



المتحدة للأوراق المالية
UNITED SECURITIES LLC

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Monthly GCC Top Picks

7th September 2009

Markets Overview:

All GCC markets continued their upward trend in August with 2Q-2009 results beating expectations. The GCC positive trend was accompanied with positive sentiments in global equity markets and hopes of global economy emerges out of recession. Oil prices continued to hover around US\$70 which is a positive indicator toward recovery.

Abu Dhabi Stock Market (ADSM) and Dubai Financial Market (DFM) were the best two performers on a YTD basis by increasing 21.2% and 16.9% respectively. Doha (DSM) was the best performer during the month of August by gaining 6.1% moving to a positive YTD zone. The index also had the highest volatility during August which is regular with such gains as trader's book profits with each new level.

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 Q2	
Doha Bank	Doha	Banking	44.00	66.40	22.40	6.15	1.57	2,185
Qatar Gas Transport Company (Nakilat)	Doha	Services	25.30	30.50	14.20	30.12	4.66	3,850
United Development	Doha	Real Estate	39.20	58.90	21.90	6.47	1.77	1,154
Bank Muscat	Muscat	Banking	0.836	1.461	0.471	8.20	1.31	2,338
Oman Flour Mills	Muscat	Food	0.572	0.570	0.186	7.15	2.20	235
Oman Cement	Muscat	Industry	0.747	0.743	0.232	10.99	2.00	641
Etihad Etisalat	Saudi	Telecommunication	37.20	39.30	22.50	11.27	2.51	6,943
Saudi Cable	Saudi	Manufacturing	30.00	66.75	17.35	12.20	1.87	607
ALDAR Properties	UAE	Real Estate	5.13	8.69	2.04	5.76	0.79	3,600

Notes: * Market Price related data is as of 6th September, 2009 ** Oman Flour Mills PE is based on annualized last two quarters, the annualized 12-month PE is c18.58

Source: Official markets websites, Zawya, Reuters, Argaam, United Sec Research

GCC Markets' Performance			
Market		August	YTD
Abu Dhabi		3.44%	21.22%
Bahrain		0.98%	-15.91%
Dubai		5.28%	16.99%
Doha		6.11%	3.36%
Kuwait		3.06%	1.69%
Muscat		8.53%	16.61%
Saudi		-2.03%	17.86%
MSCI GCC		3.04%	20.03%

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



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Overview on “August GCC Top Picks”:

A portfolio equally weighted between our top-picks added 7.26% to its MTD value. This brings the portfolio YTD performance to 50.72% compared to MSCI GCC YTD performance of 20.03%.

Aldar Properties and Oman Flour Mills were the best performers in our Top Picks Report for July gaining 21.3%, and 21.2% respectively. Etihad Etisalat Company ended the month on the negative side reflecting the decline of the Saudi Index which under performed the regional markets.

Company	Market	Price		Return
		Rcmd	September 6th, 09	
Aldar Properties PJSC	Abu Dhabi	4.23	5.13	0.21
Doha Bank (Q.S.C)	Doha	42.20	44.00	0.04
Qatar Gas Transport Company (NAKILAT)	Doha	24.90	25.30	0.02
United Development Company P.S.C.	Doha	38.90	39.20	0.01
Anwar Ceramic	Muscat	0.410	0.437	0.07
BankMuscat (SAOG)	Muscat	0.762	0.836	0.10
Oman Flour Mills Company SAOG	Muscat	0.472	0.572	0.21
Etihad Etisalat Company	Saudi	38.30	37.20	-0.03
Saudi Cable Company	Saudi	29.80	30.00	0.01
Top Picks August Return (equally weighted portfolio)				7.02%
YTD Return				50.39%
Source: US Research, Zawya, official stock markets websites				

Highlights on “September GCC Top Picks”:

In September we replaced Al Anwar Ceramic with Oman Cement Company since Al Anwar might witness a consolidation phase at current levels due to the sharp rise in its price. The capacity expansion of Oman Cement which is due in Q1 2010 along with expected stable realizations poses the company as a strong fundamental player. Overall, we remain positive on the markets but advise investors to take some profits and decide about their risk appetite post Q3 earnings.

