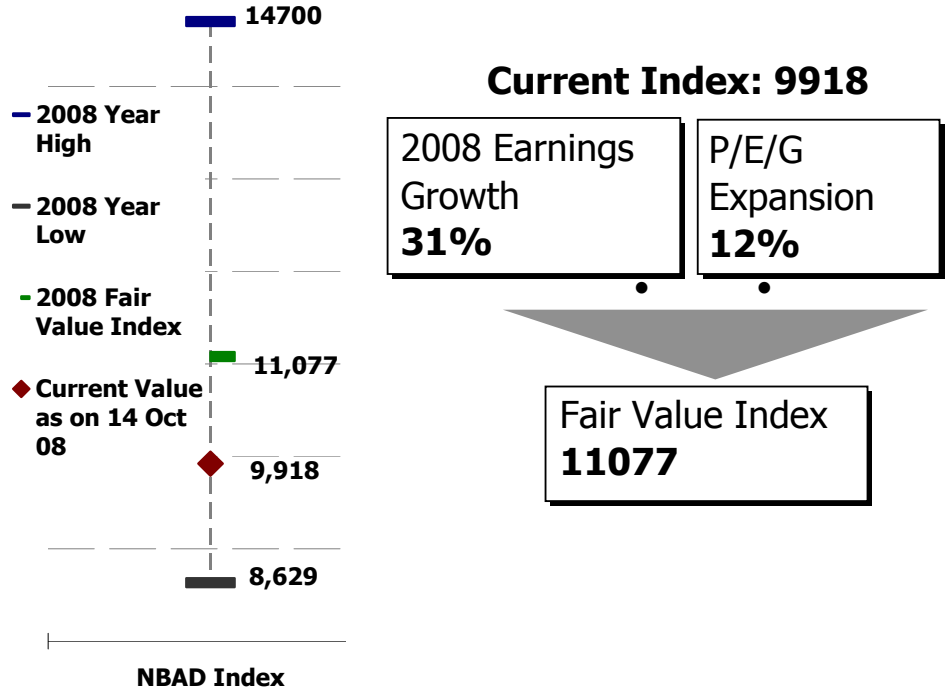


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Earnings to Bail Out

Attractive Valuations Seen for UAE



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Earnings – What has changed?

At the beginning of the year we were expecting the UAE markets to post an earnings growth of 28% and provide 43% index return based on the NBAD index. In the YTD period, the NBAD index has witnessed a decline of 28%, however, there has been no slow down in earnings growth. The 1H08 earnings growth has been at 41% and we expect the aggregate UAE growth at the end of the year to be at 31%. On a sectoral basis, the telecom and real estate sectors with estimated YoY growth of 33% and 27% respectively are expected to lead the growth in 2008 as compared to the banking sector earnings growth of an estimated 26%.

A significant chunk (75%) of this earnings growth continues to come in from the top 23 companies in the market of the total 90 companies listed in the twin bourses of Dubai and Abu Dhabi. The top 23 companies, which form 80% of 2008E earnings represent a fairly well diversified set of companies from sectors such as telecom, banking and real estate.

The contraction in the price to earnings multiple has been a significant deterrent to our price objective. At the end of the last year, the UAE markets were trading at a forward multiple of 17x, this has compressed to 9x currently.

At the current price levels, the UAE markets provide an upside potential of 12% as derived from our Price to Forward Earnings and Forward Growth Model. We continue to believe that the target PEG of 0.32 still provides further room for growth if compared to emerging markets and other GCC markets current PEG ratio's.

1. Earnings Growth Momentum To Continue

Table: 1 – Earnings Trend & Outlook

USD Mn	2002	2003	2004	2005	2006	2007	2008E	% Change 2008E
Banks	766	976	1,437	3,487	3,938	5,105	6,416	26%
Real Estate	160	208	500	1,822	2,749	3,090	3,932	27%
Telecom	669	782	930	1,159	1,429	1,745	2,327	33%
Investment Services	3	52	115	655	445	815	970	19%
Others	118	486	1,059	2,660	1,898	2,993	4,374	46%
Total	1,717	2,504	4,042	9,782	10,459	13,748	18,020	31%

Source: Thomson Reuters Knowledge, Zawya Investor, Markaz Research

Aggregate earnings growth for 2008E can be credited to the strong performance of key sectors such as Real Estate, Telecom and Banking

Banking: The banking segment accounted for 35% of the earnings in 2007 and registered a growth of 30% in 2007. In 1H08, the aggregate banking earnings witnessed a growth of 31% on a YoY basis. We expect the sector to close the year with an earnings growth rate of 26%.

Emirates NBD provided to 15% of the earnings in 2007 and we expect this contribution to increase by 100 bps in 2008. The core banking activities and the non-interest income witnessed significant growth of 51% and 46% in 1H08 on a YoY basis for Emirates NBD. The net profits of the company witnessed a growth of 41% in 1H08 on a YoY basis. We are expecting a 40% growth in the net profits for Emirates NBD in 2008.

National Bank of Abu Dhabi (provided to 13% of the 2007 banking earnings) witnessed a 58% earnings growth in 1H08. Similar to Emirates NBD, the growth in earnings were supported by both an increase in non-interest income and core income. The non-interest income witnessed a growth of 121% on a YoY basis in Q208. We are expecting a 32% growth in net income for the bank in 2008.

The risk to our earnings call will be a significant slow down in credit growth in 4Q08.

Aldar properties and Sorouh Real Estate to drive Real Estate sector earnings growth in 2008

Real Estate: The real estate segment formed 22% of the earnings in 2007. Three real estate companies – Emaar, Aldar Properties and Sorouh formed 86% of the real estate earnings in 2007. We expect the total real estate earnings to grow by 27% mainly driven by Aldar properties and Sorouh Real Estate.

It has been a year of muted performance for Emaar properties. The 1H08 growth was flat at 2% on a YoY basis. Going forward, we expect a net profit decline of -2% for Emaar. Our forecast is mainly based on declining land sale revenue as a percentage of total revenues, loss making US Subsidiary (John Laing Homes) and limited pipeline of projects getting commercialized in 2008. However, we believe that the sectoral earnings of 27% will still be higher than the previous year growth of 12% mainly due to expectation of strong growth from Aldar properties and Sorouh Real Estate.

In 1H08 Aldar properties witnessed a growth of 187% in earnings. However, this earnings has come on the back of lower base. It has to be noted that 2H07 was the first period of normal operations for Aldar as the company

booked property sales for the first time. Prior to 2H07, Aldar's income statement was not indicative of the company's performance as revenues were being generated from just two rental properties and raw land sales. We expect the growth rates to decline in 2H08, mainly due to a higher base effect. We expect the company to close the year with a full year growth rate of 104%

The earnings growth of the telecom sector is likely to slowdown in 2H08 due to falling APRU

Telecom: Telecom accounted for 13% of the total earnings in 2007. There are two telecom companies which are listed on the UAE bourses – Etisalat and EITL. EITL is still a loss making company and is expected to close the year with a loss of USD 96 Mn. Therefore, the entire earnings of the UAE telecom is from Etisalat. Etisalat posted a 37% growth in earnings in 1H08 to USD 1.39 Bn on a YoY basis. However, with the user penetration rates reaching over 175% in the UAE and the mobile Average Revenue Per User (ARPU) declining 21% in 1H08, the telecom sector is likely to witness moderate increase in earnings in 2H08. We expect the Telecom sector's earnings to grow 33% in 2008. (For a detailed discussion on Emaar properties, Aldar properties & Etisalat visit www.markaz.com/research).

Market Cap Segmentation

Corporate earnings in the UAE were driven by the performance of large and mid-cap stocks (Table: 2). The earnings of large cap stocks (constituting about 57 % of total earnings in 2007) increased 39% in 1H08 due to strong growth in earnings posted by large caps such as Emirates NBD, Aldar Properties and Emirates Telecommunications Corporation. However, the growth in large cap earnings is expected to moderate in the second half of 2008 and the segment is expected to register a YoY growth of 26% in 2008. Blue chips like Aldar Properties and Emirates NBD are likely to drive the growth in large cap earnings in 2008. Aldar Properties is expected to post 104% increase in earnings, while Emirates NBD's bottom-line is likely to expand 40%.

The earnings of mid cap stocks, which contributed 23% to the UAE's corporate earnings in 2007, are expected to grow 34% in 2008 with Deyaar Development likely to lead the pack. The company's earnings increased by 266% to USD 122 Mn in 1H08 compared to USD 33 Mn in 1H07.

Small caps, which contributed 11% to overall earnings in 2007, are expected to record 46% growth in earnings. Companies such as Oman Insurance Company and Finance House are expected to lead the segment in terms of earnings growth in 2008. In 1H08, Oman Insurance Company more than doubled its earnings from that a year earlier.

