emirates of Sharjah & Dubai. During the current year, the above mentioned land had been revalued and the difference resulting from this revaluation amounting to AED.119,005 thousand was credited to land revaluation reserve.

- The land mentioned above include land of AED. 128,053 thousand mortgaged to local banks against credit facilities granted to the Group.

5. PROPERTY, PLANT AND EQUIPMENT

The details of this item as at 31 December 2007 are as follows :

	Buildings, sheds and prefab houses AED '000'	Plant and equipment AED '000'	Motor vehicles, ships and trucks AED '000'	Office and residence furniture AED '000'	Storage tanks AED '000'	Marine tanks AED '000'	Other assets AED '000'	Capital work-in-progress AED '000'	Total AED '000'
Cost :									
At 1 January 2007	33,405	61,804	47,523	8,364	23,523	1,860	5,457	9,403	191,339
Additions during the year	12,313	12,287	18,460	4,724	268	--	2,593	4,835	55,480
Disposals/transfers	(30,024)	(45,215)	(4,606)	(4,322)	(8,486)	(1,860)	(2,857)	--	(97,370)
Balance at 31 December 2007	15,694	28,876	61,377	8,766	15,305	--	5,193	14,238	149,449
Accumulated Depreciation :									
At 1 January 2007	8,130	25,626	9,142	5,603	5,711	1,568	3,013	--	58,793
Charged for the year – Exhibit D	2,910	4,497	7,501	1,350	925	29	619	--	17,831
Related to disposals/transfers	(8,217)	(21,012)	(1,692)	(3,291)	(4,344)	(1,597)	(2,076)	--	(42,229)
Balance at 31 December 2007	2,823	9,111	14,951	3,662	2,292	--	1,556	--	34,395
Net Book Value :									
At 31 December 2007 – Exhibit A	12,871	19,765	46,426	5,104	13,013	--	3,637	14,238	115,054

As at 31 December 2006 are as follows :

	Buildings, sheds and prefab houses AED '000'	Plant and equipment AED '000'	Motor vehicles, ships and trucks AED '000'	Office and residence furniture AED '000'	Storage tanks AED '000'	Marine tanks AED '000'	Other assets AED '000'	Capital work-in-progress AED '000'	Total AED '000'
Cost :									
At 1 January 2006	16,167	61,025	31,558	7,865	23,344	1,817	4,438	589	146,803
Additions during the year	19,643	3,394	16,835	1,304	179	43	1,784	9,363	52,545
Disposals /transfers	(2,405)	(2,615)	(870)	(805)	--	--	(765)	(549)	(8,009)
Balance at 31 December 2006	33,405	61,804	47,523	8,364	23,523	1,860	5,457	9,403	191,339
Accumulated Depreciation :									
At 1 January 2006	8,153	22,177	3,992	5,508	4,541	1,520	2,747	--	48,638
Charged for the year – Exhibit D	1,649	4,528	5,459	747	1,170	48	665	--	14,266
Related to disposals/transfers	(1,672)	(1,079)	(309)	(652)	--	--	(399)	--	(4,111)
Balance at 31 December 2006	8,130	25,626	9,142	5,603	5,711	1,568	3,013	--	58,793
Net Book Value :									
At 31 December 2006 – Exhibit A	25,275	36,178	38,381	2,761	17,812	292	2,444	9,403	132,546

6. INVESTMENTS IN ASSOCIATES

This item consists of the following :

	2007 AED '000'	2006 AED '000'
Cost	**148,430**	20,064
Share of the group from profit/(loss) after acquisitions	**9,383**	(1,216)
Less ; Dividends received/(transfer)	**(825)**	825
Balance at 31 December – Exhibit A	**156,988**	19,673

The details of this associates are as follows :

Investment in	Incor-porated	Owner-ship %	2007 AED '000'	2006 AED '000'
Horizon Aluminium Ind. Co. LLC	U.A.E.	49	**1,024**	--
Gulf Engineering Services LLC	U.A.E.	50	**1,010**	586
Al Qalaa First Investment Company	Jordan	30.7	**6,408**	--
Arab Real Estate Development Co. PSC	Jordan	28.6	**48,422**	--
Ghadah General Trading & Contracting Co. (Khalid Mustafa Karam Sons & Partners)	Kuwait	38	**9,194**	--
Oil Laboratories & Marine Surveyors Co. Ltd.	U.A.E.	25	**322**	--
Al Sagr Company for Co-operative Insurance (SCCI) (under formation)	Saudi Arabia	--	**52,920**	7,023
Najm Project for Motor Insurance Development - (under formation)	Saudi Arabia	--	**1,942**	1,864
National Aluminium Extrusion Co. LLC (under formation)	U.A.E.	--	**25,500**	10,200
Tassnim International Investment (under formation)	Morocco	--	**2,770**	--
Gulf Dura Industries LLC (under formation)	U.A.E.	--	**7,476**	--
Total – Exhibit A			**156,988**	19,673

Investment in associates represents payments made against the share capital of the companies under formation.

7. INVESTMENT PROPERTIES

a) Investment properties are represented at fair value as per an open market valuation conducted by independent real estate consultants. The details of this account are as follows :

	Land AED '000'	Buildings AED '000'	Total AED '000'
Balance at 1 January 2006	80,103	470,089	550,192
Transferred from development work-in-progress	--	158,129	158,129
Transferred to development properties	--	(190,339)	(190,339)
Purchases during the year	195,216	242,045	437,261
Sales during the year	(13,150)	(230,190)	(243,340)
Increase in fair value	14,419	190,663	205,082
Fair value at 31 December 2006 – Exhibit A	**276,588**	**640,397**	**916,985**
Transferred to buildings	**(13,906)**	**13,906**	**--**
Transferred from development work-in-progress	**--**	**26,954**	**26,954**
Purchases during the year	**499,608**	**596,966**	**1,096,574**
Sales during the year	**(85,739)**	**(276,853)**	**(362,592)**
Increase in fair value	**91,567**	**102,925**	**194,492**
Fair value at 31 December 2007 – Exhibit A	**768,118**	**1,104,295**	**1,872,413**

b) Investment properties mentioned above include the value of land with constructed buildings amounting to AED. 652,848 thousand (2006 : AED. 164,839 thousand) mortgaged to the banks financing the construction of these buildings. It also includes land of AED. 510,653 thousand (2006 : AED. 359,476 thousand) purchased in the name of related parties on behalf of the Group.

8. DEVELOPMENT WORK-IN-PROGRESS

a) The details of this item are as follows :

	2007 AED '000'	2006 AED '000'
Balance at 1 January	**112,334**	173,444
Transferred to investment properties	**(26,954)**	(158,129)
Additions	**126,227**	97,019
Balance at 31 December – Exhibit A	**211,607**	112,334

b) Projects under construction mentioned above include the value of land amounting to AED. 5,988 thousand purchased in the name of a related party on behalf of the group.

9. FINANCIAL ASSETS INVESTMENTS

a) **Available for Sale Investments**

This item consists of the following :

	2007 AED '000'	2006 AED '000'
Fair value at 1 January	**537,256**	290,811
Purchased during the year	**736,343**	546,216
Sale during the year	**(348,991)**	(112,682)
Increase/(decrease) in fair value	**114,697**	(187,089)
Fair Value at 31 December – Exhibit A	**1,039,305**	537,256

b) **Held to Maturity Investments**

This item consists of the following :

	2007 AED '000'	2006 AED '000'
Cost at 1 January	**19,545**	10,535
Additions during the year	**7,380**	12,930
Sale during the year	**--**	(3,920)
Cost at 31 December – Exhibit A	**26,925**	19,545

c) **Held for Trading Investments**

This item consists of the following :

	2007 AED '000'	2006 AED '000'
Balance at 1 January	**1,004,748**	1,220,520
Purchased during the year	**2,941,807**	854,090
Sale during the year	**(2,831,270)**	(948,791)
Increase/(decrease) in fair value	**94,199**	(121,071)
Fair Value at 31 December – Exhibit A	**1,209,484**	1,004,748

- The fair values of these investments are based on quoted market prices.
- Held for trading investments and available for sale investments include investments of AED. 161,843 thousand pledged to local banks and investments of AED. 176,976 thousand registered in the name of related parties on behalf of the Group.
- Held to maturity investments include investment of AED. 22,540 thousand registered in the name of related parties on behalf of the Group.

10. GOODWILL

The details of this item are as follows :

	2007 AED '000'	2006 AED '000'
Balance at 1 January	4,000	4,000
Goodwill paid on acquisition of Acron Industries Co. LLC	7,500	--
Goodwill paid on acquisition of Ghadah General Trading & Contracting Company	16,473	--
Goodwill paid on acquisition of Middle East World Factories Equip. LLF	500	--
Goodwill paid on acquisition of Amalia Perfumes Trading LLC	1,254	--
Balance at 31 December	**29,727**	4,000

The consolidated financial statements include the results of all acquired companies from the date of acquisition.

The details of acquined companies are as follows :

a) Acquisition of Acorn Industries Co. LLC – Sharjah

On 1 January 2007, the group acquired 50% of the voting shares of Acorn Industries Co. LLC – Sharjah, an unlisted limited liability company domiciled in Sharjah, United Arab Emirates.

The fair value of the identifiable assets and liabilities of Acorn Industries Co. LLC as at the date of acquisition were as follows :

	AED '000'
Total current assets	6,391
Total non-current assets	8,850
	15,241
Total current liabilities	2,401
Total non-current liabilities	–
Minority interest	6,420
	8,821
Net assets acquired	6,420
Goodwill arising on acquisition	7,500
Cash Consideration Paid	**13,920**

b) Acquisition of Ghadah General Trading and Contracting Company - Kuwait

On 1 March 2007, the group acquired 38% of the voting shares of Ghadah General Trading and Contracting Company (Khalid Mustafa Karam Sons and Partners) W.L.L., an unlisted limited liability company domiciled in Kuwait.