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Monthly GCC Top Picks

7th September 2009

Companies Overview:

Al Dar Properties (ALDAR)

Al Dar properties have announced that the Infrastructure for Yas Island phase one is in the final stages and on schedule to be completed for Abu Dhabi's F1 race day. All building works for infrastructure, which will support the eagerly awaited Grand Prix race, due to take place November 1, have been completed and are now being tested and commissioned. Al Dar Properties is building the Yas Marina F1 circuit on the \$40bn Yas Island, a billion dollar mega-development which will become a key tourist and entertainment destination in the UAE's capital. The company is also behind a clutch of other big projects in Abu Dhabi including the 570 -hectare village community, Al Raha Beach and the \$30bn Reem Island, another ambitious development on a natural island 600m out to sea from the city.

Al Dar Properties has reported a decline in net profit in its first half 2009 results due to no revenue from sale of land plots during this period due to difficult market conditions.



Bank Muscat (BKMB)

Bank Muscat achieved a net profit of RO 60.4mn for the first half of 2009 compared to RO 57.8mn reported during the corresponding period in 2008. Net Interest Income was higher by 11.7% than achieved during the corresponding period in 2008 to reach RO 83.4mn. The bank sold its entire investments in HDFC Bank and realized an after tax gain of RO 53.2mn during the current fiscal year. It is worth noting that the bank sold 81% of its investment in HDFC Bank during the first quarter of 2009 and realized a post tax gain of RO 35.3mn. The increase in noninterest income coupled with gain on HDFC Bank investments provided the bank with cushion for earmarking RO 40.2mn as loan loss provisions during the second quarter of the year. During the second quarter of 2009, the bank's exposures to troubled Saudi Groups Saad and Al Ghosaibi caused it to increase the credit loss provisions. The bank took provisions of RO 40.2mn in Q2 2009 as against an average provision of RO 6mn over the last 10 quarters. During Q1 2009 the bank provided RO 11.2mn as loan loss provisions.



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Etihad Etisalat / Mobily (7020)

Mobily and RAFAL signed an agreement in which Bayanat Al-Oula (a subsidiary of Mobily), will develop and provide Information and Communication Technologies (ICT) services through fiber-optics infrastructure for Blncyah community in Riyadh. Recently, Etihad Etisalat (Mobily), won the 2009 International Award for Commercial Prestige, beating a number of more established European telecommunications giants. The company said that the company deserves this award because of its meticulous implementation of international quality standards with all its products and services. More than 7,000 experts from 120 countries took part in the selection process. It is worth noting that in 2008, Mobily won an innovation award for its services, as well as another award for the design of its outlets. Mobily was the first-ever Arab company to win the Dale Carnegie leadership award.



United Development (UDCD)

United Development Co. reported positive semi-annual results for 2009, where the company reported an increase of 227.74% in net profit to reach QAR 325.017mn compared to the corresponding period the previous year. Revenue also increased by 80.58% to reach QAR 959.686mn in the first half of 2009 compared to the corresponding period the previous year. The principal activity of the Group is to contribute and invest in infrastructure and utilities, hydrocarbon, and energy, urban development, environment –related businesses, marina and related services, fashion and hospitality and leisure.



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Doha Bank (DHBK)

Doha Bank has tied-up with the Nepal Credit and Commerce Bank (NCC Bank), Nepal, to facilitate remittance to Nepal through electronic means. The e-remittance facility will be of immense value to the Nepalese to remit money to Nepal. Customers will be able to remit money online in a safe, secured and fast mode. Doha Bank offers remittance facility to many countries like India, Egypt, Philippines, Indonesia, Lebanon, Pakistan, Yemen, Bangladesh and Sri Lanka along with Nepal.

