



Monthly GCC Top Picks

March 5th, 2009

المتحدة للأوراق المالية ش.م.م
UNITED SECURITIES LLC

Report Team

Wael AbdulRasool

International Brokerage

T: +968 24763317

wael@usoman.com

Mohamed Anwar Al Lawati

Asset Management

T: +968 24763322

malawati@usoman.com

Ghadeer Hassan

Research Department

T: +968 24763320

Ghadeer@usoman.com

Hussein Al Lawati

Asset Management

T: +968 24763306

hussein@usoman.com









Saied Hassan

Research Department

Said@usoman.com

Markets Overview:

GCC markets ended with mixed notes in February. Abu Dhabi, Dubai and Oman recovered only some of their January losses. Qatar, Saudi, Kuwait, and Bahrain continued their losses with Qatari Market heading the rally with additional losses of -15.5%. The DFM experienced the highest volatility during the month with mixed sentiments on the impact of liquidity concerns and real estate crisis on Dubai. The results of Q4 2008 provided some indications about the impact that companies might face in the current challenging business environment. The 1Q 2009 results will give an indication on the challenges facing these organizations.

GCC Markets' Performance		
Market	MTD	YTD
Abu Dhabi 	5.53%	-0.57%
Bahrain 	-4.68%	-12.56%
Dubai 	2.55%	-4.76%
Doha 	-15.52%	-35.55%
Kuwait 	-4.73%	-17.19%
Muscat 	0.83%	-10.80%
Saudi 	-8.82%	-8.71%
MSCI GCC 	-8.41%	-16.53%

otes: All data as of February 28th, 2009
Source: US Research and Zawya

Top Pick List:

Company	Market	Industry	Closing Price (Local Currency)	Price 52-w high (Local Currency)	Price 52-w low (Local Currency)	Valuation		Market Cap (MM USD)
						PE 08	PB 08	
Arabtec	Dubai	Construction	1.55	9.83	0.76	1.88	0.87	498
Commercial Bank of Qatar	Doha	Banking	38.10	173.50	38.10	4.85	0.83	2,265
Qatar Electricity & Water	Doha	Utilities	76.60	160.10	67.30	10.1	5.86	2,197
Anwar Ceramics	Muscat	Industry	0.230	0.723	0.175	5.5	1.5	53
Bank Muscat	Muscat	Banking	0.547	2.259	0.536	6.3	0.9	1,584
Omantel	Muscat	Telecom.	1.485	2.442	1.353	9.2	2.9	2,887
Al Marai Company	Saudi Arabia	Food	144.00	183.00	113.00	17.2	4.3	4,360
Fawaz Abdulaziz Al Hokair	Saudi Arabia	Retail	23.50	61.50	23.50	6.6	1.9	491

Notes: * All data are as of period ending Dec 31, 08 ** Prices are as of close of Feb 4, 2009 Source: US Research, Official markets websites, Zawya, Reuters and Argam



Monthly GCC Stock Picks

March 5th, 2009

February GCC Top Picks Overview:

A portfolio equally weighted between our top-picks performed +5.2% in February, which exceeded MSCI by an impressive 13.6%. Commercial Bank price was negatively impacted by the sentiments in DSM and lost 23.6% of its value. Arabtec covered most of its January losses through gaining 78% after their 2008 results were announced, boosting investors' confidence.

Company	Market	Price		Return
		Rcmd (Feb 3, 09)	Feb 28th, 09	
Arabtec Holding PJSC	AD	0.86	1.53	77.9%
The Commercial Bank of Qatar Q.S.C.	Dubai	61.5	40	-23.6%
Qatar Electricity & Water Company Q.S.C.	Doha	76.9	80	4.0%
Al Anwar Ceramic Tiles Company SAOG	Muscat	0.223	0.24	7.6%
BankMuscat (SAOG)	Muscat	0.648	0.57	-12.0%
Oman Telecommunications Company	Saudi	1.599	1.48	-7.4%
Almarai Company	Saudi	139.25	150	7.7%
Mohammad Al-Mojil Group	Saudi	41	35.9	-12.4%
Top Picks Feb Return (equally weighted portfolio)				5.2%
YTD Return				-9.8%

Source: US Research and Zawya Notes: *QCB returns are adjusted for dividends of QR7/Share

March GCC Top Picks Highlights:

The markets experienced sharp drops since last year and we see many opportunities lay ahead for investors. In March, we place a larger weight on telecommunication and utilities sectors in GCC overall, banking sector in Oman, and selective industrial and service companies. We have also placed an overweight rating for Saudi, Qatar and Oman stock markets. Despite Qatari underperformance in 2009 YTD, we maintain an overweight on Qatar markets as Qatar has the best macro story in the region and is expected to have one of the highest GDP growth in the world in 2009. In addition, DSM is not trading at a premium like other regional market which provides more comfort to our overweight rank. Also, we urge investors to look for fundamentally sound companies and take advantages of undervalued stocks.