While large cap earnings are expected to grow 26%, mid cap earnings are likely to increase 34% in 2008E

Earnings (USD Mn)	2004	2005	2006	2007	2008E	YoY Chg 2008	Avg Market Cap (USD Mn)	Number of Companies
Large	2,117	4,936	6,370	7,870	9,887	26%	9,480	11
Mid	904	2,212	2,597	3,195	4,286	34%	2,689	16
Small	449	1,421	899	1,457	2,121	46%	987	18
Ultra Small	573	1,213	593	1,225	1,726	41%	103	45
Total Earnings	4,042	9,782	10,459	13,748	18,020	31%		90

Note: Segment classification: Large: Market Cap >USD 4.6 Bn; Mid: Market Cap >USD 1.6 Bn & Market Cap < USD 4.6 Bn; Small: Market Cap > USD 650 Mn & Market Cap < USD 1600 Mn; Ultra Small: Market Cap > USD 290 Mn & Market Cap < USD 650 Mn

Source: Thomson Reuters, Markaz Research

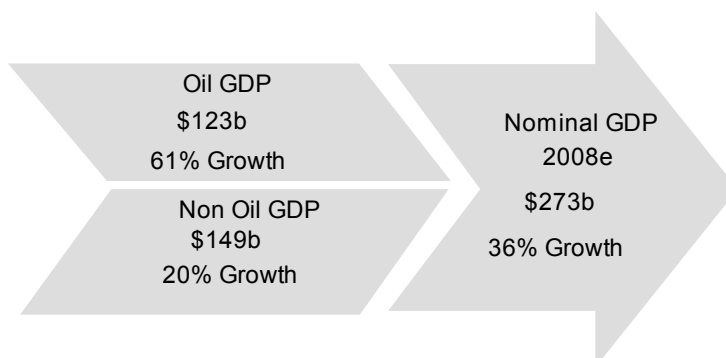
2. Economy – 2008

A. Growth

The official data for 2007 shows a decline in Real GDP growth rate to 6.1% from 9.4% in 2006.

This can be mainly

attributed to a decline in oil production, thereby resulting in hydro carbon based real GDP growth rate declining by 1.2% in 2007. In early 2007, OPEC had decided to cut its oil production. However, in the recent months there has been a steady increase in oil production in UAE. IIF estimates point out to a 2.59 Mn Bbls per day of oil production in 2008 as compared to 2.49 Mn Bbls in 2007, resulting in a growth in production of 4.3%. The real hydrocarbon GDP is expected to increase by 4.3% and the nominal GDP by 61.2% in 2008. The overall GDP growth rate in nominal terms is expected to increase by 36%.



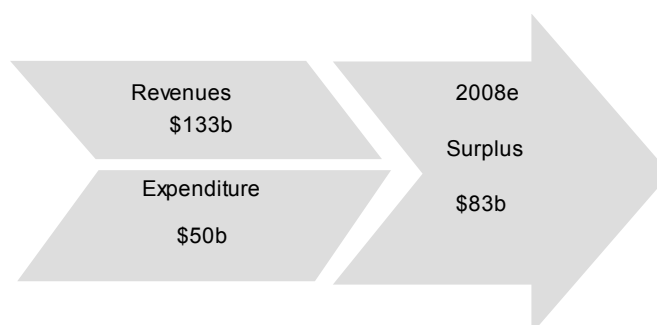
The UAE's nominal GDP is expected to grow by 36% due to the rise in the average export price of crude oil

B. Fiscal Situation

Strong oil prices are likely to further strengthen the UAE's fiscal position. Based on high oil prices, the IIF revised its hydrocarbon

revenue estimate

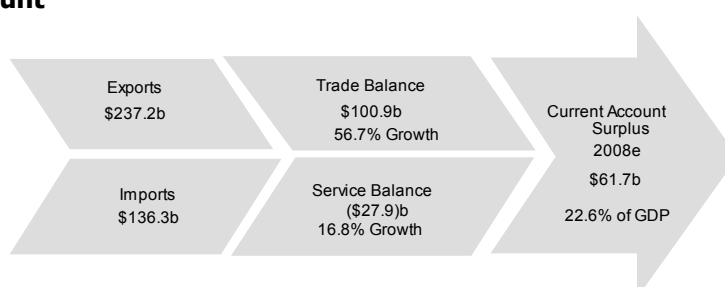
for the UAE upward. The IIF estimates the UAE government to generate USD 113 Bn in revenues from hydrocarbons in 2008 compared to the earlier estimate of USD 72 Bn. The UAE government's revenues and expenditure for the current year are estimated at USD 133 Bn and USD 50 Bn, respectively. Thus, at USD 83 Bn, the fiscal surplus is expected to be 30% of the GDP in 2008. This is significantly higher than the 2003–2007 average of 17% and the 27% estimate for 2007. However, the recent decline in oil prices might result in downward revision of these estimates.



Fiscal surplus is estimated to be 30% of the GDP, significantly higher than the last five-year (2003–2007) average of 17%

C. Current Account

In view of the UAE's healthy hydrocarbon exports, its merchandise exports, which grew at a

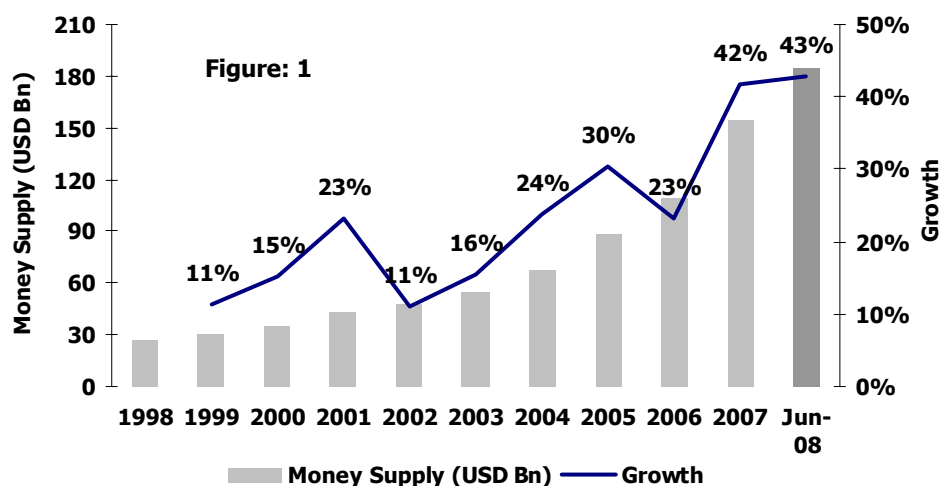


declining rate over the last three years, are expected to grow 31% in 2008. Hydrocarbon exports are expected to exceed non-hydrocarbon exports and break the seven-year trend in 2008. The IIF estimates hydrocarbon and non-hydrocarbon exports at USD 124 Bn and USD 113 Bn, respectively, for 2008. Based on this estimate, the IIF revised its UAE merchandise exports forecast to USD 237 Bn for 2008 from USD 176 Bn. Merchandise imports for 2008 are estimated at USD 136 Bn compared to the previous estimate of USD 106 Bn. Consequently, the UAE's trade balance is expected to increase 35% YoY to USD 101 Bn in 2008. The country's current account balance at USD 62 Bn is expected to be 23% of the GDP, the highest since 1993.

Increased money supply in the UAE economy fuels inflation

D. Money Supply

Money supply at 43% has reached alarming levels in 2008. After rising 42% YoY to USD 154 Bn in 2007, it increased to USD 184 Bn as of June 30, 2008 (Source: Central Bank of The UAE) (Figure 1). The burgeoning money supply has already resulted in high inflation levels in the UAE. According to data provided by Central Bank, loans to individuals increased to USD 13.4 Bn (Dh 49 Bn) in March 2008 from USD 8.4 Bn (Dh 31 Bn) in December 2006, a growth of 60%. Considering the adverse impact of rising liquidity, the Central Bank plans to keep it under check through regulatory tightening.