The fair value of the identifiable assets and liabilities of Ghadah General Trading and Contracting Company (Khalid Mustafa Karam Sons and Partners) W.L.L. as at the date of acquisition were as follows :

	AED '000'
Total current assets	42,920
Total non-current assets	1,958
	44,878
Total current liabilities	21,423
Total non-current liabilities	4,815
Minority interest	11,556
	37,794
Net assets acquired	7,084
Goodwill arising on acquisition	16,473
Cash Consideration Paid	**23,557**

c) **Acquisition of Middle East World Factories Equip. LLC**

On 1 January 2007, the group acquired 51% of the voting shares of Middle East World Factories Equip. LLC – Sharjah, an unlisted limited liability company domiciled in Sharjah, United Arab Emirates.

The fair value of the identifiable assets and liabilities of Middle East World Factories Equip. LLC as at the date of acquisition were as follows :

	AED '000'
Total current assets	5,494
Total non-current assets	759
	6,253
Total current liabilities	3,649
Total non-current liabilities	39
Minority interest	15
	3,703
Net assets acquired	2,550
Goodwill arising on acquisition	500
Cash Consideration Paid	**3,050**

d) **Acquisition of Amalia Perfumes Trading LLC – Dubai**

On 1 January 2007 (the acquisition date), the group acquired 50% of the voting shares of Amalia Perfumes Trading LLC – Dubai, an unlisted limited liability company domiciled in Dubai, United Arab Emirates.

The fair value of the identifiable assets and liabilities of Amalia Perfumes Trading LLC – Dubai as at the date of acquisition were as follows :

	AED '000'
Total current assets	4,152
Total non-current assets	1,660
	5,812
Total current liabilities	2,209
Total non-current liabilities	1,321
Minority interest	1,536
	5,066
Net assets acquired	746
Goodwill arising on acquisition	1,254
Cash Consideration Paid	**2,000**

11. **DEVELOPMENT PROPERTIES**

The details of this item are as follows :

	2007 AED '000'	2006 AED '000'
Cost to date	179,442	439,860
Addition : Attribute profit	2,863	105,644
Less : Progress billings	(180,884)	(366,062)
Balance at 31 December – Exhibit A	**1,421**	179,442

12. **INVENTORIES**

The details of this item are as follows :

	2007 AED '000'	2006 AED '000'
Equipment and spare parts	18,624	--
Raw-materials	156,382	213,852
Finished products	15,014	18,184
Semi-finished products	9,935	4,667
Goods in transit	10,438	9,815
Total	210,393	246,518
Provision for slow-moving and obsolete items	(131)	(134)
Net Amount – Exhibit A	**210,262**	246,384

13. **TRADE AND OTHER RECEIVABLES**

a) This item consists of the following :

	2007 AED '000'	2006 AED '000'
Trade accounts receivable – Note 13(b)	613,173	591,789
Due from related parties – Note 13(c)	126,481	2,858
Other receivables	237,729	69,091
Accounts receivable by services companies	47,244	11,358
Reinsurance contract assets	394,964	181,489
Total – Exhibit A	**1,419,591**	856,585

b) **Trade Accounts Receivable**

(i) The details of this item are as follows :

	2007 AED '000'	2006 AED '000'
Trade accounts receivable - Export	**9,662**	33,272
Other trade accounts receivable	**616,236**	570,669
Total trade accounts receivable - Note 13(b)(iii)	**625,898**	603,941
Provision for doubtful accounts - Note 13(b)(ii)	**(12,725)**	(12,152)
Net Amount - Note 13(a)	**613,173**	591,789

(ii) The details of movement in the provision for doubtful accounts during the year are as follows :

	2007 AED '000'	2006 AED '000'
Balance at 1 January	**12,152**	10,382
Addition to provision	**1,238**	2,220
Accounts receivable written off	**(665)**	(450)
Balance at 31 December - Note 13(b)(i)	**12,725**	12,152

(iii) Concentration of credit risk with respect to trade accounts receivable arises from exposure to group of debtors operating in the following industries/ (businesses) :

	2007 AED '000'	2006 AED '000'
Sales agents	**40,016**	11,907
Governmental authorities	**4,268**	5,032
Marine and Trade Enterprises	**63,965**	120,144
Industrial Enterprises	**125,971**	118,545
Service Enterprises & Others	**391,678**	348,313
Total - Note 13(b)(i)	**625,898**	603,941

(iv) Trade accounts receivable distributed to a client's base divided geographically as follows :

	2007 AED '000'	2006 AED '000'
U.A.E. and other GCC countries	**527,575**	528,637
Middle East	**68,437**	29,235
African countries	**12,529**	24,682
Asian countries	**13,802**	20,754
European countries	**3,555**	633
Total - Note 13(b)(i)	**625,898**	603,941

c) **Due from related parties**

This item consists of the following :

	2007 AED '000'	2006 AED '000'
Fal Oil Company Ltd - Sharjah	**5,360**	2,854
Arab Real Estate Development Co. PSC. - Jordan	**83,029**	--
Industrial Investment Company (Riviera Pool M.E.) L.L.C. - Sharjah	**--**	4
Al Qala First Investment – Jordan	**35,688**	--
Gulf Engineering Services LLC - Dubai	**106**	--
Horizon Aluminium Industries Co. (LLC) - Dubai	**1,973**	--
Oil Laboratories & Marine Surveyors Co. Ltd. - Sharjah	**123**	--
Amalia Perfumes International FZC – Dubai	**202**	--
Total - Note 13(a)	**126,481**	2,858

14. **CASH AND BANKS BALANCES**

a) This item consists of the following :

	2007 AED '000'	2006 AED '000'
Cash in hand	**1,796**	686
Current accounts balances	**114,284**	65,768
Call accounts with bank	**23**	8,448
Fixed deposits	**242,090**	78,022
Total - Exhibit A	**358,193**	152,924

b) Current accounts with banks of AED. 114,284 thousand (2006 : AED. 65,768 thousand) mentioned above include bank accounts amounting to AED. 528 thousand (2005 : AED. 682 thousand) opened and operated in the name of third parties.

c) Fixed deposits mentioned above amounting to AED. 242,090 (2006 : AED. 78,022 thousand) include fixed deposits of AED. 211,994 thousand held under lien with a local bank against facilities granted to the Group and also include a fixed deposit amounting to AED. 7,500 thousand hypothecated to the order of the Minister of Economy & Commerce of the U.A.E. in accordance with Federal Law No. (9) of 1984.

d) All fixed deposits mature within different periods not exceeding one year from the balance sheet date.

e) Fixed deposits mentioned above are at interest rate ranging between 2.79% to 5.75% (2006 : between 3% to 5.5%) per annum.

15. **SHAREHOLDERS' EQUITY**

a) **Capital**

	2007 AED '000'	2006 AED '000'
Authorized share capital comprises 540 million ordinary shares (2006 : 400 million ordinary shares) of AED. 1/- each fully paid – Exhibit A	**540,000**	400,000

At the extra-ordinary general meeting held on 25 March 2007 the shareholders had approved to increase the company's issued share capital by transfer the proposed 35% bonus issue (140 million ordinary shares) for the year ended 31 December 2006 to share capital in 2007 resulting in an increase in the share capital of the company from AED. 400,000 thousand to AED. 540,000 thousand.

b) **Basis of Retained Reserves**

The Group's annual profit is distributed after deducting all administrative expenses and other related expenses as follows :

(i) 10% of the yearly profit shall be deducted and retained in statutory reserve account, the deduction will be suspended when the reserve reaches 50% of the company's paid-up capital and if the statutory reserve decreased below that percentage, the deduction will resume.

(ii) Another 10% of the yearly net profit shall be deducted and retained in an additional reserve until a decision by the Ordinary General Assembly Meeting on the strength of proposal by the Board of Directors or if such reserve reaches to 50% of the company's paid-up capital.

c) **Proposed appropriation of net profit**

(i) The Board of Directors have proposed the following appropriation of the net profits :

	2007 AED '000'	**2006** AED '000'
Statutory reserve	**55,501**	40,626
Additional reserve	**55,501**	40,626
Director's remuneration	**3,500**	1,400
Proposed issue of bonus shares – 100% of paid up capital (2006 : 35%)	**540,000**	140,000
Proposed cash dividends 2007 'Nil' (2006 : 10% of paid up capital)	--	40,000

(ii) The above mentioned proposed dividends are subject to approval by the shareholders at the Annual General Assembly Meeting.

d) **Reserves**

The details of this item are as follows :

	Statutory Reserve AED '000'	Additional Reserve AED '000'	Land Revaluation Reserve AED '000'	Total AED '000'
Balance at 1 January 2006	122,000	100,000	2,509	224,509
Additions during the year	40,626	40,626	--	81,252
Balance at 31 December 2006 - Exhibit A	**162,626**	**140,626**	**2,509**	**305,761**
Additions during the year	**55,501**	**55,501**	**119,005**	**230,007**
Balance at 31 December 2007 - Exhibit A	**218,127**	**196,127**	**121,514**	**535,768**

16. **MINORITY INTEREST**

The details of this item are as follows :

	2007 AED '000'	2006 AED '000'
Balance at 1 January	**338,866**	280,740
Dividends paid	**(3,920)**	(3,163)
Share of net income for the year	**70,943**	30,684
Funds invested by minority shareholder and other movements	**(60,774)**	30,605
Balance at 31 December - Exhibit A	**345,115**	338,866

17. **END OF SERVICE BENEFITS OBLIGATION**

The movements on this account during the year are as follows :

	2007 AED '000'	2006 AED '000'
Balance at 1 January	**10,943**	9,124
Current service cost	**4,767**	2,304
Settlements during the year	**(243)**	(485)
Balance at 31 December - Exhibit A	**15,467**	10,943

18. **TERM LOANS**

a) The Group had obtained term loan facilities from local and foreign banks in order to finance the purchase of real estate and the Group's activities presented in consolidated balance sheet are as follows:

	2007 AED '000'	2006 AED '000'
Current portion Exhibit A	**661,484**	274,179
Non-current portion – Exhibit A	**1,179,828**	363,983
Total – Note 18(b)	**1,841,312**	638,162

The details of term-loans are as follows :

Loan/Morabaha	Maturity date	2007 AED '000'	2006 AED '000'
Loan 1	June 2010	**16,150**	24,225
Loan 2	February 2010	**2,657**	12,029
Loan 3	March 2011	**256,750**	330,300
Loan 4	June 2010	**58,560**	--
Loan 5	October 2012	**47,500**	--
Loan 6	August 2008	**55,065**	--
Loan 7	August 2012	**771,120**	–
Loan 8	May 2008	**50,000**	–
Loan 9	December 2008	**105,000**	–
Loan 10	July 2014	**60,670**	67,266
Loan 11	March 2013	**109,368**	–
Loan 12	December 2009	**200,000**	–
Morabah 13	May 2009	**4,629**	7,469
Morabah 14	July 2007	–	23,040
Morabah 15	May 2007	--	50,000
Morabah 16	June 2007	--	30,000
Morabah 17	December 2007	--	50,000
Morabah 18	March 2007	–	20,312
Morabah 19	November 2008	**82,667**	--
Other loans & morabahat		**21,176**	23,521
Total – Note 18(a)		**1,841,312**	638,162

(1) A loan of AED. 32,300 thousand was granted in June 2005 for a period of five years and repayable by quarterly instalments amounting to AED. 1,615 thousand and the last instalment will be matured in June 2010.

