



المتحدة للأوراق المالية
UNITED SECURITIES LLC

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Monthly GCC Top Picks

July 6th, 2009

Markets Overview:

All GCC equity markets dropped in June except MSM which gained 2%. On YTD basis, all GCC markets ended the 1st half of the year with gains except Bahrain SE and Doha SE lost 12.3% and 5.7%, consequently. Saudi SE was the best performer for the 1st half by adding 16.5% to its value.

The average daily trading volumes in June were less than witnessed last month as the result season is approaching. Investors are holding their positions and waiting for 2nd quarter results to make major reallocations to their holdings. Dubai SE has witnessed the highest volatility during the month as many local news impacted market general sentiments including Emaar agreement with Kingdom Holdings, Shuaa shares issuance for Dubai Banking Group, Emaar merger, Drake & Scull buyback and the resignation of Deyaar chairman.

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 09E	PB 09 Q1	
Arabtec	Dubai	Construction	2.65	9.83	0.76	4.91	1.71	862
Commercial Bank of Qatar	Doha	Banking	63.60	146.30	38.10	7.07	1.36	3,781
Qatar Electricity & Water	Doha	Utilities	110.00	160.10	67.30	14.32	7.59	3,020
Qatar Gas Transport Company (Nakilat)	Doha	Services	23.60	38.80	14.20	59.00	14.22	3,590
ZAIN Group	Kuwait	Telecom.	1.200	1.76	0.64	16.67	2.18	17,801
Anwar Ceramics	Muscat	Industry	0.387	0.528	0.138	8.23	2.93	112
Bank Muscat	Muscat	Banking	0.694	1.879	0.471	0.084	1.09	1,941
Oman Flour Mills	Muscat	Food	0.452	0.618	0.186	5.65**	1.73	185
Saudi Cable	Saudi	Retail	28.60	85.00	17.35	11.72	1.98	580

Notes: * Market Price related data is as of July 5, 2009 ** Oman Flour Milles PE is based on annualized last quarter data, the annualized 9-month PE is c15.1
Source: Official markets websites, Zawya, Reuters , Argaam, United Sec Research

GCC Markets' Performance		
Market		
Abu Dhabi		-1.79%
Bahrain		-2.50%
Dubai		-4.99%
Doha		-7.01%
Kuwait		-0.86%
Muscat		2.03%
Saudi		-5.04%
MSCI GCC		-2.63%

Notes: All data as of the end of June 2009
Source: Zawya, United Securities Research



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Overview on “June GCC Top Picks”:

A portfolio equally weighted between our top-picks dropped 2.6% since last report. This brings our GCC Top Picks Portfolio YTD return to +32.80% compared to MSCI GCC YTD performance of 12.7% as of the end of H1.

Al Anwar Ceramic and Oman Flour Milles were the best performers in our Top Picks Report for June gaining 15.2%, and 9.4% respectively. Commercial Bank of Qatar was the worst performer losing 16.4% of its value aligned with the negative sentiments in Doha market especially within the banking sector last month.

Company	Market	Price		Return
		Rcmd	July 5th, 09	
Arabtec Holding PJSC	Dubai	3.01	2.65	-12.0%
The Commercial Bank of Qatar Q.S.C.	Doha	76.10	63.60	-16.4%
Qatar Electricity & Water Company Q.S.C.	Doha	102.30	110.00	7.5%
Nakilat	Doha	27.70	23.60	-14.8%
Zain Group	Kuwait	1.16	1.20	3.4%
Anwar Ceramics	Muscat	0.34	0.39	15.2%
Bank Muscat	Muscat	0.77	0.69	-9.3%
Oman Flour Mills Company SAOG	Muscat	0.41	0.45	9.4%
Saudi Cable Company	Saudi	30.50	28.60	-6.2%
Top Picks April Return (equally weighted portfolio)				-2.57%
YTD Return				32.80%
Source: US Research, Zawya, official stock markets websites				

Highlights on “July GCC Top Picks”:

The last 2 weeks in June has shown a drop in all GCC equity markets with less than average trading volumes accompanied with weaknesses in global markets and worries about the vitality of the global economic recovery. However, we continue to be optimistic about all GCC equity markets especially Oman, Saudi and Doha as sell-offs are not inevitable with any upward move. Q2 results should provide further guidelines and filtering on the recent positive performance where we will witness some companies that will continue their rally while others will drop. In July, we recommend investors to invest in fundamentally strong companies and avoid following speculators until results are declared.