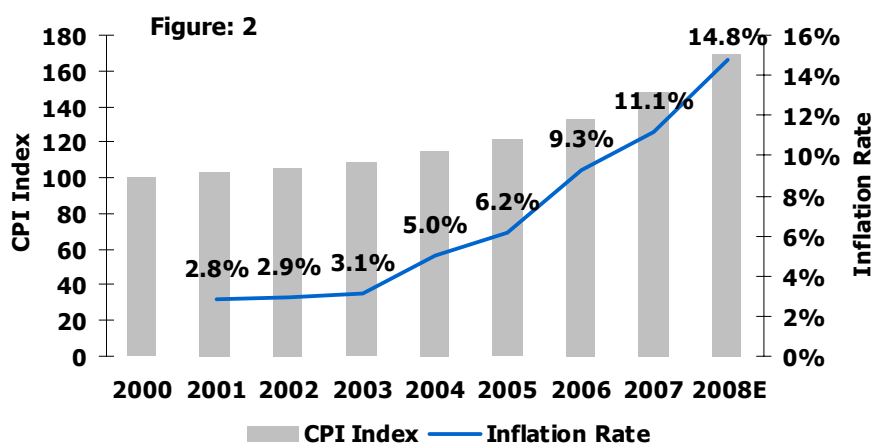


Source: IIF, Markaz Research
Jun 08 money supply growth rate annualized

E. Inflation

Robust money supply coupled with the surging cost of house rentals and related housing items has considerably increased the level of inflation. From 1991 to 2007, inflation in the UAE averaged 4.2%. It started to increase in 2001 and rose significantly during 2005–2007. According to latest reports, inflation in the UAE soared to its life-time high of 13% in 1H08. The house rentals and related housing items on average have increased by 14.1% during 2005–2007. Furthermore, as its currency is pegged to the depreciating US dollar, there is also a factor of imported inflation. Based on the current scenario, the IIF expects inflation in the UAE to further increase and touch 14.8% in 2008, a sharp upward revision from its earlier estimate of 10% (Figure 2).

Inflation is likely to touch 14.8% in 2008 due to the rising cost of house rentals and related housing items



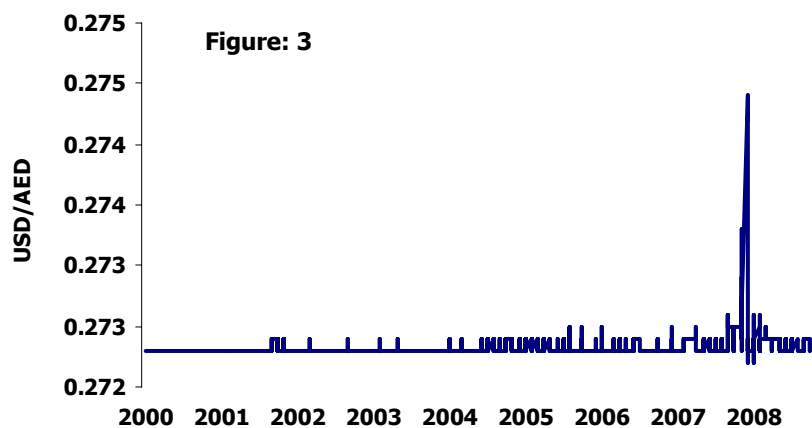
Source: Thomson DataStream, Markaz Research

UAE government abolished custom duty on cement and signed MoUs with several food retailers to keep prices in check

To rein in spiraling inflation, the Government of the UAE has taken several key measures. These include abolishing the custom duty on cement and steel in March 2008 to reduce construction costs. Furthermore, the UAE Ministry of Economy signed Memoranda of Understanding (MoU) with several cooperative societies and food retailers to keep the prices of basic food commodities, such as rice, sugar, oil, flour, water and bread, at 2007 levels.

F. Exchange Rate

The UAE has pegged its currency to the US dollar for more than two decades now (Figure 3). To maintain the currency peg, it follows the US interest rate regime.



Source: Bloomberg

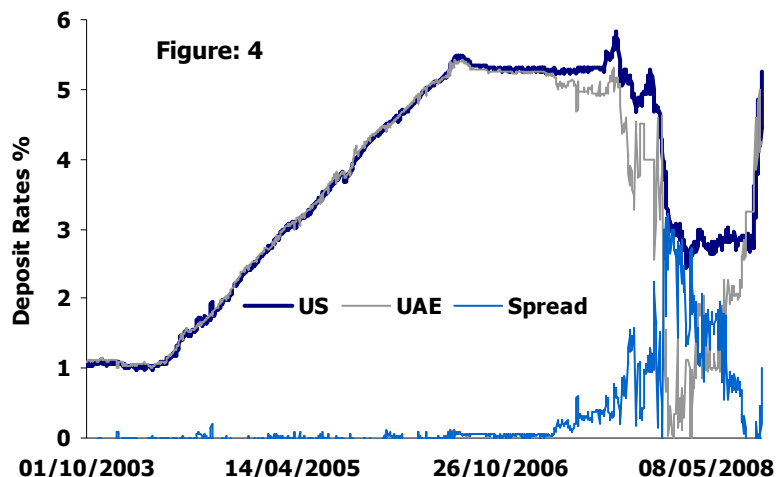
G. Interest Rates

UAE government implemented several interest rate cuts in line with those in the US

Due to the currency peg, the UAE follows the same monetary policy as the US.

Therefore, interest rates in the country move in tandem with interest rates in the US (Figure 4).

This factor drove the UAE to implement several rate cuts, despite the growing inflationary pressure, in line with those in the US.



Source: Thomson Data Stream, Markaz Research

3. Stock Market – 2008

A. Performance

Table 3 Performance Trends							
	2002	2003	2004	2005	2006	2007	2008*
% change (YoY)							
DFM Index	NA	NA	152%	195%	-44%	44%	-30%
ADSMI Index	7%	29%	75%	69%	-42%	52%	-13%

Source: ADX, DFM; *Returns till Sept 2008

Abu Dhabi bourse lost 13.1% YTD in 2008 as against the 52% gain in 2007

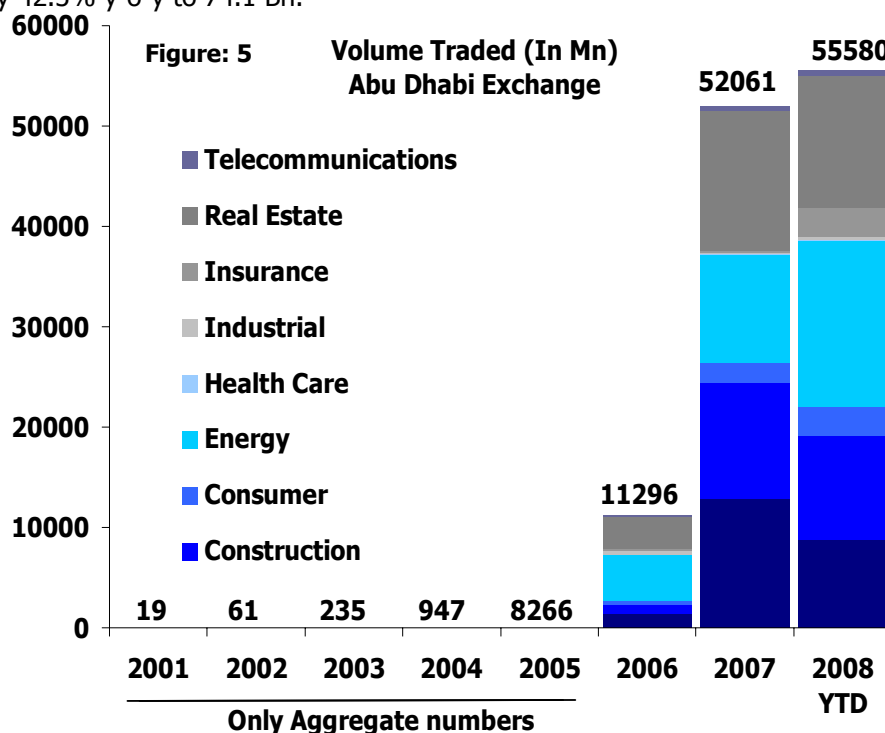
The Abu Dhabi bourse reported a drop of 13.1% in YTD 2008 (Table 3). The index plummeted 10.3% during September 2008 alone. Stock market in Abu Dhabi fell in 2008 as credit crunch in the US started taking its toll on the GCC markets and investors started unwinding their positions amid negative sentiments. The Energy index plummeted 31.9% in 2008 as concerns of recession in the US pulled back crude oil prices from their highs of USD 147 in July 2008 to about USD 72 at present, a decline of 51% in a span of three months (Appendix 1). On the other hand, the Insurance index recorded strong gains of 20.6% during the first nine months of 2008. This is due to the expectations of a strong growth in the insurance business backed by the recent development of financial infrastructure for life insurance business in the UAE. The Real estate sector lost 29.8% in 2008 after it had gained 208% in 2007. Property stocks lost amid increased speculation that high real-estate prices and increased regulation are likely to increase borrowing costs. While Banking and Financial Services Index lost 12.9% during the first nine months of 2008, Abu Dhabi Construction index gained 16.5% during the same period.