(2) A loan of AED. 48,800 thousand was granted in June 2005 for a period of five years and repayable by quarterly instalments amounting to AED. 2,343 thousand and the last instalment will be matured in February 2010.

(3) A loan of USD. 100 million equivalent to AED. 367,000 thousand granted by a consortium of local and foreign banks for a period of five years and repayable by half yearly instalments amounting to AED. 36,750 thousand and the last instalment will be matured in March 2011.

(4) A loan of AED. 58,560 thousand granted in June 2007 for a period of three years and repayable by quarterly instalments amounting to AED. 7,320 thousand and the last instalment will be matured in June 2010.

(5) A loan of AED. 50,000 thousand granted in October 2007 for a period of five years and repayable by quarterly instalments amounting to AED. 2,500 thousand and the last instalment will be matured in October 2012.

(6) A loan of USD. 15 million equivalent to AED. 55,065 thousand granted in June 2007 for a period of one year and repayable by one instalment in August 2008.

(7) A mudarabah agreement relating to the Group's activities granted by a consortium of local and foreign banks of USD 210 million, equivalents to AED. 771,120 thousand granted in August 2007 for a period of five years and repayable by half yearly instalments amounting to AED. 77,112 thousand and the last instalment will be matured in August 2012.

(8) A loan of AED. 50,000 thousand granted by a local bank for a period of six months and repayable by one instalment in May 2008.

(9) A loan of AED. 105,000 thousand granted in November 2007 for a period of one year and repayable by quarterly instalments amounting to AED. 26,250 thousand and the last instalment will be matured in December 2008.

(10) A loan of AED. 70,000 thousand granted in August 2006 for a period of eight years and repayable by monthly instalments amounting to AED. 963 thousand (included interest) and the last instalment will be matured in July 2014.

(11) A musharaka mutanaqisa bank finance agreement of AED. 125,000 thousand granted in 15 March 2007 to finance purchase of 83.33% from a building in Dubai emirate and for a period of six years and repayable by quarterly instalments amounting to AED. 5,208 thousand and the last instalment will be matured in March 2013.

(12) A mudarabah bank finance agreement of AED. 200,000 thousand granted by Islamic banks in December 2007 for a period of two years and repayable by quarterly instalments amounting to AED. 33,333 thousand and the last instalment will be matured in December 2009.

(13) A morabaha of AED. 80,000 thousand granted in June 2006 for a period of three years and repayable by quarterly instalments amounting to AED. 767 thousand and the last instalment will be matured in May 2009.

(14) A morabaha of AED. 46,081 thousand granted in June 2005 for a period of two years and repayable by half yearly instalments amounting to AED. 1,520 thousand and the last instalment will be matured in July 2007.

(15) A morabaha of AED. 50,000 thousand granted in november 2005 for a period of one and half year and fuly paid by one instalment in May 2007.

(16) A morabaha of AED. 30,000 thousand granted in December 2006 for a period of six months and fully paid by one instalment in June 2007.

(17) A morabaha of AED. 50,000 thousand granted in December 2006 for a period of one years and fully paid by one instalment in December 2007.

(18) A morabaha of AED. 25,000 thousand granted in March 2005 and repayable in half yearly instalment amounting to AED. 1,562 thousand and fully paid in 2007.

(19) A morabaha of AED. 82,667 thousand granted in December 2007 to participate in an initial public offering (IPO) and repayable within one year.

b) Loan facilities bear interest at EIBOR and LIBOR plus applicable margins ranging from (0.55% - 2%).

c) Bank loans obtained from banks are secured by the following :

- Loan facilities relating to buildings construction are secured by mortgage of properties and constructions financed by these loans. Banks providing these facilities are the first beneficiary from the properties and constructions, and have the right to receive the rental income from the buildings. In addition, insurance policies are endorsed in favour of these banks, reputation of the group and irrevocable bank guarantee from other bank.

19. TRADE AND OTHER PAYABLES

a) This item consists of the following :

	2007 AED '000'	2006 AED '000'
Trade accounts payable and others	**416,022**	300,241
Accounts payable by services companies	**116,416**	42,314
Due to minority shareholders	**11,760**	--
Due to related companies - Note 20(b)	**32,039**	27,647
Post-dated cheques issued	**212,674**	75,344
Rent received in advance	**17,766**	8,073
Accrued dividends for shareholders	**21,853**	1,851
Accrued expenses	**80,578**	32,013
Provisions and other payables	**16,779**	12,763
Retentions payable	**7,558**	7,332
Un-accrued income	**--**	1,242
Directors' remuneration	**3,500**	1,400
Advanced received against investment properties for sale	**27,831**	3,185
Insurance contract liabilities	**550,342**	294,233
Total - Exhibit A	**1,515,188**	807,638

b) **Due to related parties**

This item consists of the following :

	2007 AED '000'	2006 AED '000'
Gulf Engineering Services L.L.C. - Dubai	**--**	153
Horizon Aluminium Industry (L.L.C.) - Dubai	**--**	874
National Aluminium Extrusion Co. L.L.C. - Dubai	**15,297**	9,532
Oil Laboratories and Marine Surveyors Company L.L.C. - Sharjah	**--**	12
Dubai Al Ahlia Transportat Curisha Division - Dubai	**2,791**	--
Marine Engineering & Services Co. Ltd. - Sharjah	**15**	3
Sharjah Oil Refinery Co. Ltd. - Sharjah	**250**	297
Mechanical Engineering Services - Dubai	**2,206**	2,457
Investment Group (Pvt.) Ltd. – Sharjah	**11,461**	14,319
Industrial Investment Company (Riviera Pool M.E.) L.L.C. - Sharjah	**19**	--
Total - Note 19(a)	**32,039**	27,647

20. **SHORT-TERM BORROWINGS**

a) This item consists of the following :

	2007 AED '000'	2006 AED '000'
Bank overdraft	**522,072**	704,893
Trust receipts	**207,739**	148,376
Total – Exhibit A	**729,811**	853,269

b) The interest rates on the above mentioned bank facilities are at interest rates per annum subject to repricing on an annual basis.

c) Bank facilities obtained from banks detailed above are secured by the following :

- Pledge on fixed deposits.
- Promissory note in favour of the banks.
- Assignment of insurance policies in favour of the banks.
- Hypothecation over goods financed by trust receipts.
- Pledge of investment in securities and investment in subsidiary.

Financial assets and liabilities exposed to cash flow interest rate risk are the ones with floating interest rate. A significant portion of the Group's loans and fixed deposits, dues from banks, and dues to banks fall under this category.

e) ***Credit risk***

Credit risk refers to the risk that a debtor will default on its contractual obligations resulting in financial loss to the group. The group maintains a credit policy that states dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group monitors, regularly, the credit ratings of its debtors and the volume of transactions with those debtors during the year. Ongoing credit evaluation is performed on the financial condition of debtors. However, credit risk exposures are insignificant. The carrying amount of financial assets recorded in the consolidated financial statements represents the group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Concentration of credit risk with respect to trade receivables arises from exposure to Group of debtors in different business/economic sector as disclosed in Note 13(b)(iii).

Concentration of credit risk also arises from the geographical area in which the debtors are located and in the Group's case the customer's base is concentrated in different countries as disclosed in (Note 13(b)(iv).

f) ***Liquidity risk***

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The group manages the liquidity risk through risk management framework for the group's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and the availability of financing through banking arrangements to ensure funds are available to meet its commitments for liabilities as they fall due

24. REVENUE

This item consists of the following :

	2007 **AED '000'**	2006 AED '000'
Manufacturing income	**1,000,564**	926,194
Sale of investment properties	**594,140**	525,924
Sale of investments in securities	**3,287206**	1,025,347
Insurance income	**204,612**	136,820
Trading income	**168,789**	47,208
Profit/(loss) from investment in associates	**9,383**	(1,216)
Rental income	**34,319**	18,286
Fair value gain on investment properties	**194,492**	205,082
Fair value gain on held for trading investments	**94,199**	--
Total - Exhibit B	**5,587,704**	2,883,645

25. COST OF REVENUE

This item consists of the following :

	2007 **AED '000'**	2006 AED '000'
Cost of manufacturing	**870,651**	805,428
Cost of sales of investment properties	**362,592**	243,340
Cost of sales of investment in securities	**3,242,073**	1,024,269
Cost of insurance	**121,589**	64,165
Cost of trading	**129,279**	37,127
Fair value loss on held for trading investment	--	121,071
Total - Exhibit B	**4,726,184**	2,295,400

29. **CASH AND CASH EQUIVALENTS**

At 31 December 2007 and 2006 "cash and cash equivalents" included in the Statement of Cash Flows (Exhibit D) comprise the following items :

	2007 AED '000'	2006 AED '000'
Cash in hand	**1,796**	686
Cash in bank - Current account	**114,284**	65,768
Cash in bank - Call deposit	**23**	8,448
Fixed deposit	**22,597**	15,126
Total - Exhibit D	**138,700**	90,028

30. **OPERATING LEASE COMMITMENTS**

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases up to 2055, which fall due as follows :

	2007 AED '000'	2006 AED '000'
Within one year	**1,469**	891
After one year but not more than five years	**4,923**	5,236
After five years	**50,304**	51,460
Total	**56,696**	57,587

31. **CONTINGENT LIABILITIES**

The following are clarifications of the unrecognized financial instruments as of the balance sheet date :

	2007 AED '000'	2006 AED '000'
Group's liability against building construction contracts	**128,483**	132,897
Group's liability against bank guarantees	**247,913**	24,916
Group's liability against letters of credit	**91,776**	128,680
Group's liability against investment purchase contracts	**1,090,039**	44,108
Group's liability against discounted cheques	**17,606**	51,914

The Group holds undated cheques amounting to AED. 12,245 thousand (2006 : AED. 30,649 thousand) received from customers and contracting companies as a security in case of defaulted client and contracting companies.