MMG has been dropped from our Top Picks Report and Al-Hokair Group was added. Although MMG's client base majorly consists of blue chips companies such as Saudi Aramco, Tasnee, YANSAB, and Kayan, majority of their projects are concentrated in the oil, gas and petrochemical sectors. Projects in these sectors are experiencing delays and cancellations due to global scenario and increasing competition, which is expected to negatively impact MMG's performance. Al Hokair, a leading Saudi business and retail group, operates over 65 brands that are carefully selected based on business, demographic and culture environment in Saudi. The company is expected to provide continues and stable growth and is currently trading at its 52-week low price.

Notes: * Graphs are sourced from Reuters Disclaimer: Please note that any advice given by United Securities LLC staff in this report is deemed to be GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. Therefore, at all times you should consider the appropriateness of the advice before you act further. United Securities LLC will not be held responsible for any losses on such advice. Also, all opinions expressed herein are subject to change without notice. "Top Pick List" takes in consideration market, industry and company outlooks and is planned to be diversified. United Securities has based this document on information obtained from sources it believes to be reliable. However, it makes no guarantee to its accuracy or completeness and accepts no responsibility for any reliance placed on this information.



Monthly GCC Stock Picks

March 5th, 2009

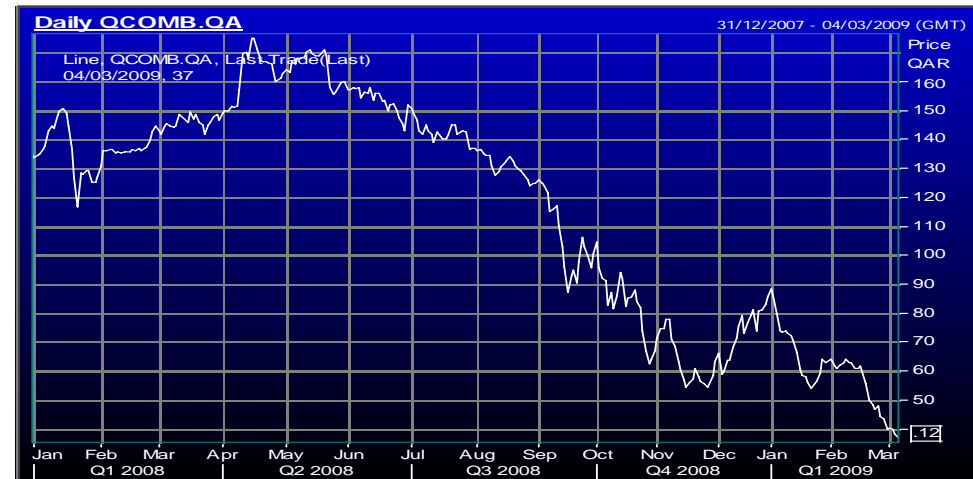
Companies Overview:

Arabtec Holding (ARTC):

Arabtec announced its FY2008 where the company reported a net profit of AED 945mn an increase of 77% compared to AED 535mn in the corresponding period the previous year. The company's net profit declined by 3.8% in the fourth quarter of 2008 compared to the previous quarter. The company reported an increase in revenue to reach AED 9.6mn in FY 2008 compared to AED 4.2mn in the same period of 2007. The company expects to maintain an order book of an excess AED 20 B in 2009 in conservative expectations and to maintain a net margin of 8%. The company is looking into finding ways to find work outside of their immediate geographical area due to the real estate downturn in Dubai. Arabtec currently is looking into exploring more projects in Saudi Arabia and Qatar. It is also seeking compensation for the cancelled contract by developer Meydan to build the racecourse, which claimed was due to delivery delays. The CEO of Arabtec has announced that renegotiations of contracts are only applied to new contracts and they are not concerned about further cancellation in contracts but they have faced difficulties with payments from some of the region's developers. The company expects to hold its AGM on March 28, '09.

Commercial Bank of Qatar (CBQK):

Commercial Bank of Qatar approved to pay 70% in cash dividend or 7 Qatari riyals (\$1.92) a share for 2008. The bank reported a net profit of QR 1.7bn compared to QR 1.4bn for FY2007; an increase of 22.4%. Due to the global financial crisis the bank had to make provisions of QR 465mn for impairment on the investment portfolio which impacted their net profit. The bank's associate National Bank of Oman, where the bank owns 35% shareholding, reported an increase in operating profit of 49% to reach RO 54.3mn in FY 2008 compared to RO 36.4mn for the same period the previous year. Standard & Poor's Ratings Services recently revised the outlook of The Commercial Bank of Qatar to stable from positive reflecting a tougher operating environment, and affirmed its 'A-/A-2' ratings on the bank. The bank has also confirmed the addition of Qatar Investment Authority shares to its capital on 2/17/2009. The last sharp drop in stock price could treasure an opportunities for short term investors.