In July, we maintain our Top-Picks Report as it is without any change. All companies in the Top-Picks are fundamentally sound with attractive valuations at current levels. We will be monitoring the results closely and will make any changes to the list accordingly. Major news impacted our top-picks reports was witnessed with Bank Muscat selling its stake in HDFC, Bank Muscat reporting exposure to troubled Al Gosaibi and Saad Groups and reports over Zain selling some of its African operations.

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. The report also intends to provide medium-to-long term advice. 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 Top Picks

July 6th, 2009

Companies Overview:

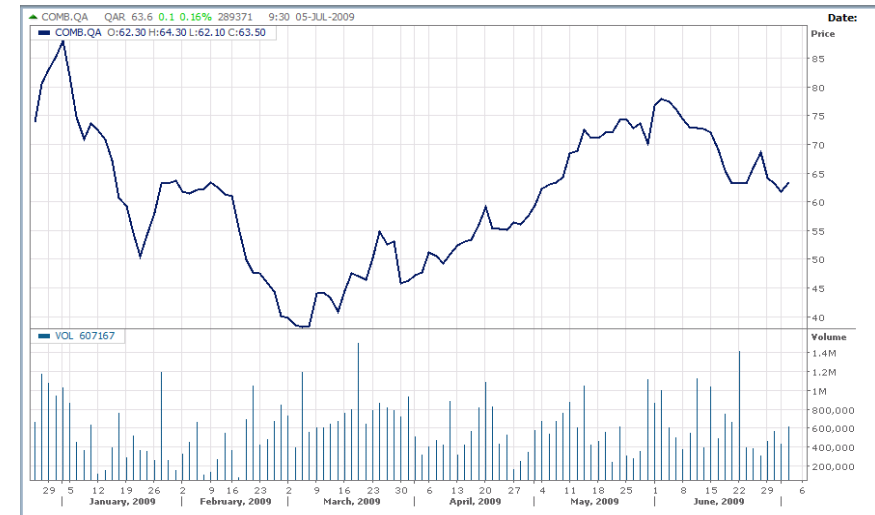
Arabtec Holding (ARTC):

Continuing with its diversification plan from its domestic market, Arabtec Holding has won a SAR 2bn (USD 533.9mn) contract in Saudi Arabia to build the Lamar Towers project in Jeddah; this project will commence immediately and will take 36 months to complete. This brings the backlog in Saudi Arabia to SAR 3.5bn.



Commercial Bank of Qatar (CBQK):

Commercial Bank of Qatar and United Development Company has announced the incorporation of a new company that will provide state-of-the-art payment systems and infrastructure to support a cashless environment. A 50 year Joint Venture agreement has been signed by both parties and the owner and developer of QAR 50bn (USD 14bn) the Pearl-Qatar island to establish the new company with initial share capital of QAR 2.6mn, contributed equally by both parties. The new company will implement 'smart' technology payment products and facilities on The Pearl Qatar, offering residents and visitors with the latest alternative to cash and card transactions, and market both financial and non-financial applications of the products and infrastructure to third parties. On the 15th July 2009 the BOD of the company will meet to approve the 1H'09 financials reports and the bank will disclose the financial statements after the trading session. A press/ Investors meeting will be held on 21st July 2009.