32. **GENERAL**

a) Certain prior year figures have been reclassified to conform to current year presentation.

b) The figures in the consolidated financial statements are rounded to the nearest thousand of Arab Emirates Dirham (AED).

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

INDEX

Independent Auditor's Report

101380345

The Shareholders
Gulf General Investment Company
A Public Shareholding Company
Dubai
United Arab Emirates.

We have audited the accompanying consolidated financial statements of **GULF GENERAL INVESTMENT COMPANY AND ITS SUBSIDIARIES "the group"**, which comprise the balance sheet as at 31 December 2006 and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Gulf General Investment Company and its Subsidiaries "the group"** as of 31 December 2006 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

TAGorg Offices: Abha, Abu-Dhabi, Ajman, Al-Ain, Al-Khobar, Algiers, Amman, Aqaba, Ankara, Baghdad, Beirut, Cairo, Casablanca, Cyprus, Damascus, Doha, Dubai, Erbil, Fujairah, Gaza, Jebel Ali, Jeddah, Karachi, Khartoum, Kuwait, Manama, Moscow, Muscat, Nablus, New Delhi, Ramallah, Ras Al-Khaimah, Regional Office- Amman, Riyadh, Sana'a, Sharjah, Tehran, Tripoli, Tunis, Umm Al Quwain. Correspondents Offices: USA, EU, Latin America, South Korea, East Europe, Africa, Asia. Associate Offices: Buffalo, Edinburgh, Munich, N.Y, Paris. Liaison Offices: Bahamas, Beijing, Montreal, Shanghai

Sharjah Office: tagco.sharjah@tagi.com www.tagorg.com — Tel:(971-6) 5563484 Fax:(971-6) 5562947 :مكتب الشارقة
Corniche Al-Buheira Crescent Tower-12th floor — كورنيش البحيرة. برج الهلال. الطابق ١٢
P.O.Box : 952 Sharjah, United Arab Emirates — ص.ب : ٩٥٢ الشارقة. الإمارات العربية المتحدة
We Try Harder to Stay First — نبذل جهداً أكبر لنظل في المقدمة

Also in our opinion, the Group has maintained proper accounting records, inventory count was duly carried out and the contents of the Directors' report relating to the financial statements are in agreement therewith. To the extent of information and explanations made available to us, nothing came to our attention concerning occurrence of violations of the Commercial Companies Law of 1984 and its amendments or the Articles of Association of the Company during the year which would have had a material effect on the Group's activities or its financial position.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL

Ali Hasan Shalabi
Licensed Auditor No. 34
17 February 2007.

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

EXHIBIT A

	Note	2006 AED '000'	2005 AED '000'
ASSETS			
Non-Current Assets			
Land	4	**19,671**	6,419
Property, plant and equipment	5	**132,546**	98,165
Investments in associates	6	**19,673**	6,530
Investment properties	7	**916,985**	550,192
Projects under construction	8	**112,334**	173,444
Available for sale investments	9	**537,256**	290,811
Held to maturity investments	9	**19,545**	10,535
Goodwill	10	**4,000**	4,000
Post-dated cheques received -- Non-current portion		**6,668**	--
Total Non-Current Assets		**1,768,678**	1,140,096
Current Assets			
Held for trading investments	9	**1,004,748**	1,220,520
Development properties	11	**179,442**	--
Inventories	12	**246,384**	181,734
Trade and other receivables	13	**675,096**	328,467
Reinsurance contract assets	14	**181,489**	81,586
Post-dated cheques received		**142,244**	29,151
Cash and banks balances	15	**152,924**	101,443
Total Current Assets		**2,582,327**	1,942,901
TOTAL ASSETS		**4,351,005**	3,082,997

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been authorized for issue by the Board of Directors on 17 February 2007

Abdulla Juma Al Sari
Chairman

Dr. Muawiah Saleh Al Shanar
Deputy Chairman

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED BALANCE SHEET AS AT
31 DECEMBER 2006

EXHIBIT A
CONTINUED

	Note	2006 AED '000'	2005 AED '000'
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity :			
Paid-up capital	16	**400,000**	200,000
Reserves	16	**305,761**	224,509
Cumulative changes in fair value of available for sale investment		**(121,787)**	106,426
Retained earnings		**890,881**	747,272
Proposed issue of bonus shares	16	**140,000**	100,000
Proposed cash dividends		**40,000**	--
Total		**1,654,855**	1,378,207
Minority Interest	17	**338,866**	280,740
Total Shareholders' Equity – Exhibit C		**1,993,721**	1,658,947
Non-Current Liabilities			
End of service benefits obligation	18	**10,943**	9,124
Term loans	19	**363,983**	98,510
Post-dated cheques issued - Non-Current portion		**47,272**	29,266
Total Non-Current Liabilities		**422,198**	136,900
Current Liabilities			
Trade and other payables	20	**513,405**	431,730
Insurance contract liabilities	14	**294,233**	136,630
Current instalments of term loans	19	**274,179**	44,665
Short-term borrowings	21	**853,269**	674,125
Total Current Liabilities		**1,935,086**	1,287,150
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4,351,005**	3,082,997

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been authorized for issue by the Board of Directors on 17 February 200'

Abdulla Juma Al Sari
Chairman

معاوية

Dr. Muawiah Saleh Al Shanar
Deputy Chairman

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2006

EXHIBIT B

	Note	2006 AED '000'	2005 AED '000'
Manufacturing profit	23	**130,847**	83,915
Investment income	24	**370,429**	671,125
Rental income		**18,286**	15,039
Insurance profit		**72,655**	37,000
Total operating income		**592,217**	807,079
Other income	25	**12,954**	2,767
Distribution expenses		**(22,291)**	(20,027)
Administrative expenses	26	**(61,715)**	(50,322)
Net operating profits		**521,165**	739,497
Finance cost		**(84,220)**	(35,592)
Profit for the Year – Exhibit C		**436,945**	703,905
Attributable To :			
Equityholder of parent company		**406,261**	621,021
Minority interest		**30,684**	82,884
		436,945	703,905
Basic Earnings Per Share	27	**AED. 1.02**	AED. 1.56

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

EXHIBIT C

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY AND ITS SUBSIDIARIES
DUBAI – UNITED ARAB EMIRATES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Attributable to equity holders of the parent company								
	Capital AED'000'	Reserves AED'000'	Cumulative changes in fair value of available for sale investment AED'000'	Retained earnings AED'000'	Proposed issue of bonus shares AED'000'	Proposed cash dividends AED'000'	Total AED'000'	Minority interest AED'000'	Total AED'000'
Balance at 1 January 2005	120,000	113,770	32,847	316,390	36,000	--	619,007	97,705	716,712
Issue of bonus shares	36,000	--	--	--	(36,000)	--	--	--	--
Share subscription through rights issue	44,000	--	--	--	--	--	44,000	--	44,000
Premium issue	--	22,000	--	--	--	--	22,000	--	22,000
Profit for the year ended 31 December 2005 - Exhibit B	--	--	--	621,021	--	--	621,021	82,884	703,905
Funds invested by minority shareholder and other movements	--	--	--	--	--	--	--	106,110	106,110
Net changes in fair value of available for sale investment	--	--	73,579	--	--	--	73,579	--	73,579
Transferred to statutory reserve	--	41,624	--	(41,624)	--	--	--	--	--
Transferred to additional reserve	--	47,115	--	(47,115)	--	--	--	--	--
Proposed issue of bonus shares	--	--	--	(100,000)	100,000	--	--	--	--
Directors' remuneration	--	--	--	(1,400)	--	--	(1,400)	--	(1,400)
Cash dividends	--	--	--	--	--	--	--	(5,959)	(5,959)
Balance at 31 December 2005 - Exhibit A	**200,000**	**224,509**	**106,426**	**747,272**	**100,000**	--	**1,378,207**	**280,740**	**1,658,947**
Issue of bonus shares	**100,000**	--	--	--	**(100,000)**	--	--	--	--
Share subscription through rights issue	**100,000**	--	--	--	--	--	**100,000**	--	**100,000**
Profit for the year ended 31 December 2006 - Exhibit B	--	--	--	**406,261**	--	--	**406,261**	**30,684**	**436,945**
Transferred to statutory reserve	--	**40,626**	--	**(40,626)**	--	--	--	--	--
Transferred to additional reserve	--	**40,626**	--	**(40,626)**	--	--	--	--	--
Net changes in fair value of available for sale investment	--	--	**(228,213)**	--	--	--	**(228,213)**	--	**(228,213)**
Funds invested by minority shareholder and other movements	--	--	--	--	--	--	--	**27,442**	**27,442**
Proposed issue of bonus shares	--	--	--	**(140,000)**	**140,000**	--	--	--	--
Proposed cash dividends	--	--	--	**(40,000)**	--	**40,000**	--	--	--
Directors' remuneration	--	--	--	**(1,400)**	--	--	**(1,400)**	--	**(1,400)**
Balance at 31 December 2006 - Exhibit A	**400,000**	**305,761**	**(121,787)**	**890,881**	**140,000**	**40,000**	**1,654,855**	**338,866**	**1,993,721**