B. Activity

Abu Dhabi Securities Exchange

The number of shares traded on the Abu Dhabi Exchange (ADX) crossed 55.5 Bn in the first nine months of September. The volume traded for the YTD

period (Jan08 - Sept 08) has already crossed 52.0 Bn shares traded during 2007. On an annualized basis, the volume traded in 2008 is likely to increase by 42.3% y-o-y to 74.1 Bn.

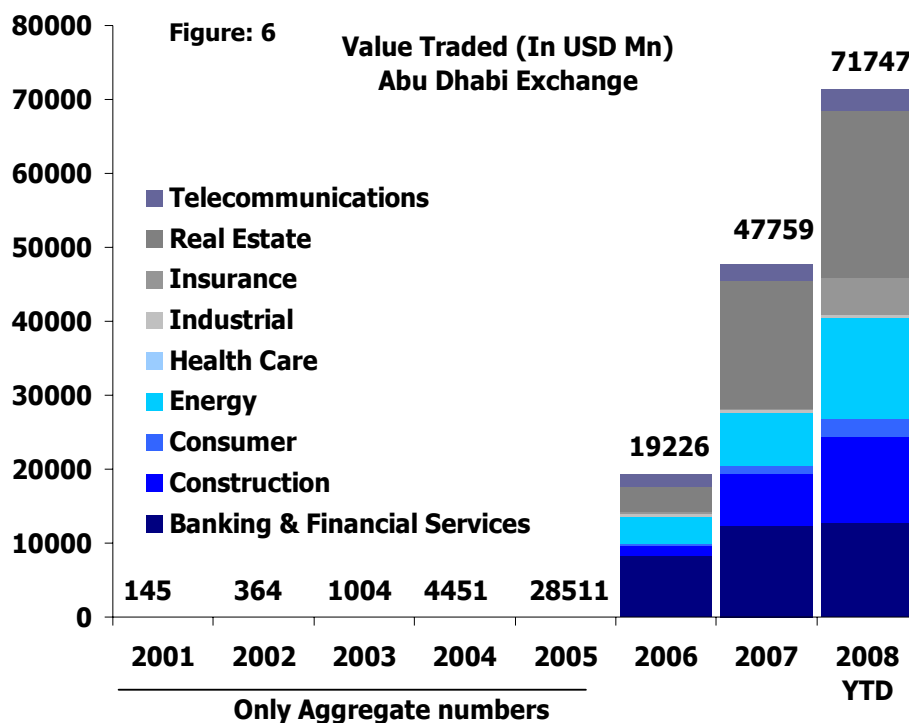


Source: ADX, Markaz Research

The contribution of Energy sector increased from 21% in 2007 to 30% YTD in 2008

During the YTD 2008 period, the Energy sector saw a volume of 16.5 Bn as it was the most preferred sector on the Abu Dhabi bourse (Figure 5). Furthermore, the contribution of Energy sector to the total index, in terms of volume, also increased from 20.5% in 2007 to 29.8% YTD in 2008. The Real estate sector which occupied the second position in terms of volume traded witnessed a slight decline in its contribution to the overall index. The Real estate sector saw a volume of 13.1 Bn shares as its share declined to 23.6% in 2008 YTD from 26.7% in 2007. The contribution of the Real estate sector to the ADX has been on a decline since 2006 due to emergence of various non-real estate stocks.

The Banking and Financial Services index recorded a trading volume of 8.8 Bn shares (for Jan-08 - Sept 08 period) in comparison to 12.9 Bn shares traded during 2007. In the 9M08 period, some of the large cap stocks have already surpassed the total volume traded in the full year 2007. The volume traded in NBAD and ADCB for 9M08 is at 104 Mn and 653 Mn which is 177% and 125% of full year 2007 volume traded.

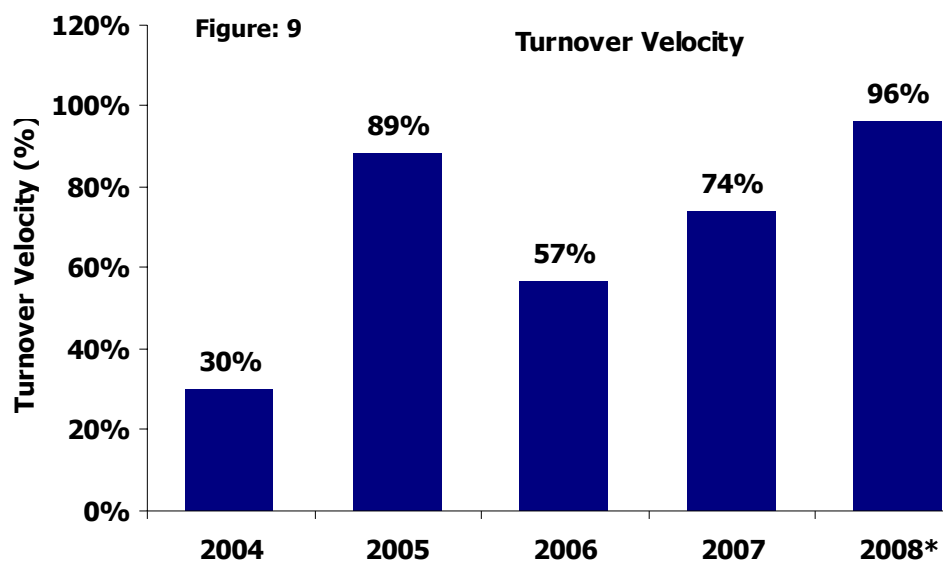


Source: ADX, Markaz Research

On an annualized basis, the value traded is likely to exceed USD 95 Bn in 2008.

The value traded on the Abu Dhabi bourse crossed USD71.7 Bn in YTD 2008 in comparison to USD 47.7 Bn value of shares traded in 2007 (Figure 6). The Real Estate index continued to top the charts as its turnover crossed USD22.5 Bn in (Jan 08 – Sept 08) period. In 2007, the Real estate sector registered a turnover of USD17.4 Bn. The value traded for the Energy sector almost doubled to USD13.7 Bn in the first nine months of 2008 in comparison to USD 7.0 Bn for the full year in 2007. The contribution of Banking and Financial Services index to the total value stood at 17.8% in YTD 2008 down from 25.7% in 2007. On an annualized basis, the turnover is set to cross a value of USD 95.3 Bn in 2008.

The turnover velocity (Turnover of ADSM and DSM put together) is expected to record an increase for the second consecutive year in 2008. On an annualized basis, the turnover velocity in 2008 is expected to be 96% compared to 74% and 57%, respectively in 2007 and 2006 (Figure 9).



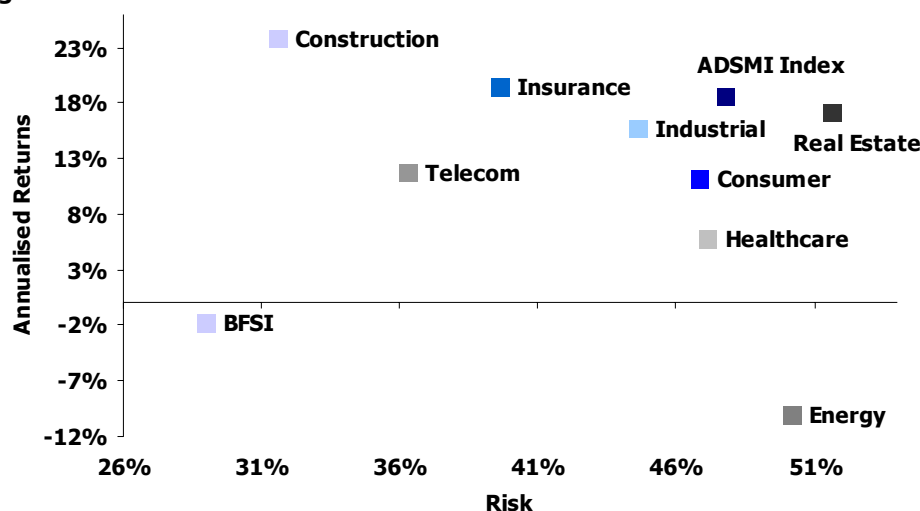
Source: Gulf Base, DFM, ADX, Markaz Research
*2008 figures are annualized

Risk-Return

Abu Dhabi index gained 19% in last two years while Construction index recorded an increase of 24% during the same period

The Abu Dhabi index has generated gains of 19% with an annualized risk of 48% in the last two years (2007-Sep 08). Considering the sectoral indices, Construction segment has been outperforming other indices and that too with a lower annualized risk of 32% during the same period. Only Bank and Financial Services index had a lower annualized risk of 29% than the Construction index (Figure 10).