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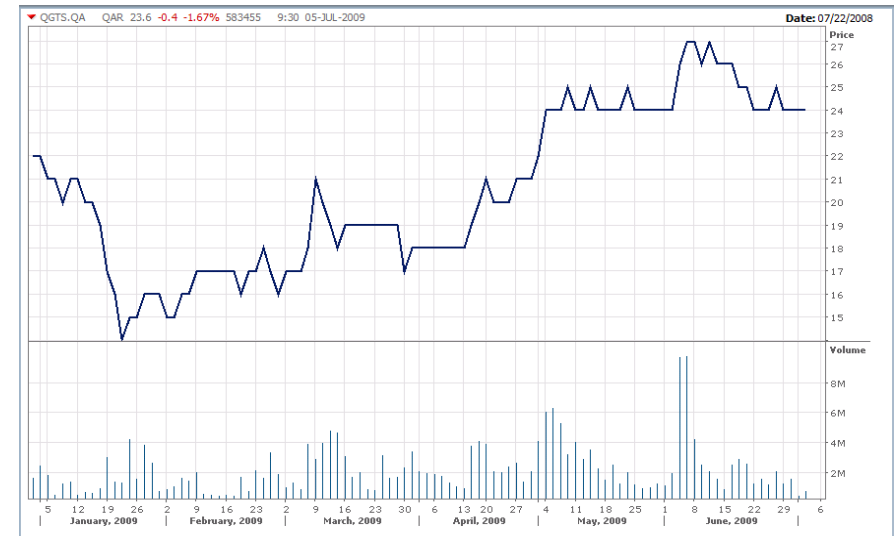
Qatar Electricity & Water (QEWS)

Qatar Electricity & Water Co. announced its preliminary forecasted results for 1H'09 where the company expects its net profit to increase by 15% to QAR 403mn (USD 110.7mn) compared to QAR 349mn for the corresponding period the previous year. The reported Earnings per share as of 30 June 2009 was QAR 4.03 compared to QAR 3.49 for the corresponding period the previous year. These results are subject for necessary approvals.



Qatar Gas Transport (QGTS, Nakilat, Q-Gas)

Qatar Gas Transport Co, has raised USD 949mn in the last tranche of a USD 6.8bn financing program to fund the expansion of its fleet. Nakilat Inc., a wholly-owned subsidiary of Nakilat, raised the final tranche from 17 banks to complete its acquisition of 25 LNG vessels being constructed in South Korea. The financing included a USD 803mn senior bank facility with a tenor of 10 years and a USD 146mn subordinated bank facility with a tenor of 10 years. Nakilat's new fleet of 25 ships, of which 14 ships has already been received, will help the company transport the country's LNG output. Nakilat expects delivery of 8 more ships by the end of this year, with another 3 to follow in 2010. It is worth noting that the company has stakes in 29 other ships. The company has received 4 new Q-Flex LNG carriers from South Korea, these are part of the 54 vessels fleet (includes 29 ships the company has stakes in) built by the Korean shipyards.



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Mobile Telecommunications Company (ZAIN)

The CEO of Zain Group has announced that the company will continue its operations in Iraq after the Iraqi Government fined the company USD 18.6mn for poor service where Zain blamed the interference by U.S. forces trying to prevent insurgents from detonating bombs. Other important news was that Shareholders at the EGM of Paltel Group approved the planned merger with Zain Group, through a share swap. Under the merger agreement, Zain Group will acquire 56.5% of Paltel, while other shareholders in Zain Jordan, will acquire 2.04% of Paltel. Zain Group and other shareholders in Zain Jordan will acquire a combined stake of 58.6% in Paltel against Paltel's full acquisition of Zain Jordan. The Iranian Government has announced that Zain Group has failed to "fulfill its obligations"; where the Government in May replaced Emirati Telecommunication Co Etisalat for the third mobile tender in December 2008 to find a new partner for the development of the much-delayed telecommunication project. Recently, the company appointed Swiss bank UBS AG (UBS) to help it review its overall strategy to prepare a strategic review of its African operations, which could lead to the sale of the business. It is said that French media conglomerate Vivendi SA is in talks with the Zain Group with regards to its African operations which is said to be valued around USD 10bn.



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. It is a significant player in the GCC market especially UAE and Saudi. The company enjoys the advantage of using locally available raw materials. It achieved a total income of RO 1.26mn at the end of 1Q09 compared to RO 0.83mn in Q408 due to better sales revenue, low cost production and tight control in selling and distribution costs. The output from the new line, which is now fully operated, has helped to increase the company's volumes and has achieved the company record high sales.