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

Gulf General Investment Company
A Public Shareholding Company
And Its Subsidiaries
Dubai
United Arab Emirates

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2006

EXHIBIT D

	2006 AED '000'	2005 AED '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year - Exhibit B	**406,261**	621,021
Adjustments for:		
Depreciation of property and equipment	**14,266**	10,336
Amortization of goodwill and impairment loss	--	6,209
End of service benefits obligation	**2,304**	2,023
Profit from sale of investments in securities	**(1,078)**	(271,704)
Profit from investment properties	**(282,584)**	(22,884)
Gain on sale of property and equipment	**(291)**	(551)
Increase in insurance contract assets	**(99,903)**	(35,016)
Increase in insurance contract liabilities	**157,603**	33,783
Changes in fair value of held for trading investment	**121,071**	(370,336)
Changes in fair value of investment properties	**(205,082)**	(3,036)
Provision for doubtful accounts	**2,220**	4,454
Loss/(profit) from investment in associates	**1,216**	(246)
Operating Profits/(loss) Before Working Capital Changes	**116,003**	(25,947)
Increase in inventories	**(64,650)**	(93,474)
Increase in trade and other receivables	**(348,849)**	(23,478)
Increase in post-dated cheques received	**(119,761)**	(5,617)
Increase in trade and other payables	**78,435**	125,322
Increase/(decrease) in post-dated cheques issued	**21,408**	(21,253)
End of service benefits paid during the year	**(485)**	(298)
Net Cash Used in Operating Activities	**(317,899)**	(44,745)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in fixed deposits	**14,673**	(5,700)
Purchase of investment in securities	**(1,413,236)**	(2,974,879)
Purchase of investment properties	**(437,261)**	(346,908)
Projects under construction	**(97,019)**	(66,335)
Purchase of property, plant and equipment	**(52,545)**	(36,377)
Development properties	**10,897**	--
Proceeds from sale of investments in securities	**1,025,347**	2,709,852
Proceeds from sale of investment properties	**525,924**	89,059
Purchase of land	**(13,252)**	--
Purchase of investments in associates	**(14,359)**	(1,829)
Proceeds from sale of property and equipment	**4,189**	1,819
Increase in goodwill	--	(4,000)
Net Cash Used in Investing Activities	**(446,642)**	(635,298)
Balance carried forward	**(764,541)**	(680,043)

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

GULF GENERAL INVESTMENT COMPANY
A PUBLIC SHAREHOLDING COMPANY
AND ITS SUBSIDIARIES
DUBAI
UNITED ARAB EMIRATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2006

EXHIBIT D
CONTINUED

	2006 AED '000'	2005 AED '000'
Balance brought forward	**(764,541)**	(680,043)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from right issue	**100,000**	66,000
Dividends paid	**(162)**	(1,028)
Payment of directors' remuneration	**(1,400)**	(1,400)
Increase in medium-term loan	**494,987**	85,760
Increase in short-term borrowings	**179,144**	345,585
Increase in minority interest	**58,126**	183,035
Net Cash Provided by Financing Activities	**830,695**	677,952
Net increase/(decrease) in cash & cash equivalents	**66,154**	(2,091)
Cash & cash equivalents at beginning of year	**23,874**	25,965
Cash & Cash Equivalents at end of Year - Note 29	**90,028**	23,874

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

Gulf General Investment Company - Dubai - United Arab Emirates, parent company (hereinafter referred to as the "**Company**") is a public shareholding company incorporated under Amiri Decree No.2/73 issued on 27 July 1973.

The main activities of the Company are :

a) Purchase, sale and utilization of land & real estate.

b) General trading.

c) Rental services and managing real estate.

The Company is domiciled in Dubai city, Emirate of Dubai, United Arab Emirates.

The duration of the Company is ninety nine years starting from the date of issuance of the Amiri Decree announcing for its inception mentioned above.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2006. The above have no significant effect on amounts reported for the current and prior accounting periods.

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations were in issue but not yet effective :

IFRS 7	Financial Instruments Disclosures (effective 1 January 2007).
IFRS 8	Operating Segments (effective 1 January 2009).
IFRIC 8	IFRIC 8 Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006).
IFRIC 9	Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006).
IFRIC 10	Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the United Arab Emirates Laws. The following is the summary of significant accounting policies adopted by the Group on a consistent basis :-

Basis of consolidation

Subsidiaries are those enterprises controlled by the company. Control exists when the company owns directly or indirectly more than 50% of the capital and has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the parent company and its subsidiaries (together referred to as the "Group"). The details of the subsidiaries are as follows :

	Incor-porated	Owner-ship %	Principal activities
Emirates Lube Oil Co. Ltd. (LLC) and its Subsidiaries	U.A.E.	100	Manufacturing of and Trading in oil, lubricants and grease.
Gulf Prefab Houses Factory (LLC)	U.A.E.	100	Manufacturing of prefab houses, Concrete, carpentry, restaurant, ovens, kitchens, central airconditing systems.
Crown Lubricants Co. (L.L.C.)	U.A.E.	100	Trading in lubricants.
Horizon Metallic Ind. Co. LLC	U.A.E.	100	Manufacturing metallic cans, refill and drums.
Emirates Crown Lubricants Co. (L.L.C.)	U.A.E.	50	Trading in lubricants.
L.A.I. General Trading LLC – Dubai	U.A.E.	50	General trading.
Al Sagr National Insurance Co. P.S.C. and its Subsidiaries	UAE & Saudi Arabia	53	The writing of insurance of all types.
Dubai Al Ahlia Quick Transport Est.	U.A.E.	50	Transportation of general materials by trucks.
Emirates Lube India Private Limited	India	100	Trading in lubricants

Investment in Al Sagr National Insurance Co. P.S.C. – Dubai is registered in the name of related parties on behalf of the company and for its own benefit.

All significant inter-company's account balances and transactions have been eliminated on consolidation.

Minority interest represents the portion of net assets in subsidiaries not held by the Group and are presented separately in the consolidated balance sheet and the consolidated income statement.

Accounting convention

The Group's consolidated financial statements are prepared under the historical cost convention except for certain elements which has been measured on the basis of fair value as set forth in the attached notes.

Trade and settlement date accounting

The Group consolidated adopts the settlement date accounting for the "regular way" purchase or sale of various categories of financial assets. Settlement date accounting requires the recognition of financial assets on the day it is transferred to the enterprise.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment in value.

The Group depreciated its property, plant and equipment using the straight line method over the estimated useful lives of these assets which are as follows :

	%
Buildings, sheds and prefab houses	7.50 - 20
Plant and equipment	5 - 20
Motor vehicles, ships & trucks	10 - 25
Office and residence furniture	15 - 25
Storage tanks	5
Marine tanks	15
Other assets	12.50 - 20

No depreciation is charged on capital-work-in-progress.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts, assets are written down to their recoverable amounts.

Expenditure incurred to replace a component of an item of property & equipment and the expenditure which increases future economic benefits of the assets are capitalized and the carrying amount of the component that is replaced is written off.

Cost of day to day repair and maintenance of an asset is recognized in the Income Statement.

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If any such evidence exists, the estimated recoverable amounts of the assets are determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the consolidated Statement of Income.

Investments in associates

In general, the associates are defined as those enterprises in which the Company holds, directly or indirectly, 20% - 50% of the voting power thereof. The company follows the equity method in presenting its investments in associates.

Investments in associates are carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The financial performance of its associates are recorded in the Consolidated Statement of Income.

Investment properties

Investment properties comprise investment in building and freehold land held for capital appreciation and earn rentals. Investment properties stated at its fair value at the balance sheet date. Gain or losses arising from changes in the fair value of investment properties are recognized directly in Consolidated Statement of Income.

Projects under construction

All direct costs relating to project and professional fees, administrative cost and other expenses from the start of the projects up to completion are capitalized and classified under projects under construction. Completion is defined as the earlier of issuance of a certificate of the practical completion or when management considers the project to be completed.

Development properties

Properties that are being constructed/developed for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realizable value. Properties in the course of development for sale are stated at cost plus attributable profit/(loss) less progress billings. The cost of development properties comprises the cost of land and other related expenditure which are capitalized until the properties are ready for its intended use.

Investments in securities

- *Held for Trading investments*

  Investments held for trading are initially recorded at cost, being the fair value of the consideration given including acquisition costs associated with investment and subsequently re-measured at fair value. Unrealized gains or losses are included in Consolidated Statement of Income.

- *Available for sale investments*

  Available for sale investments are initially recorded at cost and subsequently re-measured at fair value. Unrealized gains or losses on re-measurement to fair value are recorded as a separate component of equity until the investment is sold or disposed off, or impairment in value, at which time the cumulative gain or loss previously reported in equity is included in the Consolidated Statement of Income.

- *Held to maturity investments*

  Investment held to maturity is measured at amortized cost. When investment held to maturity is determined to be impaired, the amount of loss is included in the Consolidated Statement of Income.

Goodwill

- Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the net identifiable assets of the acquired subsidiary or associate as at the date of the acquisition. Goodwill arising on the acquisition of a subsidiary is recognized as a separate asset in the balance sheet. Goodwill is stated at cost less impairment losses. Goodwill is reviewed for impairment annually or more frequently when there is an indication that the carrying value may be impaired.

- Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized.

Inventories

Inventories of raw materials and spare parts at year end are stated at the lower of cost or net realizable value, cost being determined on the basis of weighted average prices. Cost includes purchase cost, freight, insurance and other related expenses incurred in bringing the goods to their present condition and location. Net realizable value is based on the normal selling price, less cost expected to be incurred on disposal. Provision is made where necessary for obsolete, slow-moving and damaged items.

Finished and semi-finished products are stated at the lower of cost incurred in blending division or net realizable value. Cost include materials, labour and an appropriate proportion of manufacturing overheads allocated on the basis of quantity produced which is close to the normal production capacity.

Trade receivables

Trade receivables are stated at original invoices amount less a provision for any uncollectible amounts.

