



FEASIBILITY STUDY CONTENTS

Dear Loan Applicant,

The information requested below covers Gulf US Capital(GUC) requirements needed to evaluate your project. Please prepare your feasibility report along these guidelines and submit it to your relationship manager at GUC.

Our group will evaluate your study based on the quality of answers provided. Therefore, please make them as detailed as possible.

Feasibility studies should contain the following sections:

1) Introduction

Concept, rationale, project overview (include mission statement, long term objectives, etc.)

2) Products

1. Product specifications for each product to be produced
2. Report on the product's applications
3. Variable cost of finished product.
4. Selling price of finished product.
5. Type of sales contract (fixed price, cost plus margin etc. Report on ability to pass on increase in raw material prices to the clients)

3) Market Analysis

1. Global demand for and supply of (historical 10 years & forecasted 10 years) the product and its derivatives – report on the drivers.
2. Regional (historical 10 years & forecasted 10 years) demand for and supply of the product and its derivatives– report on the drivers.
3. US (historical 10 years & forecasted 10 years) demand for and supply of the product and its derivatives– report on the drivers.
4. US's previous 10 years imports and exports of the product and its derivatives
5. The competitiveness of the firm to compete in a global market (export)
6. Report on the Impact of global economic down turns on production of the product, price and expansion project etc in the region and across the globe.



7. Identify if there are any correlations of the demand for the product with other markets and the economy.
8. Identify key local, regional and global competitors of your company and report on their products, prices, and capacities and market share
9. Undertake a comparative analysis (Evaluate how the products from the new plant compare with regards to cost and quality of the competition.)
10. Report on new projects - local, regional and global competitors of your company and report on their capacities and anticipated operational date.
11. Identify if there are any barriers to entry for new participants (E.G. High fixed costs, high legal costs, large advertising budget etc)
12. Identify key local, regional and global customers of your company by size and report on the anticipated volume of business as well as their historical orders .
13. Identify routes to market (distribution channels)
14. Identify if there are any threats from substitute products
15. List any forward sale contacts (if applicable).
16. Report on the market share you are aiming for and provide justification as to why you believe you can achieve the stated level

4) Construction / Technical Data

1. Identify the supporting infrastructure and confirm that it is adequate
2. List the plant's technical specifications and layout
3. Report on the machines maximum production & operational capacities
4. List the patent rights and technical licensing agreement or confirm that this is not applicable
5. Provide the construction contract including any guarantees / info on liquidated damages
6. Provide 2 quotes for the civil work along with the payment terms, warranties and liquidated damages
7. Provide 2 machinery quotes, the payment terms and their performance warranties
8. Report on the maintenance cost of the machinery
9. Confirm that the Plant & Machinery is able to perform in Qatar's climate
10. Report on the maintenance cost of the machinery
11. Report on any contingency funding set aside to cover cost overruns during the construction phase. If no such funding is being provided explain the rationale for this decision
12. Frequency and time needed to maintain the machinery and evaluate if this impacts the production
13. Useful life of the machinery
14. Report on the useful life of the buildings and other infrastructure
15. If the new machinery is replacing old machinery provide a write up as to the net effect on capacity, the anticipated efficiency benefit of the new machinery and any other technical issues



16. Submit the plant's budgets & schedules (in cases where a financial model has not been provided)
17. Submit any contractual arrangements relating to the plant's operations and provide a background of any third party who is undertaking this task
18. Detail any specific pre-operating expenses
19. Report on the plant's ability to manufacture other products than those listed in section (2) and the cost of any "retooling" / "upgrading" of the plant for this purpose (if applicable)

5) Technology

1. Assessment of proposed technology – pros and cons of the utilized technology compared to the alternatives in the market.
2. Report on any new technologies that are anticipated to impact the industry
3. Compare the proposed technology with the "older" technology (if used by the competition)

6) Project Schedule

1. Project timetable including provision for worst case scenario and key mile stones as per the contractual arrangements.

7) Insurance & Taxation

1. Provide copy/details of the construction/pre operation phase insurance (plant and machinery and civil work – "Contractor's All Risks Policy") and comment on the adequacy of the cover and the credit worthiness of the insurer
2. Report on taxation (Type of Taxes (income tax, import duty etc), Tax rates, Any waiver of tax, Comparison of regional tax rates, impact on profit with increase decrease in taxation)

8) Raw Materials & Utility Requirements

1. Report on costs of raw materials (provide breakdown e.g. freight cost, etc) and their availability (include input amount per product and sources of procurement)
2. List the suppliers of the raw materials (in case of few suppliers) and evaluate if there is any overdependence on any one supplier
3. List any long term supply contracts (if applicable) or evaluate the competitive environment in which the suppliers operate
4. Report on the historical fluctuation in raw material prices and company strategy to manage the risk
5. Report on the inventory requirements and delivery times
6. Report on the shelf life of the raw materials (Will they degrade / expire)
7. List any substitute raw materials