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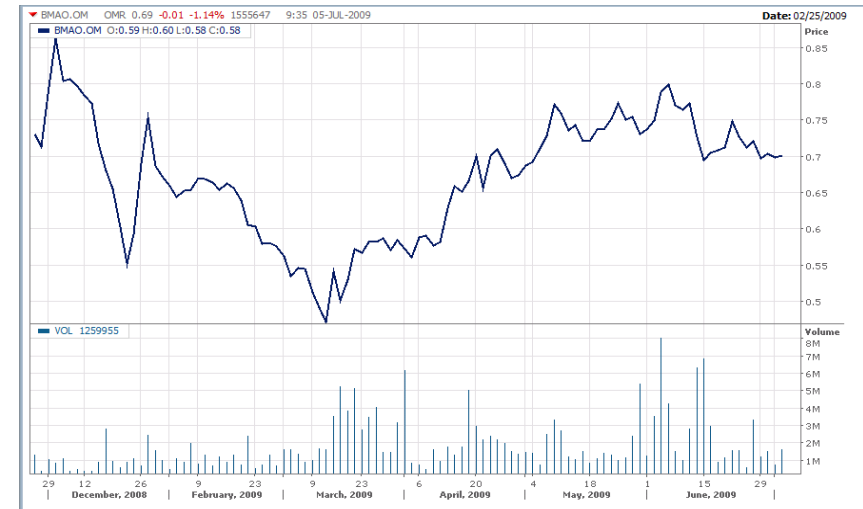


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Bank Muscat (BKMB)

Bank Muscat, the largest Omani bank in market cap has recently declared a RO49mn exposure to troubled Al Gosaibi and Saad Groups and RO17mn exposure through their Bahrain subsidiary (BMI, 49% ownership). The exposure is to the operating companies and the bank has no direct exposure to the troubled International Banking Corporation, Bahrain or Awal Bank. Starting from July 1st, 2009, Bank Muscat weight in the new MSM index has dropped to 10% which have caused some selling pressure last month. The bank has also declared selling the remaining stake in HDFC Bank, India and realized a pre-tax profit of RO 21 mn.



Oman Flour Mills (OFMI)

Oman Flour Mills is engaged in the milling and food processing business. The primary activities of the Company are milling of wheat and other cereals, sale of flour, and the processing and sale of animal feed. It manufactures and markets two principal product lines, flour products that are marketed under the Dahabi brand name, and feed products that are marketed under the Barakat brand name. The company has reported Net Profit of RO 3.439 mn for the 9-months ending in March 2009 as compared to RO 5.673 mn in the previous year although their operating profit has increased by RO 3.982 mn. In the last quarter itself, the company achieved an impressive bottom line of RO 3.140 mn although they had RO 250K net losses in their investments, which translates to P/E of c5.5 based on last quarter annualized data. The company's investments in the equity market have negatively impacted their profitability in the last 3 quarters. However, it's expected to report positive net investments in the next quarter. The company has recently established Bread House LLC in their ambitious expansion plan; and expects better margins from it in the future. Atyab Investments, the company's investment arm, will oversee all their investment projects such as the industrial bakery, the proposed flour mill in Sohar and the poultry.



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Saudi Cables (2110)

Saudi Cable Co. has recently received a number of contracts from different contractors from within the Kingdom to amount to about SAR 250mn. Another contract the company won was a SAR 130mn turnkey contract deal to develop electricity grids in Bahrain, where it was awarded by Bahrain's Electricity and Water Authority. This deal follows a number of projects involving high-voltage cables implemented by Saudi Cable in Bahrain. The company had announced a net profit of SAR 46.3mn in the 1Q'09 compared to SAR 84.14mn in the corresponding period the previous year a decline of 45%. The main reason for the decline was due to the continual global economic crisis which has resulted into modest orders compared to 1Q'08, as well as continuous decline in copper prices from the 1Q'08.



End of Report

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