An estimate for doubtful accounts is made when collection of full amount is no longer probable. Bad accounts are written off when there is no possibility of recovery.

End of service benefits obligation

End of service benefits obligation is calculated in accordance with U.A.E. Labour law requirements.

Defined contribution plan

U.A.E. national employees of the Group are members of the Government managed retirement pension and the social security benefit scheme established pursuant to U.A.E. Federal Labour Law No. 7 of 1999. The Group is required to contribute by 12.5% of "the contribution calculation salary" to the retirement benefit scheme to fund the benefits. The employees are also required to contribute by 5% of the "contribution calculation salary" to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the Consolidated Statement of Income.

Trade payables and accruals

Trade payables and accruals are recognized for amounts to be paid in the future for goods or services received, whether billed by supplier or not.

Provisions

Provisions are recognized when the company has an obligation (legal or constructive) arising from past events and the costs to settle the obligation are both probable and reliably measured.

Revenue recognition

- ***Manufacturing oil and lubricants income***

  The Group recognizes revenue from manufacturing and trading in oil and lubricants that relate to local market when goods are delivered and related invoices are issued to customers. The Group recognizes income of exports when the export process is completed and there is no further obligation or additional cost related to the sale.

- ***Manufacturing prefab houses income***

  Revenue from prefab houses is recognized upon actual delivery of prefab houses according to customers' job orders.

- ***Dividend income***

  The Group recognizes the income from investment when the companies where investments are placed declare dividends to the shareholders.

- ***Rental income***

  The Group recognizes rental income from properties for the period as per the progress of annual tenancy contracts and rent received in advance from tenants is postponed to the next period.

- ***Sale of properties***

  Revenue from the sale of properties under sale agreements is recognized in the Consolidated Statement of Income when the amounts received from the buyer equals 20% and more of the value of sale agreement and the significant risks and rewards of ownership are transferred to the buyer.

- ***Insurance contracts***

  Premiums on insurance contracts are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

  Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Reinsurance contract held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer are included with insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts held are recognized as reinsurance assets. The Group assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in the profit or loss for the year.

Insurance contract liabilities

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Group and still unpaid at the balance sheet date, in addition to claims incurred but not reported. The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the balance sheet date and is estimated using the $1/24^{th}$ method for all lines of business. The unearned premium calculated using the above method (after reducing the reinsurance share) complies with the minimum unearned premium amounts to be maintained using the 25% and 40% method for marine and non-marine business respectively, as required by U.A.E. Federal Law No. 9 of 1984, as amended, pertaining Insurance Companies and Agents. The unearned premium calculated using the $1/24^{th}$ method accounts for the estimated acquisition costs incurred by the Group to acquire policies and defer these over the life of the policy.

The reinsurers' portion towards the above outstanding claims, claims incurred but not reported, and unearned premium is classified as reinsurance contract assets in the consolidated financial statements.

Salvage and subrogation reimbursements

Estimates of salvage and subrogation reimbursements are considered as a provision in the measurement of the insurance liability for claims.

Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred policy acquisition costs. Any deficiency is immediately charged to profit or loss for the year initially by writing off the deferred policy acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests.

Cash and cash equivalents

For the purposes of Statement of Cash Flows (Exhibit D) "cash and cash equivalents" comprise of cash in hand, unrestricted balances of current accounts and call deposits with banks for three months or less from the original date of placement.

Foreign currency

Assets and liabilities denominated in foreign currencies are expressed in Arab Emirates Dirhams (AED) at exchange rates prevailing at the balance sheet date. Foreign currency transactions occurring during the year are expressed in AED at exchange rates prevailing on such transaction dates. All foreign currency gains and losses are credited or charged to statement of income as they arise.

Financial instruments

The Group's financial instruments principally comprise of post-dated cheques received, trade and other receivables, investments in securities, cash and bank balances, trade and other payables, post-dated cheques issued, term loans and short-term borrowings.

Fair value of financial instruments is arrived at by using various methods of estimation that include determining net realizable value or current market value of a similar instrument based on expected discounted cash flows or other estimates based on management judgment and past experience.

Critical accounting judgments and key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of insurance contract assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and the latest available information including expectations of future events that are believed to be reasonable under the circumstances.

- ***The ultimate liability arising from claims made under insurance contracts***

  The estimation of ultimate liability arising from the claims made under insurance contracts is the Group's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the balance sheet date. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Recoverable amount of the Group's primary cash generating units

The Group has three main cash generating units which comprise of manufacturing units including manufacturing of oil and lubricants and manufacturing of prefab houses, manufacturing of containers, investments units which includes investment in securities, investment in properties and insurance services unit.

Based on management estimations, there is no need to adjust the value of assets comprising the Group's cash generating units as at 31 December 2006, because of the increase in the recoverable amount and the increase in the assets selling price over the net value of these assets which comprise the units at that date.

Segments Information

- ***Business segment***

  The Group's policy of differentiation between the work segments which are considered as primary segments by taking into consideration the nature of services and product from these segments, production machinery used, organization and administrative hierarchy, and the internal system relating to the internal financial reports about it.

- ***Basis of cost allocation among the segments***

  Direct costs are charged for each work segments and overhead expenses are being allocated on the basis of quantity produced which is close to the normal production capacity.

- *Geographic segment*

  The Group's policy of differentiation between the geographical segments which are considered as secondary segments taking into consideration the economic consequences, the related risk for each geographical segment and the ruling regulations of commercial exchange and geographical segments, have been presented according to client locations.

  Financial information of segments has been presented in net amount after eliminating the internal balances and transactions.

4. **LAND**

- Land amounting to AED. 19,671 thousand (2005 : AED. 6,419 thousand) (Exhibit A) represents the value of four plots of land in the sixth industrial area in Sharjah and registered in the name of Gulf Prefab Houses Factory (L.L.C.). One plot included in the above mentioned land had been revalued in the year 1993 when the Gulf Prefab Houses Factory (L.L.C.) was acquired in full by the company. The difference resulting from this revaluation amounting to AED.2,509 thousand was credited to land revaluation reserve. This Land with constructed sheds, plants, prefab houses, machinery and equipment relate to Gulf Prefab Houses Factory (L.L.C.).

- The land mentioned above include land of AED. 18,052 thousand mortgaged to local banks against credit facilities granted to the Group.

PROPERTY, PLANT AND EQUIPMENT

The details of this item are as follows :

	Buildings, sheds and prefab houses AED '000'	Plant and equipment AED '000'	Motor vehicles, ships and trucks AED '000'	Office and residence furniture AED '000'	Storage tanks AED '000'	Marine tanks AED '000'	Other assets AED '000'	Capital work-in-progress AED '000'	Total AED '000'
Cost :									
At 1 January 2006	16,167	61,025	31,558	7,865	23,344	1,817	4,438	589	146,803
Additions during the year	19,643	3,394	16,835	1,304	179	43	1,784	9,363	52,545
Disposals and Transfers	(2,405)	(2,615)	(870)	(805)	--	--	(765)	(549)	(8,009)
Balance at 31 December 2006	**33,405**	**61,804**	**47,523**	**8,364**	**23,523**	**1,860**	**5,457**	**9,403**	**191,339**
Accumulated Depreciation :									
At 1 January 2006	8,153	22,177	3,992	5,508	4,541	1,520	2,747	--	48,638
Charged for the year – Exhibit D	1,649	4,528	5,459	747	1,170	48	665	--	14,266
Related to disposals	(1,672)	(1,079)	(309)	(652)	--	--	(399)	--	(4,111)
Balance at 31 December 2006	**8,130**	**25,626**	**9,142**	**5,603**	**5,711**	**1,568**	**3,013**	--	**58,793**
Net Book Value :									
At 31 December 2006 – Exhibit A	**25,275**	**36,178**	**38,381**	**2,761**	**17,812**	**292**	**2,444**	**9,403**	**132,546**
At 31 December 2005 – Exhibit A	8,014	38,848	27,566	2,357	18,803	297	1,691	589	98,165

6. **INVESTMENTS IN ASSOCIATES**

This item consists of the following :

	Ownership %	2006 AED '000'	2005 AED '000'
Horizon Aluminium Ind. Co. LLC - Dubai	49	**621**	481
(Loss)/profit for the year		**(1,446)**	140
Payment against loss		**825**	--
Balance at 31 December		**--**	621
Gulf Engineering Services LLC – Dubai	50	**356**	250
Profit for the year		**230**	106
Balance at 31 December		**586**	356
Al Sagr Company for Co-operative Insurance (SCCI) - Kingdom of Saudi Arabia (under formation)		**7,023**	5,553
Najm Project for Motor Insurance Development - Kingdom of Saudi Arabia (under formation)		**1,864**	--
National Aluminium Extrusion Co. LLC – Dubai (under formation)		**10,200**	--
Total – Exhibit A		**19,673**	6,530

Investment in associates represents payments made against the share capital of the companies under formation.

7. **INVESTMENT PROPERTIES**

a) Investment properties are represented at fair value as per an open market valuation conducted by independent real estate consultants. The details of this account are as follows :

	Land AED '000'	Buildings AED '000'	Total AED '000'
Balance at 1 January	117,077	169,502	286,579
Transferred to projects under construction	(51,580)	--	(51,580)
Transferred from projects under construction	--	31,424	31,424
Purchases during the year	50,051	296,857	346,908
Sales during the year	(35,493)	(30,682)	(66,175)
Increase in fair value	48	2,988	3,036
Fair value at 31 December 2005 – Exhibit A	**80,103**	**470,089**	**550,192**
Transferred from projects under construction	**--**	**158,129**	**158,129**
Transferred to development properties	**--**	**(190,339)**	**(190,339)**
Purchases during the year	**195,216**	**242,045**	**437,261**
Sales during the year	**(13,150)**	**(230,190)**	**(243,340)**
Increase in fair value	**14,419**	**190,663**	**205,082**
Fair value at 31 December 2006 – Exhibit A	**276,588**	**640,397**	**916,985**

b) Investment properties mentioned above include the value of land with constructed buildings amounting to AED. 164,839 thousand (2005 : AED. 130,969 thousand) mortgaged to the banks financing the construction of these buildings. It also includes land of AED. 359,476 thousand (2005 : AED. 154,208 thousand) purchased in the name of related parties on behalf of the Group.