Figure 10: ADX Risk-Return



Source: Bloomberg, Markaz Research

C. Others

IPOs

So far in 2008, most IPOs in the UAE have been in the Financial Services sector (Appendix - 4). Of the six companies that launched an IPO during the period, four belonged to the Financial Services sector; the Consumer Goods

Central Bank of UAE injected USD 13.6 Bn in the Banking system in September 2008

and Construction sectors had one IPO each. Most IPOs during the period were highly oversubscribed, resulting in an average oversubscription rate of 45.53 times. Insurance company Dar Al Takaful's IPO, which was oversubscribed 89.6 times, led the pack in terms of subscription. It was followed by Ajman Bank's IPO, which was oversubscribed 85 times. However, in terms of size of offering, interiors contractor Depa, listed on DIFX, was a clear leader with an equity offering of USD 432.3 Mn. While six companies got listed in the market YTD in 2008, three were listed in CY07. However, while USD 917 Mn was raised through IPOs YTD in 2008, USD 6.6 Bn was raised in CY07.

Although all the six IPOs during 2008 pared their listing and one month (post listing) gains, four of them gave excellent return. In spite of the bearish sentiments in the market, three of the six IPOs posted triple digit returns since floatation (Appendix 5). While, Depa, the biggest IPO (in terms of amount raised) in 2008, has lost close to 49% since floatation, Methaq Takaful Insurance Company has recorded a gain of 519% since floatation.

Expansionary Projects/Initiatives

Several strategic events have taken place until now in 2008 with investment totaling as much as USD 12.8 Bn. In February 2008, Abu Dhabi-based Quality Energy Petro Holding disclosed plans to build a 500,000 barrels per day refinery in the UAE. The planned refinery is expected to require an investment of around USD 12.8 Bn. The plan is expected to be finalized in 2009, while construction would begin in 2010 and may take 4–5 years to be complete. In March 2008, Dubai Water and Electricity Authority (DEWA) announced its plans to raise USD 19.1 Bn through loans and bonds. The funding falls in line with DEWA's plans to increase its current capacity (5000 megawatts of electricity and 255 Mn gallons of water per day) by 150% by 2012. These long-term loans and bonds will have a maturity of 10-15 years. (Appendix 4)

Regulatory Developments

The central bank of UAE reduced the rate of interest charged by the Central Bank of the UAE on purchase of Certificate of Deposits (repo rate) several times to match rate cuts in US. The first rate cut was in January 2008, when the Central Bank reduced the repo rate from 4.25% to 3%. This 75-basis-point rate cut was followed by a further slashing of the repo rate by 50 basis points in February 2008. In May 2008, the repo rate was further reduced to 2%.

Introduction of new mortgage and property law is expected to bring more transparency in the property and mortgage market in Dubai

Another major initiative taken by the Central Bank of the UAE to maintain sufficient liquidity in the market was the announcement of a new emergency bank lending facility of USD 13.6 Bn in September 2008. The new credit facility aims to safeguard the domestic banking system from international money supply constraints.

Also a new mortgage and property law by the ruler of Dubai was introduced in August 2008. The new law aims to regulate Dubai's mortgage and property market with a more specific focus on transactions involving purchase and sale of off-plan properties (unregistered). The law requires each off-plan property to be registered with the Land Department before being resold. The law also restricts the offering of mortgage facility to registered financial institutions and requires each mortgage to be fully insured and registered with the Land department. In addition, it takes care of the repayment issue of mortgage and requires the defaulting investors to sell their property through a public auction

managed by the Land department. The new law is expected to bring more transparency in the property and mortgage market in Dubai and (consequently) reduce the risks involved and attract new players. Increased competition in the market is also expected to dampen overheated real estate prices in the region.

M&A

In 2008, major mergers and acquisitions (M&As) in the UAE took place in the Telecom, Banking, Investment, Financial Services and Alternative Energy sectors (Appendix-3). Major M&A deals in 2008 include Saudi Telecom's acquisition of 35% stake in UAE's Oger Telecom for more than USD 2.5 Bn, and UAE-based alternative energy producing company Masdar's acquisition of 40% stake in WinWinD (Finland) for a consideration of USD 177 Mn and Dubai Holding's acquisition of 5% stake in Commercial International Bank (Egypt) for a consideration of USD 109 Mn. (Appendix 3)

Blue Chip Analysis			
Company	Vital Statistics (Refer note for abbreviations)	Return Potential	Rationale
Emirates Telecommunications Corporation (ETISALAT)	CMP: \$4.27 M.Cap: \$25.2 Bn 1H08 Profit: \$1.4 Bn 1H08 Gr: 37% 2008E Pr: \$2.4 Bn 2008E Gr:22%	Medium	<ul style="list-style-type: none"> In 1H08, ETISALAT reported a net income of USD 1.39 Bn, up 37% YoY. The increase in net income was largely due to the USD 485 Mn profit realized on the sale of 8.75% stake in Etihad Etisalat (Mobily) in April 2008. ETISALAT's subscriber base increased significantly. On June 30, 2008, it had 6.83 Mn mobile subscribers, 14% YoY. Fixed line subscribers increased 4% to 1.35 Mn in June 30, 2008, over that a year earlier, while internet subscribers grew 27.5% (the highest among all the three segments). ETISALAT is constantly working on its strategy of geographical diversification and growth by entering untapped high potential markets of Asia and Africa, as the UAE's mobile phone market is in the saturation phase with a penetration rate of 173% (at the end of 2007). The penetration rate in Africa was around 30%, while in Asian countries such as India and Pakistan it was around 30% and 50%, respectively, at the end of 2007. We expect ETISALAT's net earnings to grow by 22% in 2008, considering the strength of the company's UAE operations and its international expansion initiatives, which are expected to contribute substantially to its bottom line.
Emaar Properties (EMAAR)	CMP: \$1.82 M.Cap: \$11.1 Bn 1H08 Profit: \$0.9 Bn 1H08 Gr: 1.1% 2008E Pr: \$1.75 Bn 2008E Gr: -2%	Medium	<ul style="list-style-type: none"> In 1H08, EMAAR's net income grew 1.1% YoY to USD 904 Mn, whereas its total revenues remained flat at USD 2.23 bn. The flattish revenue growth during 1H08 could be largely due to the 33% YoY decline in revenues from the sale of land to USD 205 Mn. However, this decline was completely offset by the 68% YoY increase in revenues from the sale of commercial and other properties to USD 362 Mn. This factor resulted in meager YoY expansion in the top-line. EMAAR's gross profit grew 9.5% YoY to USD 1.05 Bn in 1H08 as higher contribution from UAE operations completely mitigated the USD 60 Mn loss from its US operations. Also, a 13.5% YoY reduction in the cost of revenue to USD 629 Mn boosted the gross profit. Gross profit margin improved to 47% from 43% for 1H07. Several new projects are scheduled to be completed in 2H08. These include Dubai Mall, Dubai Marina Mall, Dubai Mall Hotel and Dubai Marina Mall Hotel; also, new international projects are lined up in India, Jordan, Egypt, Pakistan and Turkey. We expect income from the hospitality and commercial businesses to expand EMAAR's bottom-line. We expect the net income for 2008 to decline by -2% on a YoY basis.
National Bank of Abu Dhabi (NBAD)	CMP: \$3.81 M.Cap: \$7.5 Bn 1H08 Profit: \$511 Mn 1H08 Gr: 58% 2008E Pr: \$898 Mn 2008E Gr: 32%	Medium	<ul style="list-style-type: none"> In 1H08, NBAD's net profit rose 58% YoY to USD 511 Mn, mainly due to higher operating income (up 61% YoY) and improved operating efficiency. The bank's cost-to-income ratio improved 5 percentage points QoQ to 25% in 2Q08 due to its restructuring efforts. The bank's loans grew 60% YoY to USD 29 Bn in 1H08,