Notes: * Graphs are sourced from Reuters Disclaimer: Please note that any advice given by United Securities LLC staff in this report is deemed to be GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. Therefore, at all times you should consider the appropriateness of the advice before you act further. United Securities LLC will not be held responsible for any losses on such advice. Also, all opinions expressed herein are subject to change without notice. "Top Pick List" takes in consideration market, industry and company outlooks and is planned to be diversified. United Securities has based this document on information obtained from sources it believes to be reliable. However, it makes no guarantee to its accuracy or completeness and accepts no responsibility for any reliance placed on this information.



Monthly GCC Stock Picks

March 5th, 2009

Qatar Electricity & Water (QEWS)

Qatar Electricity & Water Co. announced its FY2008 results where the company reported an increase in sales of 18% to reach QR 2.273 bn in FY2008 compared to QR 1.927mn for the corresponding period the previous year. The company has announced an increase in net profit by 23% to reach QR 756.7mn compared to QR 613.6mn in the previous year. The board has proposed to distribute cash dividend of QAR4.5 per share for FY 2008. The company's AGM is expected to be held on March 31, 2009. Recently QEWC renewed an MOU with Q-Post for the partnership project with Chubu Electric Power Company. This MoU aims at consolidating cooperation in the exchange of expertise and training. It is an extension from the previous MoU signed which is a further development of the original MoU focusing on enhancing cooperation in the field of training in line with the Qatari parties' desire to benefit from the Japanese technology and expertise.



Al Anwar Ceramic Tiles Company (AACT):

Al Anwar Ceramic engages in the activity of producing glazed ceramic floor and wall tiles, in technical collaboration with an Italian company under "Al Shams" brand. The company reported an increase in its net profit for FY2008 of 55% compared to FY 2007 to reach RO 3.567mn. This figure takes into consideration the tax liability of RO 414K the company had to pay from April 2008 after their 10 year tax exemption expired. The Board has proposed to distribute 30% bonus shares on the paid up capital for FY 2008. The board has also decided to increase its the authorized capital from RO 10mn to RO 15mn. The AGM & EGM is expected to be held on March 24, 2009. The company is one of the low cost producers and has a relatively easy access to the export markets. We expect the company sales to continue its growth due to the gap between supply and demand of ceramic tiles in the GCC region.



Notes: * Graphs are sourced from Reuters Disclaimer: Please note that any advice given by United Securities LLC staff in this report is deemed to be GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. Therefore, at all times you should consider the appropriateness of the advice before you act further. United Securities LLC will not be held responsible for any losses on such advice. Also, all opinions expressed herein are subject to change without notice. "Top Pick List" takes in consideration market, industry and company outlooks and is planned to be diversified. United Securities has based this document on information obtained from sources it believes to be reliable. However, it makes no guarantee to its accuracy or completeness and accepts no responsibility for any reliance placed on this information.



Monthly GCC Stock Picks

March 5th, 2009

Bank Muscat (BKMB)

Bank Muscat is Oman's largest bank based on total assets. It provides retail and private banking, corporate, investment banking, and assets management services. Although the bank is the largest in Oman, it continued to report an impressive growth in their balance sheet despite the financial crisis. Bank Muscat has reported a net profit of RO 93.7mn in FY 2008 an increase of 11.2%. The bank has stated that this drop in the last quarter of 2008 was due to the global financial crisis which led to changes in the global economic conditions that lead to significant impairment losses incurred in 4th Quarter 2008 that was reflected on the bank's market value of strategic and non strategic investments. The bank has proposed in their innovative dividend scheme to distribute 50% dividend for FY 2008, where 20% will be cash dividend and the 30% will be mandatory convertible bonds carrying a coupon rate of 7% pa. 50% of the bond will be converted in 3 years and the remaining 50% in 5 years.

Oman Telecommunications Company (OTEL)

Omantel reported a decline of 66.9% in the fourth quarter of 2008, while it reported an increase of 4.18% the end of FY2008 to reach RO 116.714mn compared to RO 112.032mn for the corresponding period the previous year. Operating profit increased by 25.9% to reach RO 157.653mn for FY2008 compared to RO 125.207mn in FY 2007. The company reported an increase of 17.1% in revenue to report RO 427.898mn compared to RO 365.311mn in the previous year. The growth is attributed to mobile, Internet and data and wholesale businesses. Deteriorating market conditions in Pakistan due to global financial crisis had an impact on the value of the strategic investment in Worldcall Telecom Limited (WTL), where Omantel hold 56.8% shares. Total subscribers for Omantel's telecom services rose 58.1% to 2.95mn users including 836,000 subscribers in the Pakistani firm. The company had to make an impermanent loss of RO 18.88mn. The board has proposed to distribute 100% cash dividend for FY 2008. This is subject to shareholders' approval on March 30 at their AGM.