8. **PROJECTS UNDER CONSTRUCTION**

The details of this item are as follows :

	2006 AED '000'	2005 AED '000'
Balance at 1 January	173,444	86,953
Transferred from investment properties	--	51,580
Transferred to investment properties	(158,129)	(31,424)
Additions	97,019	66,335
Balance at 31 December – Exhibit A	**112,334**	173,444

9. **INVESTMENTS IN SECURITIES**

a) **Available for Sale Investments**

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Fair value at 1 January	290,811	171,683
Purchased during the year	546,216	149,907
Sale during the year	(112,682)	(104,358)
(Decrease)/increase in fair value	(187,089)	73,579
Fair Value at 31 December - Exhibit A	**537,256**	290,811

b) **Held to Maturity Investments**

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Cost at 1 January	10,535	13,721
Additions during the year	12,930	14,700
Sale during the year	(3,920)	(17,886)
Cost at 31 December - Exhibit A	**19,545**	10,535

c) **Held for Trading Investments**

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Balance at 1 January	1,220,520	355,816
Purchased during the year	854,090	2,810,272
Sale during the year	(948,791)	(2,315,904)
(Decrease)/increase in fair value	(121,071)	370,336
Fair Value at 31 December - Exhibit A	**1,004,748**	1,220,520

- The fair values of these investments are based on quoted market prices.
- Held for trading investments and available for sale investments include investments of AED. 179,950 thousand pledged to local banks and investments of AED. 59,953 thousand registered in the name of related parties on behalf of the Group.
- Held to maturity investments include investment of AED. 16,660 thousand registered in the name of related parties on behalf of the Group.

10. **GOODWILL**

The details of this item are as follows :

	2006 AED '000'	2005 AED '000'
Cost :		
Balance at 1 January	**4,000**	11,600
Acquisitions during the year	--	4,000
Elimination of amortization accumulated	--	(5,391)
Elimination of impairment loss	--	(6,209)
Balance at 31 December	**4,000**	4,000
Amortization		
Balance at 1 January	--	5,391
Impairment loss recognized during the year	--	6,209
Elimination of amortization accumulated	--	(5,391)
Elimination of impairment loss	--	(6,209)
Balance at 31 December	--	--
Net Book value at 31 December – Exhibit A	**4,000**	4,000

Goodwill mentioned above of AED. 4,000 thousand arose from the acquisition of 50% of share capital of Dubai Al Ahlia Quick Transport Establishment - Dubai under an agreement date 1 July 2005.

11. **DEVELOPMENT PROPERTIES**

The details of this item are as follows :

	2006 AED '000'	2005 AED '000'
Cost to date	**439,860**	--
Addition : Attribute profit	**105,644**	--
Less : Progress billings	**(366,062)**	--
Balance at 31 December - Exhibit A	**179,442**	--

12. **INVENTORIES**

The details of this item are as follows :

	2006 AED '000'	2005 AED '000'
Raw-materials	**213,852**	163,128
Finished products	**18,184**	14,658
Semi-finished products	**4,667**	3,163
Goods in transit	**9,815**	3,022
Total	**246,518**	183,971
Provision for slow-moving and obsolete items	**(134)**	(2,237)
Net Amount - Exhibit A	**246,384**	181,734

13. **TRADE AND OTHER RECEIVABLES**

a) This item consists of the following :

	2006 AED '000'	2005 AED '000'
Trade accounts receivable - Note 13(b)	**591,789**	234,223
Due from related parties - Note 13(c)	**2,858**	15,566
Other receivables	**69,091**	59,090
Due from insurance companies	**11,358**	19,588
Total - Exhibit A	**675,096**	328,467

b) **Trade Accounts Receivable**

(i) The details of this item are as follows :

	2006 AED '000'	2005 AED '000'
Trade accounts receivable - Export	**33,272**	21,448
Other trade accounts receivable	**570,669**	223,157
Total trade accounts receivable - Note 13(b)(iii)	**603,941**	244,605
Provision for doubtful accounts - Note 13(b)(ii)	**(12,152)**	(10,382)
Net Amount - Note 13(a)	**591,789**	234,223

(ii) The details of movement in the provision for doubtful accounts during the year are as follows :

	2006 AED '000'	2005 AED '000'
Balance at 1 January	**10,382**	7,685
Addition to provision	**2,220**	4,454
Accounts receivable written off	**(450)**	(1,757)
Balance at 31 December - Note 13(b)(i)	**12,152**	10,382

(iii) Concentration of credit risk with respect to trade accounts receivable arises from exposure tc group of debtors operating in the following industries/ (businesses) :

	2006 AED '000'	2005 AED '000'
Sales agents	**11,907**	19,367
Governmental authorities	**5,032**	5,426
Marine and Trade Enterprises	**120,144**	77,485
Industrial Enterprises	**118,545**	72,150
Service Enterprises & Others	**348,313**	70,177
Total - Note 13(b)(i)	**603,941**	244,605

(iv) Trade accounts receivable distributed to a client's base divided geographically as follows :

	2006 AED '000'	2005 AED '000'
U.A.E. and other GCC countries	**528,637**	165,851
Middle East	**29,235**	10,359
African countries	**24,682**	47,443
Asian countries	**20,754**	20,349
European countries	**633**	603
Total - Note 13(b)(i)	**603,941**	244,605

c) **Due from related parties**

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Fal Oil Company Ltd - Sharjah	**2,854**	1,824
Investment Group (Pvt.) Ltd. - Sharjah	--	11,522
Riviera Bout Industrial Investment Co. - Sharjah	**4**	2
Marine Engineering & Services Co. Ltd. - Sharjah	--	13
National Aluminium Extrusion Co. (LLC) - Dubai	--	396
Iraqi Prefab Houses Co. (L.L.C.) - Iraq	--	1,809
Total - Note 13(a)	**2,858**	15,566

14. INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Gross		
Insurance contract liabilities		
Claims reported unsettled	**164,398**	58,698
Claims incurred but not reported	**3,637**	3,000
Unearned premiums	**126,198**	74,932
Total insurance contract liabilities, gross - Exhibit A	**294,233**	136,630
Recoverable from reinsurance		
Claims reported unsettled	**130,709**	44,206
Unearned premiums	**50,780**	37,380
Total re-insurers' share of insurance liabilities - Exhibit A	**181,489**	81,586
Net		
Claims reported unsettled	**33,689**	14,492
Claims incurred but not reported	**3,637**	3,000
Unearned premiums	**75,418**	37,552
	112,744	55,044

15. CASH AND BANKS BALANCES

a) This item consists of the following :

	2006 AED '000'	2005 AED '000'
Cash in hand	**686**	527
Current accounts with bank	**65,768**	22,706
Call accounts with bank	**8,448**	641
Fixed deposits	**78,022**	77,569
Total - Exhibit A	**152,924**	101,443

b) Current accounts with banks of AED. 65,768 thousand (2005 : AED. 22,706 thousand) mentioned above include bank accounts amounting to AED. 682 thousand (2005 : AED. 561 thousand) opened and operated in the name of third parties.

c) Fixed deposits mentioned above amounting to AED. 78,022 thousand include fixed deposits of AED. 55,396 thousand held under lien with a local bank against facilities granted to the Group and also include a fixed deposit amounting to AED. 7,500 thousand hypothecated to the order of the Minister of Economy & Commerce of the U.A.E. in accordance with Federal Law No. (9) of 1984.

d) All fixed deposits mature within different periods not exceeding one year from the balance sheet date.

e) Fixed deposits mentioned above are at a fixed interest rate per annum.

16. SHAREHOLDERS' EQUITY

a) **Capital**

	2006 AED '000'	2005 AED '000'
Authorized share capital comprises 400 million ordinary shares (2005 : 200 million ordinary shares) of AED. 1/- each fully paid – Exhibit A	**400,000**	200,000

The shareholders in the Extraordinary General Meeting held on 26 March 2006 approved to split the shares of the company in the ratio of 1 : 2 share and the revised value of each share after the split is AED. 1 per share.

The proposed 50% bonus issue (100 million ordinary shares) for shareholders for the year ended 31 December 2005 was approved in the same Extraordinary General Meeting of the shareholders and transferred to share capital in 2006 resulting in an increase in the share capital of the company from AED. 200,000 thousand to AED. 300,000 thousand.

At the same Extraordinary General Meeting the shareholders had resolved to increase the company's issued share capital to AED. 400,000 thousand by the issue of 100 million new shares. The new shares issued were fully subscribed during the year 2006.

b) **Basis of Retained Reserves**

The Group's annual profit is distributed after deducting all administrative expenses and other related expenses as follows :

(i) 10% of the yearly profit shall be deducted and retained in statutory reserve account, the deduction will be suspended when the reserve reaches 50% of the company's paid-up capital and if the statutory reserve decreased below that percentage, the deduction will resume.