			<p>much higher than ADSM Commercial Banks Average of 39% YoY. However, with regard to growth in deposits, NBAD, with 15% YoY increase in deposits, continued to lag the industry average of 30% in 1H08.</p> <ul style="list-style-type: none"> ▪ The growth in NBAD's quarterly deposits is quite volatile, primarily due to the higher percentage (57% at year end 2007) of government and public sector deposits in total deposits. Consequently, the bank is forced to maintain surplus liquidity as part of its asset-liability management, which in turn constrains the net interest margin and spreads. ▪ The bank aims to expand its branch network to grow its retail deposit base. This is likely to provide some stability to the growth in NBAD's deposits apart from increasing the proportion of retail lending in its total loan portfolio. ▪ Given the bank's rapid expansion and restructuring policy, and favorable lending scenario due to the surge in infrastructural development activities in the UAE, we expect NBAD's bottom line to grow 32% YoY in 2008. ▪ The bank's ROE, which stood at 27.33 at the end of 1H08 and was well above the Middle East commercial banks' average of 17.75, enhances our optimism.
Dubai Financial Market (DFM)	<p>CMP: \$0.82 M.Cap: \$ 6.6 Bn 1H08 Profit: \$152 Mn 1H08 Gr: -25% 2008E Pr: \$340 Mn 2008E Gr: -13%</p>	Low	<ul style="list-style-type: none"> ▪ In 2Q08, DFM's net profit grew 33% YoY to USD 67 Mn primarily driven by the 202% rise in gains on revaluation of investments in marketable securities. However, in 1H08, net profit declined 25% YoY to USD 152 Mn due to the IPO income of USD 127 Mn in 1Q07. Adjusting for IPO income, we estimate the net profit to have increased by 101% YoY in 1H08. ▪ Trading commission fees, which accounted for 90% of the operating income, declined 7% YoY to USD 44.5 Mn during 2Q08 due to lackluster trading activity in the market. However, trading commission fees surged 58% YoY to USD 115 Mn in 1H08 due to DFM's strong performance in 1Q08. ▪ Going forward, with the average trade volume declining on a YoY basis, trading commission fees may continue to be under pressure. Average trading volume on DFM declined 13% YoY during April–August 2008. ▪ Trading activity on the DFM is highly concentrated in terms of sectors, with the Real Estate & Construction and Banking segments accounting for 38% and 25%, respectively, of the total value traded in August 2008. Consequently, DFM's bottom line is quite vulnerable to any downturn in these two sectors. ▪ Overall, continued turbulence in capital markets worldwide is expected to continue to dent trading activities on DFM. Consequently, we expect its net profit to grow -13% YoY for the full year 2008.
First Gulf Bank (FGB)	<p>CMP: \$4.08 M.Cap: \$5.6 Bn 1H08 Profit: \$404 Mn 1H08 Gr: 68% 2008E Pr: \$749 Mn 2008E Gr: 37%</p>	Medium	<ul style="list-style-type: none"> ▪ In 1H08, First Gulf Bank's operating income increased 84% YoY to USD 610 Mn; also, its net profit grew 69% to USD 404 Mn. ▪ The growth in earnings in 1H08 was partly due to the 208% YoY rise in fee income to USD 99 Mn and 109% increase in commission income to USD 29 Mn. Earnings were also boosted by an additional gain of USD 74 Mn in 1H08 on the sale of non-trading investments and investment property. ▪ FGB's non-trading investments declined 26% to USD 2.65 Bn in 1H08 from USD 3.55 Bn at the end of June 2007.

However, during the same period, property investments grew by 47% to USD 1 Bn primarily due to higher investments in real estate.

- In 2007, FGB's customer deposits increased 52%, outpacing the UAE banking sector deposit growth of 30%. This made FGB the fastest growing bank in the UAE. The customer deposit base expanded even more (61% YoY to 16.7 Bn) in 1H08. The continuous rise in its customer deposits, coupled with the booming economic environment in the UAE, supports our optimism about deposit growth at FGB.
- In line with its strategy to increase participation in the UAE's rapidly growing real estate industry, FGB formed Aseel Finance (a mortgage and real estate development finance company) in May 2008. Aseel Finance is a joint venture between FGB and three UAE-based real estate developers – Al Dar Properties, Sorouh Real Estate, and Reem Investments. FGB holds 40% stake in Aseel Finance.
- FGB recently took various initiatives to expand its customer base. These included a tie-up with Kotak Mahindra Group to target NRIs and the launch of platinum cards with extra benefits. These initiatives are expected to expand the bank's customer base and, consequently, increase its fee-based income.
- Given FGB's growing exposure to the UAE's expanding real estate market and an expected rise in fee-based income, we expect the bank to register 37% growth in earnings in 2008.

1. Note: Abbreviations used: CMP: Current Market Price (as of October 5, 2008), MCap: Market Capitalization (as of October 5, 2008), 1H08 Profit: First Half 2008 Profit, 1H08 Gr: First Half 2008 Profit in comparison to First Half 2007 Profit, 2008E Pr: Expected 2008 Profits, 2008E Gr: Expected 2008 Profit Growth in comparison to full year 2007.

2. Note: USD numbers are conversion of AED numbers at the average exchange rates for the respective period.

Appendix 1: Key data

ADX Value Traded (USD Mn)	2001	2002	2003	2004	2005	2006	2007	2008*
Banking & Financial Services						8,355	12,291	12,747
Construction						1,264	7,058	11,582
Consumer						275	1,206	2,439
Energy						3,640	7,030	13,692
Health Care						25	31	38
Industrial						419	275	418
Insurance						239	191	5,026
Real Estate						3,340	17,397	22,552
Telecommunications						1,669	2,281	2,980
Total	145	364	1,004	4,451	28,511	19,226	47,759	71,474

Source: Stock Exchange, Markaz Research, *2008 data till September 30th 2008

ADX Volume Traded (Mn)	2001	2002	2003	2004	2005	2006	2007	2008*
Banking & Financial Services						1,426	12,892	8,788
Construction						911	11,529	10,365
Consumer						351	2,042	2,865
Energy						4,591	10,651	16,547
Health Care						32	54	54
Industrial						360	272	290
Insurance						191	176	3,004
Real Estate						3,157	13,892	13,095
Telecommunications						276	552	572
Total	19	61	235	947	8,266	11,296	52,061	55,580

Source: Stock Exchange, Markaz Research, *2008 data till September 30th 2008

ADX Segments Index	2003	2004	2005	2006	2007	2008*
ADX Index	1,757	3,071	5,203	3,000	4,552	3,957
Banking & Financial Services				4,412	6,016	5,242
Construction				3,354	5,155	6,008
Consumer				1,164	1,930	2,002
Energy				270	412	281
Health Care				1,184	1,589	1,599
Industrial				1,902	2,799	2,727
Insurance	1,688	2,622	3,777	3,133	3,265	3,938
Real Estate				496	1,526	1,071
Telecommunications				2,192	3,276	2,857

Source: Stock Exchange, Markaz Research, *2008 data till September 30th 2008

DFM Value Traded (USD Mn)	2001	2002	2003	2004	2005	2006	2007	2008*
Banks	166	328	358	2,828	22,671	25,691	17,541	16,521
Consumer staples								3
Debt Instruments			41	52	19	84	114	7
Insurance	3	2	2	42	2,605	4,199	3,871	3,648
Investment & Financial Services	12	28	143	1,632	17,473	6,555	22,389	15,182
Materials					1	6	4	3
Real Estate & Construction	136	381	418	8,708	57,216	48,737	39,530	25,589
Telecommunication						4,028	3,010	1,365
Transportation					3,629	3,282	15,087	9,451
Utilities	7	24	127	641	6,715	2,000	1,800	1,108
Total	324	763	1,088	13,903	110,330	94,582	103,346	72,877

Source: Stock Exchange, Markaz Research, *2008 data till September 30th 2008

DFM Volume Traded (Mn)	2001	2002	2003	2004	2005	2006	2007	2008*
Banks	15	27	29	1,275	4,515	11,946	11,824	11,177
Consumer staples	0	0	0	0	0	0	0	1
Debt Instruments	0	0	0	0	0	0	0	0
Insurance	0	0	0	5	1,232	3,276	3,719	3,180
Investment & Financial Services	12	47	193	1,010	4,136	3,586	19,901	10,578
Materials	0	0	0	0	0	1	1	1
Real Estate & Construction	25	60	64	2,737	10,818	13,637	29,785	15,143
Telecommunication	0	0	0	0	0	2,337	1,888	795
Transportation	0	0	0	0	2,519	2,921	35,718	18,153
Utilities	5	14	40	95	2,321	1,875	2,420	1,502
Total	59	148	326	5,122	25,542	39,579	105,258	60,529

Source: Stock Exchange, Markaz Research, *2008 data till September 30th 2008

DFM Segments Index	2003	2004	2005	2006	2007	2008*
DFM Index	1,000	2,515	7,426	4,127	5,932	4,128
Banks	1,000	1,827	4,202	2,407	3,415	2,540
Consumer staples	0	0	1,000	664	664	313
Insurance	1,000	2,644	8,905	4,785	4,630	4,317
Investment & Financial Services	1,000	2,804	9,733	4,604	8,062	6,390
Materials	0	0	947	309	348	346
Real Estate & Construction	1,000	4,761	17,831	9,930	13,681	7,995
Telecommunication	0	0	0	1,058	1,199	807
Transportation	0	0	1,346	662	935	704
Utilities	1,000	2,459	8,859	3,484	5,738	2,957

Source: Stock Exchange, Markaz Research, *2008 data till September 30th 2008

	2004	2005	2006	2007	2008*
Mkt Cap (USD Mn)	82300	231400	168700	239000	160375
GDP (USD Mn)	111962	135253	164044	200491	272736
Mkt cap/ GDP	74%	171%	103%	119%	59%