Notes: * Graphs are sourced from Reuters Disclaimer: Please note that any advice given by United Securities LLC staff in this report is deemed to be GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. Therefore, at all times you should consider the appropriateness of the advice before you act further. United Securities LLC will not be held responsible for any losses on such advice. Also, all opinions expressed herein are subject to change without notice. "Top Pick List" takes in consideration market, industry and company outlooks and is planned to be diversified. United Securities has based this document on information obtained from sources it believes to be reliable. However, it makes no guarantee to its accuracy or completeness and accepts no responsibility for any reliance placed on this information.



Monthly GCC Stock Picks

March 5th, 2009

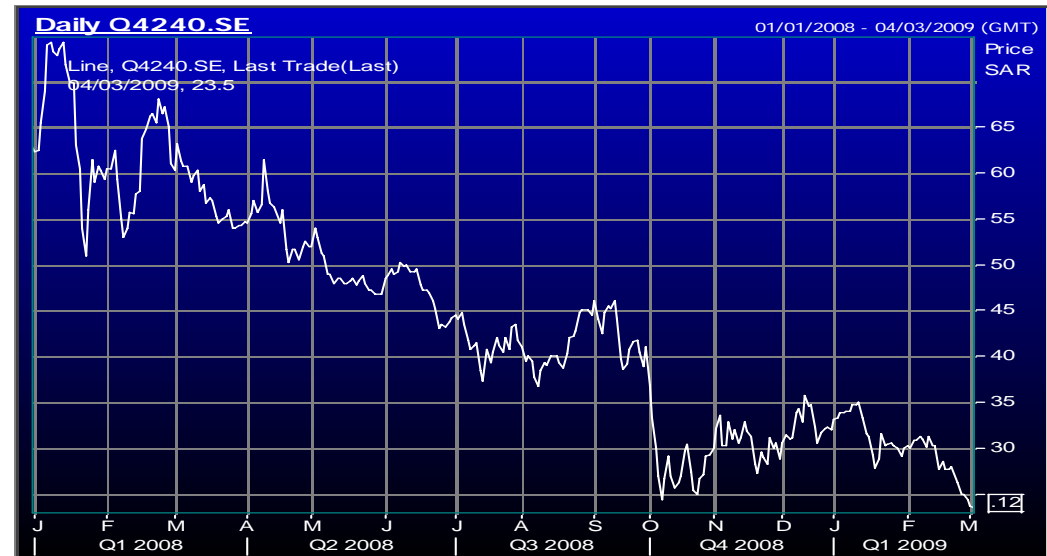
Al Marai Company (2280)

Al Marai Company the largest dairy producer in the Gulf region which manufactures and distribute fresh and long life processed dairy products, covers all supply chain activities including food processing, marketing, sales, and distribution. It has announced a joint venture with PepsiCo under the name of “International Dairy and Juice. This venture between the two firms is formed to invest in dairy and juice processors in Southeast Asia, Africa and the Middle East excluding Gulf markets which accounts to about 99% of Al Marai’s turnover in 9 months 2009.. PepsiCo will own 52% of this venture, while 48% will be owned by Al Marai. Al Marai announced a cash dividend at a rate of SAR 3.5 per share for 2008 to amount to SAR 381.5mn (USD101.72mn). Shareholders on March 23 will be eligible for the dividend.



Fawaz Abdulaziz Al Hokair Company (4240)

AL Hokair is the market leader in fashion retailing in Saudi Arabia. The Company is the franchiser of a number of international brands and is also engaged in franchising international retail stores, such as Marks & Spencer and Gab. Company's ability to bring new brands and its dedication to diversify its business portfolio organically sets the platform for a sustainable growth for the company. For the nine months ended December 2008, AlHokair achieved a net profit of 168.5 million SAR which represents an upside of 5% over the same period ended December 2007. Due to the cyclical nature of the business, third quarter results were lower than second quarter by 138.9 million. The company's stores are located in strategic locations and its portfolio of brands is among the strengths which provide the company with a sustainable competitive advantage in a very lucrative industry in a growing population country.



Notes: * Graphs are sourced from Reuters Disclaimer: Please note that any advice given by United Securities LLC staff in this report is deemed to be GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. Therefore, at all times you should consider the appropriateness of the advice before you act further. United Securities LLC will not be held responsible for any losses on such advice. Also, all opinions expressed herein are subject to change without notice. “Top Pick List” takes in consideration market, industry and company outlooks and is planned to be diversified. United Securities has based this document on information obtained from sources it believes to be reliable. However, it makes no guarantee to its accuracy or completeness and accepts no responsibility for any reliance placed on this information.