8. Report on the raw material procurement method (LC (S/U)/advance payment/open account)
9. List the types of energy, water and other utilities required, consumption quantities costs and availability
10. List the unit cost of production for energy and raw materials

9) Environment and Health & Safety Issues

1. List types of effluent produced, waste treatment and disposal arrangements.
2. Report on steps taken to conform to local environmental and health & safety regulations.
3. Identify the hazardous materials / chemicals are to be used. Report on how these will be transferred / stored and used so as to comply with health & safety / environmental regulations. Furthermore evaluate if these matters are covered by the insurance policy.

10) The Project Company

1. The legal status of the project company
2. Details of other businesses of shareholders and their tangible net worth
3. Details of associated companies
4. Report on the Debtor management strategy (sales against LC/LG, PDC, invoice etc)
5. Report on the Creditor management strategy (purchases against LC/LG, PDC, invoice etc)
6. Report on the marketing strategy (competition on price, quality, product differentiation, niche market, branding etc)
7. Report on the existence of any collateral (other than project assets)

11) The Cash Conversion Cycle

1. The days of credit extended from the seller of the raw materials.
2. The transit time from the day that the order is made (and payment is due or credit begins) until the point in time when the goods arrive at the factory's warehouse.
2. Time spent in the warehouse
3. Time spent in production
4. Time spent in the warehouse prior to the sale
5. The days of credit extended to the end customer

12) Manpower & Management

1. Report on the category, cost and strength of the required manpower to run the plant on an annual basis (breakdown between white/blue collared - skilled/unskilled etc)
2. Identify how manpower will be sourced and what the availability is like
3. Provide any training plans where applicable
4. Report on any technical expertise that may be required
5. Highlight any employment potential for Qataris



6. Provide copies of the organization's structure
7. Report on the management positions required and background/experience of existing/proposed management to run the plant
8. Provide a list of staff that will set up the project / monitor the third party undertaking this task
9. Evaluate management's ability to monitor the setting up of the project
10. List any accounting / management software requirement and its cost and usefulness

13) Shareholder Support

1. Profile of shareholders and sponsors.
2. Details of associated companies
3. Details of other businesses of shareholders and their tangible net worth
4. Details of any other existing or under process business venture between the two partners. The history of relationship.
5. Report on the funds available by the shareholders in the form of initial equity injection.
6. Report on standby funding and guarantees.
7. State shareholders interest in maintaining their shareholding in the company as well as their involvement in running the business.
8. Appraise Shareholders ability to inject additional capital

14) Financial statements & Performance Indicators

1. Submit projected balance sheet, income statements and cash flow for a minimum of the proposed loan period plus two years (in Excel).
2. Financial statements should be able to be sensitized with various scenarios including adverse changes to price, volume, cost elements (inflation, interest rate, raw materials, for example).
3. Report on the resulting impact on the financials and the project's ability to service its debt
4. Calculation of working capital requirements based on the capacity utilization and cash conversion cycle
5. Report on the Funding sources for the working capital
6. Incorporate the proposed financing (short term and long term) in the financial forecast
7. Mandatory indicators
 - a) Debt Service Coverage Ratio (EBITDA/(principal loan repayments+interest)
 - b) Interest Cover Ratio
 - c) Total Liabilities to Net Worth
 - d) Gearing (Interest Bearing Debt to Net Worth)
 - e) Cash Conversion Cycle
 - f) IRR/NPV

Furthermore report on the following:

8. Sales volume Break-even point based on base case price.



9. Sales price Break-even point based on base case volume.
10. Break-even point based on an escalation in fixed costs while maintaining sales price & sales volume constant at the base case levels.

The financial statements should include a breakdown of the "sources & uses of funds" table inclusive of working capital requirements.

Note: A listing of all the assumptions in the financial forecasts should be provided along with any auditors notes if applicable . The source of material/data should be provided

15) Legal and Regulatory Requirements

1. State any legal or regulatory requirements for the project and confirm compliance (Environmental licence,Industrial licence,Industrial registration, for example)

16) Project Risk Factors

Highlight risks relevant to the project and propose mitigants. This should cover risks beyond the ones identified in the sensitivity analysis such as (for example) environmental risk, market risk, construction risk, operational risk, risk of obsolescence, political & regulatory risks.

17) Summary and Conclusion

Summary of the study with focus on the benefits and advantages were the project to go ahead.