* Market cap 2008 as on Sept

Appendix 2: Key Market Developments in 2008

Month	Key Developments
January	Dubai-based Executives Aviation Group and Grand Aviation Kuwait entered into a joint venture with a capital of AED100 Mn to launch a luxury jet service.
	The Central Bank of the UAE lowered the interest rate on its repurchase of Certificate of Deposits (CDs) from 4.25% to 3.50%.
February	The UAE lowered its repo rate by 50 basis points to 3%, matching a similar cut in the US.
	General Holding Corporation signed an agreement with Italian Danielito to boost the installed capacity of Emirates Steel Industries by executing a Dh3.68 Bn expansion project.
	The Abu Dhabi Water and Electricity Authority signed a partnership contract with the consortium of Biwater and Emirates Utilities Company Holding for water treatment projects worth Dh1.5 Bn.
	Dubai-based Nakheel Hotels entered into definitive agreements to acquire a 50% stake in Mexican resort, One&Only Palmilla, in Los Cabos, based on a total enterprise value of USD 315 Mn.
March	RAK Airways signed a Dh1.65 Bn deal with Boeing Commercial Airplanes for the purchase of four new-generation 737-800NG aircraft.
	Indonesian property firm, PT Bakrieland Development, agreed to sell stakes in three units to Dubai property company Limitless for USD 110 Mn.
	Al Qahatani Investments LLC acquired Dalma Energy LLC and its subsidiaries.
April	Dubai Aerospace Enterprise completed the sale of Landmark Aviation's Fixed Base Operations business to GTCR, a leading private equity investment firm, for Dh1.58 Bn.
	Qatar Entertainment City and The Majid Al Futtaim Group of UAE? signed an agreement to build over 50% of Qatar Entertainment City at Lusail at a total cost of USD 1.5 Bn.
	Ethiad Crystal Cargo signed an interline agreement and a codeshare arrangement with Cargoitalia.
	Al Futtaim Group acquired 88% of Singapore-based Robinson and Company.
	Istithmar World Capital acquired 40% stake in Espa International, a UK-based luxury spa company.
	Al Yah Satellite Communications Company signed an agreement with the UAE Armed Forces to provide secure satellite communications.
	Dubai Chamber signed an agreement with Dubai Industrial City to offer services at the industrial hub.
Ducab entered into a strategic partnership with Emirates International Investment Company-owned Electrocab Emarat.	
May	Jet Aviation and Dubai-based Elite Jets, a private jet operator, signed a partnership agreement to jointly provide aircraft management and charter services.
	The UAE Transport Authority signed a MoU with Dubai Maritime City Authority to open licensing and registration bureaus for commercial ships, yachts and leisure boats.
	Abu Dhabi National Exhibitions Company acquired ExCel London, a leading exhibition and conference venue, through a UK subsidiary in a Dh2.3 Bn deal.
	Dubai Group launched ACR ReTakaful Holdings Limited, the world's largest reinsurance company with a capital of USD 300 Mn.
	Dubai Electricity and Water Authority signed six mega power generation and water desalination projects worth Dh12 Bn.
June	Dnata Contact Centres acquired a 49% shareholding in Mindpearl Group to access contact center operations in Barcelona, Brisbane and Cape Town.
	Dubai-based developer Chapal World launched a Dh10 Bn mixed-use project, Emirates Lake Towers, in Ajman.
	Emirates Investment and Development acquired 80% stake in Taxes – is it Texas??-based Sino Swearingen Aircraft Corporation to assist in the manufacturing of SJ30 aircraft.
	Daman, the national health insurance company of Abu Dhabi, surrendered its exclusive rights to insure employees in the government sector. This marked the opening of the health insurance market for competition.
	Dubai World bought property developer Gazeley Limited from Wal-Mart.
	Nakheel signed a construction contract valued at Dh2.9 Bn with Al Habtoor/Murray & Roberts joint venture.
July	UAE inflation jumped to 11.1% in 2007, the highest for at least 20 years, due to soaring rents and high commodity prices.
	DP World Limited signed a binding sale and purchase agreement for a 60% stake in Contarsa Sociedad de Estiba, which holds the exclusive concession for the Tarragona container terminal in northern Spain.
	Dubai National Air Travel Agency, a state-owned aviation company, bought 19% stake in the UK-based business-travel agency Hogg Robinson Group Plc.
July	Al Jaber Group signed a USD 500 Mn deal to acquire eight bulk carriers from China's Jiangsu Hangtong Ship Heavy Industry Co.
	Nakheel formed a joint venture company HyperCorp LLC with the Auchan group, one of the world's largest food retailing groups.

Abu Dhabi National Oil Company and ConocoPhillips signed an interim agreement for developing the on-shore Shah gas field in the Emirate of Abu Dhabi and also agreed to set up a company to manage and operate the oil fields upon completion of the project.

Depa Limited secured orders worth USD 218 Mn for eight new five and four star hotels across the UAE and a private palace in Dubai.

Al Habtoor Group and Royal Jet finalized the purchase of an Embraer Lineage 1000 aircraft, one of the first orders for this new generation business jet.

The UAE signed a USD 2 Bn deal with Malaysia Mining Corp Bhd to build the Gulf's first coal-fired power plant.

Mubadala Development Company and General Electric agreed to set up a USD 8 Bn joint venture commercial finance company, which would focus on investment opportunities in the Mena region.

Russias Stroytransgaz secured a USD 418 Mn contract to build a gas pipeline across the UAE.

A unit of Dubai sovereign wealth fund Investment Corporation Dubai teamed up with private equity group Blackstone and others to buy British media group Informa.

The Dubai Capital Group bought a 5.24% stake in Egypt's Commercial International Bank.

August The ruler of Dubai implemented a new mortgage law to regulate Dubai's booming real estate sector.

Singapore-based KOP Capital, controlled by the Dubai Group, bought 50% of European hotel chain Stein Group for USD 250 Mn.

Petrofac Limited and Mubadala Petroleum Services Company announced plans to establish a joint venture company.

The Sabre Holdings signed a 10-year agreement with EmQuest, a travel distribution division of Emirates, to launch distribution services.

September Surging housing and food costs fuelled inflation in the UAE to an all-time high of 13% in the first half of 2008.

Emirates Investment and Development Company plans invest about USD 1 Bn in a US-based jet manufacturer acquired in June.

The Central Bank of the UAE set up an emergency bank lending facility worth USD 13.6 Bn for banks operating in the UAE due to constraints in the international money market.

Source: Zawya and other newspaper sources

Appendix 3: M&As in 2008

Month	Acquirer	Acquired	Acquirer Country	Target Country	Value (USD m)	Notes
Jan-08	Saudi Telecom Co	Oger Telecom Ltd	Saudi Arabia	UAE	2560	Acquired 35% stake
	Castle Support Services Plc	Intersel Fze	Great Britain	UAE	3	Acquired 50% stake
	Rasmala Investments	Capital Industries & Investment	UAE	UAE	N/A	Acquired 51% stake
	Manpower Inc	Clarendon Parker Middle East	US	UAE	N/A	
	Arabtec Holding Co	Gulf Steel Industries Fzc	UAE	UAE	N/A	Acquired 55% stake
	Amwal Al Khaleej Investment	Dubai Contracting Co	Saudi Arabia	UAE	N/A	Acquired 49% stake
Feb-08	Shuaa Capital	Orion Holding Overseas	UAE	UAE	53	Acquired 20% stake
	Cyril Sweett Group Plc	Jones Sweett International L	Great Britain	UAE	0.21	Acquired 50% stake
	Dubai Investment Group Llc	Al Fajer Retakaful Insurance	UAE	Kuwait	N/A	Acquired 51% stake
Mar-08	Barloworld Ltd	Swift Freight International	South Africa	UAE	70	
	Hyder Consulting Plc	Holford & Associates	Great Britain	UAE	18	
	Saffar	John Charcol Dubai	UAE	UAE	N/A	Acquired 60% stake
Apr-08	Nitin Fire Protection Inds	New Age Co Llc	India	UAE	N/A	Acquired 40% stake
	Mawarid Finance	Al Jazeera Financial Service	UAE	UAE	N/A	
	Asian Star Co Limited	Inter Gems Dmcc	India	UAE	N/A	Acquired entire stake
	Dubai Group	GBD Investments	UAE	Malaysia	50	Acquired 30% stake
	Dimension Data	Digital Processing Systems	Great Britain	UAE	N/A	Acquired 51% stake
May-08	Depa Limited	Jordan Wood Industries Company	UAE	Jordan	8	Acquired 22% stake
	Saudi Research And Marketing	University Bookshop	Saudi Arabia	UAE	20	Acquired 51% stake
	Sorouh Real Estate Company	Pivot Engineering & General	UAE	UAE	N/A	Acquired 60% stake
	Al Khaznah Insurance Co	Sanad Insurance & Reinsurance	UAE	Saudi Arabia	N/A	Acquired 15% stake
Jun-08	Baka Holding Ltd	Apex Fx Trading	UAE	UAE	62	Acquired 20% stake
Jul-08	Arcelormittal	Dubai Steel Trading Llc	Luxembourg	UAE	N/A	Acquired 60% stake
	Gulf General Investment Co	Quality International Co Ltd	UAE	UAE	N/A	
Aug-08	Multiple Acquirers	Dubai Mercantile Exchange	International	UAE	N/A	Acquired 20% stake
	Al-Futtaim Group	Futech Software Solutions	Saudi Arabia	UAE	N/A	
	Dubai Holding	Commercial International Bank	UAE	Egypt	109	Acquired 5% stake
	National Bank of Abu Dhabi	Al Salem Brokerage Co	UAE	Egypt	N/A	Acquired 70% stake
Sep-08	Masdar	WinWinD Oy	UAE	Finland	177	Acquired 40% stake