Doha Bank posted net profits of QAR 646.353mn for the first half of 2009, an increase of 11.58% over the corresponding period last year. Net interest income rose by 14.8% to QAR 534.051m.

Oman Cement (OCOI)

Oman Cement reported a total sale of RO.35.549mn for the first half of 2009 ending 30th June 2009 as compared to RO 26.902mn in the corresponding period the previous year. Net profit before tax reached RO 12.585mn as against RO 8.544mn in the corresponding period of previous year. The demand for cement in Oman will continue to remain at high levels and this situation is expected to continue in the near future. The company will continue to procure clinker to produce additional cement to meet the demand of cement. It is expected that the average price of imported clinker is to be lower in 2009 as against 2008 prices. The upgrading and modernization of packing plant is in progress and the project is anticipated to be completed by 3rd quarter of 2009. The second expansion project to install a new production line of rated capacity of 4,000 TPD clinker is in progress and it is expected to commence clinker production by March / April 2010. This will not enhance domestic cement capacity, but will help Oman Cement bring down its import cost. In order to finance the ongoing expansion project to install a new production line, the company will partially utilize loan funds. The total contract of the expansion project is RO 62.7mn out of which RO 20mn of the project cost will be met from loan facility and balance to be financed by utilizing available surplus of the company.



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Oman Flour Mills (OFMI)

Oman Flour Mills has announced its FY 2008/09 ending 30th June 2009 where the company reported a net profit for its group RO 4.944mn at the end of the period compared to RO 8.055mn for the corresponding period the previous year, a decline of 38.63%. Sales increased by 1.17% at the end of FY08/09 to reach RO 51.333mn compared to the previous year. The operating profit for the year is RO 8.9mn compared to RO 5.5mn in the previous year, an increase of 62%. The global economic meltdown had a negative impact on investments held on Muscat Securities Market, as a result the Company had to book a investment loss of RO 2.9mn. The company's subsidiary, Modern Poultry Farm in which OFM holds around 86% share has made a net profit after tax of RO 344,000 compared to a net profit of RO 723,000 in the previous year. The company's Board has recommends to distribute 20% cash dividend of the paid up capital to the shareholders who are registered in the Company register with Muscat Depository & Registration Co. on the date of the Annual General Meeting which is expected to be held on September 17, 2009.



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

Qatar Gas Transport Co.(Nakilat), announced its semi-annual financial statement where the company posted a net profit of QAR 233.577mn for the first half of 2009 an increase of 147.08% compared the corresponding period the previous year. The company's total income at the end of the first half of 2009 has increased by 480.8% compared to the corresponding period the previous year to reach QAR 654.350mn; this is because the company has received revenue of QAR 498.564mn from its wholly owned vessels. Nakilat's share of profit from its joint ventures increased by about QAR 40mn, or over 99%, to QAR 80.2mn in the first six months of 2009 compared to the corresponding period the previous year. Income from marine and agency services decreased by about 8% to reach QAR 14.2mn in the first six months of 2009 from QAR 15.5mn in the first six months of 2008 due to lower activities at Ras Laffan Port during the first half of 2009. Recently, the company plans to start building marine vessels in the first half of next year in a venture with Damen Shipyards Group BN of the Netherlands, as the LNG shipper seeks to expand its revenue sources.



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Saudi Cables (2110)

Saudi Cable Co. reported a total sale of SAR 98.086mn in the second quarter 2009 a decline of 3.74% compared to the previous quarter, while sales declined by 26% to reach SAR 1.292bn at the end of the first half of 2009 compared to the corresponding period the previous year. Net profit declined by 45% to reach SAR 93.468mn at the end of the first half of 2009 compared to the corresponding period the previous year. The fall in profit was due to intense competition in Saudi Arabia as well as a drop in demand in global markets. Recently, the company exercised its option of acquiring a 79% controlling interest in the Turkey based ELIMSAN GROUP for SAR 123.75mn with the previous shareholders retaining the balance of 21 %.



End of Report

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