(ii) Another 10% of the yearly net profit shall be deducted and retained in an additional reserve until a decision by the Ordinary General Assembly Meeting on the strength of proposal by the Board of Directors or if such reserve reaches to 50% of the company's paid-up capital.

c) **Proposed appropriation of net profit**

(i) The Board of Directors have proposed the following appropriation of the net profits for the year :

	2006 AED '000'	2005 AED '000'
Transferred to statutory reserve	40,626	41,624
Transferred to additional reserve	40,626	47,115
Director's remuneration	1,400	1,400
Retained in retained earnings	143,609	430,882
Proposed issue of bonus shares - 35% of paid up capital (2005 : 50%)	140,000	100,000
Proposed cash dividends - 10% of paid up capital (2005 : Nil)	40,000	--
Total - Exhibit B	**406,261**	621,021

(ii) The above mentioned proposed dividends have been approved by the shareholders at the Annual General Assembly Meeting held on 25 March 2007.

d) **Reserves**

The details of this item are as follows :

	Statutory Reserve AED '000'	Additional Reserve AED '000'	Land Revaluation Reserve AED '000'	Total AED '000'
Balance at 1 January 2005	58,376	52,885	2,509	113,770
Additions during the year	41,624	47,115	--	88,739
Premium issue	22,000	--	--	22,000
Balance at 31 December 2005 - Exhibit A	**122,000**	**100,000**	**2,509**	**224,509**
Additions during the year	**40,626**	**40,626**	**--**	**81,252**
Balance at 31 December 2006 - Exhibit A	**162,626**	**140,626**	**2,509**	**305,761**

17. **MINORITY INTEREST**

The details of this item are as follows :

	2006 AED '000'	2005 AED '000'
Balance at 1 January	280,740	97,705
Dividends paid	(3,163)	(5,959)
Share of net income for the year	30,684	82,884
Funds invested by minority shareholder and other movements	30,605	106,110
Balance at 31 December - Exhibit A	**338,866**	280,740

18. **END OF SERVICE BENEFITS OBLIGATION**

The movements on this account during the year are as follows :

	2006 AED '000'	2005 AED '000'
Balance at 1 January	**9,124**	7,399
Current service cost	**2,304**	2,023
Settlements during the year	**(485)**	(298)
Balance at 31 December - Exhibit A	**10,943**	9,124

19. **TERM LOANS**

a) The Group had obtained term loan facilities from local and foreign banks in order to finance the purchase of real estate and the Group's activities. The details of these facilities are as follows:

	2006 AED '000'	2005 AED '000'
Current instalments with maturity during the year 2007 - Exhibit A	**274,179**	44,665
Instalments with maturity after year 2007 – Exhibit A	**363,983**	98,510
Total	**638,162**	143,175

b) Term loans obtained from banks are secured by the following :

- Loan facilities relating to buildings construction are secured by mortgage of properties and constructions financed by these loans. Banks providing these facilities are the first beneficiary from the properties and constructions, and have the right to receive the rental income from the buildings. In addition, insurance policies are endorsed in favour of these banks.

c) Loan facilities bear interest at EIBOR and DIBOR plus applicable margins.

- A loan relating to the Group's activities granted by a consortium of local and foreign banks of US Dollars 100 million, is secured by reputation of the Group. Interest is charged on loan at the US Dollar LIBOR plus applicable margins.

20. **TRADE AND OTHER PAYABLES**

a) This item consists of the following :

	2006 AED '000'	2005 AED '000'
Trade accounts payable and others	**300,241**	137,955
Due to insurance companies	**42,314**	30,710
Due to related companies - Note 20(b)	**27,647**	7,160
Post-dated cheques issued	**75,344**	71,942
Rent received in advance	**8,073**	7,071
Accrued dividends for shareholders	**1,851**	2,013
Accrued expenses	**32,013**	17,950
Provisions and other payables	**12,763**	10,193
Retentions payable	**7,332**	7,636
Un-accrued income	**1,242**	2,742
Directors' remuneration	**1,400**	1,400
Advanced received against investment properties for sale	**3,185**	134,958
Total - Exhibit A	**513,405**	431,730

b) **Due to related parties**

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Gulf Engineering Services L.L.C. - Dubai	**153**	8
Horizon Aluminium Industry (L.L.C.) - Dubai	**874**	4,697
National Aluminium Extrusion Co. L.L.C. - Dubai	**9,532**	--
Oil Laboratories and Marine Surveyors Company L.L.C. - Sharjah	**12**	12
Marine Engineering & Services Co. Ltd. - Sharjah	**3**	--
Sharjah Oil Refinery Co. Ltd. - Sharjah	**297**	311
Mechanical Engineering Services - Dubai	**2,457**	2,132
Investment Group (Pvt.) Ltd. – Sharjah	**14,319**	--
Total - Note 20(a)	**27,647**	7,160

21. SHORT-TERM BORROWINGS

a) This item consists of the following :

	2006 AED '000'	2005 AED '000'
Bank overdraft	**704,893**	442,559
Trust receipts	**148,376**	231,566
Total – Exhibit A	**853,269**	674,125

b) The interest rates on the above mentioned bank facilities are at fixed interest rates per annum subject to repricing on an annual basis.

c) Bank facilities obtained from banks detailed above are secured by the following :

- Pledge on fixed deposits.
- Promissory note in favour of the banks.
- Assignment of insurance policies in favour of the banks.
- Hypothecation over goods financed by trust receipts.
- Pledge of investment in securities and investment in subsidiary.

25. **OTHER INCOME**

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Marine tanks rental income	**666**	813
Profit on sale of property and equipment	**291**	551
Foreign exchange loss	**(423)**	(394)
Miscellaneous	**12,420**	1,797
Total - Exhibit B	**12,954**	2,767

26. **ADMINISTRATIVE EXPENSES**

This item consists of the following :

	2006 AED '000'	2005 AED '000'
Wages, salaries, bonus and provisions	**25,394**	18,483
Maintenance and depreciation on building, property & equipment	**5,163**	4,175
Provision for doubtful accounts	**980**	703
Miscellaneous administrative expenses	**30,178**	20,752
Amortization of goodwill	--	6,209
Total - Exhibit B	**61,715**	50,322

27. **EARNINGS PER SHARE**

Earnings per share are calculated by dividing the net profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The earnings per share for the year 2005 have been adjusted to reflect the effect of the bonus shares issued, split and right issue by adjusting the number of ordinary shares as of 31 December 2005.

The information necessary to calculate the basic earnings per share is as follows :

	2006 AED '000'	2005 AED '000'
Net profit for the year attributable to equity holders of the parent	**406,261**	621,021
Weighted average number of shares	**399,750**	399,000
Basic earnings per share – Exhibit B	**1.02**	1.56

28. **TRANSACTIONS WITH RELATED PARTIES**

The Group carried out transactions in the normal course of business with companies and entities that fall within the definition of a related party as contained in the International Accounting Standard No. 24. Related parties comprise partners / shareholders, directors and entities related to them, companies under common ownership and/or common management and control. Transactions with related parties are consummated at prices and terms decided by the management other than those obtainable from / quoted to third parties.

- At the balance sheet date, balances due from related parties were disclosed in Note 13(c).
- At the balance sheet date, balances due to related parties were disclosed in Note 20(b).

b) **Interest Rate Risk**

The Group is exposed to interest rate risk on its interest bearing assets and liabilities, namely bank deposits, term loans and short-term borrowings as follows :

- The interest rates on the Group's fixed deposits is disclosed in Note 15(e).
- The interest rates on the Group's bank term loans and short-term borrowings are disclosed in Notes 19(c) & 21(b).

c) **Currency Risk**

Currency risk is the risk that the value of financial instruments fluctuate due to changes in foreign currency exchange rates. Currency risk faced by the Group is minimal as a majority of the assets and liabilities are denominated in UAE Dirham or US Dollar which is pegged to UAE Dirham.

d) **Market Risk**

Market risk is the risk that the value of an asset of the Group fluctuates as a result of changes in market prices. The Group is exposed to market risk with respect to its investments in quoted marketable securities. The Group limits market risks by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitor the key factors that stock and market movements including analysis of operational and financial performance investees.

e) **Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet its liabilities when they all due. To limit this risk, the management has arranged diversified funding sources and monitors liquidity on daily basis.

f) **Fair Value**

The fair values of the Group's financial assets and financial liabilities are not materially different from their carrying values as of the balance sheet date.

31. **OPERATING LEASE COMMITMENTS**

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases up to 2055, which fall due as follows :

	2006 **AED '000'**	2005 AED '000'
Within one year	**313**	--
After one year but not more than five years	**5,814**	--
After five years	**50,304**	--
Total	**56,431**	--

32. **CONTINGENT LIABILITIES**

The following are clarifications of the unrecognized financial instruments as of the balance sheet date :

	2006 **AED '000'**	2005 AED '000'
Group's liability against building construction contracts	**132,897**	163,345
Group's liability against bank guarantees	**24,916**	21,189
Group's liability against letters of credit	**128,680**	63,537
Group's liability against investment purchase contracts	**44,108**	39,875
Group's liability against discounted cheques	**51,914**	15,310

The Group holds undated cheques amounting to AED. 30,649 thousand (2005 : AED. 16,771 thousand) received from customers as a security in case of defaulted client.

33. **GENERAL**

a) Certain prior year figures have been reclassified to conform to current year presentation.

b) The figures in the financial statements are rounded to the nearest thousand Arab Emirates Dirham (AED).

REGISTERED OFFICE OF THE ISSUER

Gulf General Investment Co. (P.S.C.)
Al Fattan Plaza Building
3rd Floor
Airport Road
P.O. Box 22588
Dubai
United Arab Emirates

ARRANGERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Standard Chartered Bank
Global Markets
6 Battery Road #3-00
Singapore 049909
Singapore

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

DBS Bank Ltd.
6 Shenton Way
35th Floor
DBS Building Tower One
Singapore 068809

Emirates NBD PJSC
P.O. Box 2923 Deira
Dubai
United Arab Emirates

Gulf International Bank B.S.C.
Al Dowali Building
3 Palace Avenue
P.O. Box 1017 Manama
Kingdom of Bahrain

National Bank of Abu Dhabi
One NBAD Tower
Sheikh Khalifa Street
P.O. Box 4 Abu Dhabi

Standard Chartered Bank
Global Markets
6 Battery Road #3-00
Singapore 049909
Singapore

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT/REGISTRAR

Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg

LEGAL ADVISERS

To the Issuer as to English law and United Arab Emirates law:

Allen & Overy LLP
Suite 101/202, Level 1 & 2
The Gate Village Building GV08
Dubai International Financial Centre
PO Box 506678, Dubai
United Arab Emirates

To the Dealers and the Trustee as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Dealers as to United Arab Emirates law:

Clifford Chance
3rd Floor, The Exchange Building
Dubai International Finance Centre
P.O.Box 9380, Dubai
United Arab Emirates

AUDITORS TO THE ISSUER

Talal Abu-Ghazaleh & Co. International
P.O. Box 952
Sharjah
United Arab Emirates

printed by **eprint*financial*.com**
tel: + 44 (0) 20 7613 1800   document number 3977