Source: Zawya and other news sources

Appendix 4: New Funds, Issuances and Initiatives

Month	Company	Initiative	Amount (USD Mn)
Jan-08	Pharma World Holdings	Establishing a distribution and warehousing hub in Dubai	
	Snasco	Plans to enter the Jordanian property market	
Feb-08	Methaq Takaful Insurance Company	Offered 82.5 million shares for public subscription representing 55% of total shares of AED 150 m	23
	Ethihad Airways	Opened a new sales office in Kuwait City	
	Abu Dhabi Ports Company (ADPC)	Signed a one-year revolving credit facility with HSBC	125
	Quality Energy Petro Holding	Plans to build a 500,000 barrels-per-day refinery in the UAE	12800
	Ajman Bank	IPO launched for 55% of total bank's shares, with remaining 45% equity participation from the Government of Ajman and institutional investors	153
Mar-08	Dubai International Capital Investments (RMMI)	Plans to launch a private equity fund dedicated to Saudi Arabia	500
	Ras Al Khaimah Minerals & Metals Corporation	Plans to invest in Congo to mine and process copper and cobalt	250
	Emirates Central Cooling Systems Corporation	Plans to invest in building new plants	327
	Dubai Water & Electricity Authority	Raising capital through loans and bonds in the coming four years	19100
	Jafza International	Opened its North American headquarters	
	Snasco	Opened its offices in Hidra- Algeriato to enter the Algerian real estate market	
Apr-08	Nakheel Retail	Plans to build five more shopping malls in Dubai within five years	3000
	Jumbo Electronics	Opened four new stores in the UAE	
	Dubai Investments	Rights issue which increased its capital by 100%	234
	National Bank of Umm Al Qaiwain	Rights issue which increased its capital by 50%	225
May-08	HSBC Holdings	Five-year conventional dirham bonds sale	613
	Axis Bank	Opened its first representative office in Dubai in the UAE	
	Emirates Central Cooling Systems Corporation	Secured credit facility from a consortium of banks and financial institutions	225
Jun-08	Damas International	Listed with an IPO aimed to fund expansion	271
	Green Crescent Insurance Company	IPO of 55% of the company's stake with founders retaining 45% stake	38
	Dar Al Takaful	Listed with an IPO for 55% of company's capital	15
Jul-08	Dresdner Bank	Expanded its presence in the Middle East region by establishing a subsidiary in Dubai	
	Drake and Scull International Dubai	Listed with an IPO of 55% of the company's capital	333
	Majid Al Futtaim Group	Signed a four-year syndicated loan through Calyon	1000
	Enoc Supply and Trading LLC	Closed a one-year dual currency syndicated Islamic facility	500
Aug-08	Dubai's Noor Islamic Bank	Plans to set up a new bank in the Maldives	
	Lootah IT Solutions	Plans to set up a development and operations center in India	
	Al Yah Satellite Communications Company PrJsc	Secured commitments to finance the hybrid satellite communications system	1200
Sep-08	Dubai Holding	Signed a three-year syndicated bullet term loan	1160
	Algebra Capital and Elaf Bank	Launched an Islamic-compliant fund - Sukuk	100
	Investment Corporation of Dubai	Launched a syndicated loan facility	6000
	Bin Omeir Holding	Plans to build a sugar refinery in Sudan	300
	Dubai Electricity and Water Authority	Plans three power generation stations and electricity transference lines	577

Source: Zawya and other news sources

Appendix 5: IPO listing and since floatation gains

Issuer	Exchange	Listing date	Oversubscription	1st day (a)	Since floatation (b)	Benchmark since floatation	% change since 1st day (b-a)
Dar Al Takaful	Dubai FM	04 Aug 08	89.6 x	438%	145%	-43%	-292%
Takaful Al Emarat - Insurance	Dubai FM	20 Jul 08	51 x	377%	143%	-41%	-234%
Damas International	DIFX	08 Jul 08	1 x	5%	-12%	-	-17%
Ajman Bank	Dubai FM	22 Jun 08	85 x	288%	68%	-45%	-221%
Methaq Takaful Insurance Co	Abu Dhabi SE	11 May 08	43.6 x	137%	519%	-37%	383%
Depa	DIFX	23 Apr 08	3 x	-1%	-49%	-	-48%

Appendix 6: Economic Indicators

UAE: Economic Indicators										
	Unit	2002	2003	2004	2005	2006	2007f	2008f - Nov 07	2008f - Sep 08	% Deviation From Nov 07
Real GDP	AED Bn	269.3	301.3	330.5	357.6	391.2	415.2	458.4	445.0	-3%
% change		2.6	11.9%	9.7%	8.2%	9.4%	6.1%	10.4%	7.2%	
Real GDP	USD Bn	73.3	82.0	90.0	97.4	106.5	113.1	124.8	121.2	-3%
% change		2.6%	11.9%	9.7%	8.2%	9.4%	6.1%	10.4%	7.2%	
Nominal GDP	USD Bn	75.0	88.0	112.0	135.3	164.0	200.5	218.05	272.7	25%
		9.7%	17.4%	27.2%	20.8%	21.3%	22.2%	8.8%	36.0%	
Hydrocarbon real GDP	AED Bn	80.1	91.0	93.6	95.1	101.3	100.1	102.8	104.4	2%
% change		-7.6	13.6	2.9	1.6	6.5	-1.2	2.7%	4.3%	
Hydrocarbon real GDP	USD Bn	21.8	24.8	25.5	25.9	27.6	27.3	28.0	28.4	2%
% change		-7.6%	13.6%	2.9%	1.6%	6.5%	-1.2%	2.7%	4.3%	
Non-hydrocarbon real GDP	AED Bn	189.2	210.3	236.9	262.5	289.9	315.1	355.6	340.6	-4%
% change		7.7	11.2%	12.6	10.8	10.4	8.7	12.8%	8.1%	
Non-hydrocarbon real GDP	USD Bn	51.5	57.3	64.5	71.5	78.9	85.8	96.8	92.8	-4%
% change		7.7%	11.2%	12.6%	10.8%	10.4%	8.7%	12.8%	8.1%	
Oil prod ⁿ ('000 bpd, avg)		1930	2260	2330	2440	2520	2490	2630	2597	-1%
Central government balance	AED Bn	-7.06	8.08	38.97	101.52	163.9	196.4	190.4	304.7	60%
Central government revenue ²	AED Bn	79.5	99.7	135.3	206.0	293.7	345.5	345.8	487.3	41%
%change		13.7%	25.3%	35.7%	52.2%	42.6%	17.6%	0.1%	41.0%	
Central government spend	AED Bn	86.6	91.6	96.3	104.4	129.9	149.1	155.48	182.6	17.4%
%change		-9%	5.8%	5.1%	8.4%	24.4%	14.8%	4.3%	22.4%	
Central government surplus	AED Bn	-7.1	8.1	39.0	101.5	163.9	196.4	190.4	304.7	60%
%of revenues		-9%	8%	29%	49%	56%	57%	55%	63%	
Net foreign assets	AED Bn	138.5	136.6	152.0	166.9	155.7	160.3			
Domestic credit	AED Bn	124.0	152.5	193.7	283.2	399.5	570.0			
Broad money	AED Bn	173.6	200.6	248.4	324.1	399.3	565.7			
%change		11.0%	15.5%	23.8%	30.5%	23.2%	41.7%			
Consumer prices % change		2.9	3.1	5.0	6.2	9.3	11.1	10.0	14.8	
Merchandise exports	USD Bn	52.5	67.2	90.2	117.2	145.7	181.0	176.02	237.2	35%
Merchandise imports	USD Bn	37.5	45.8	63.4	74.5	88.1	116.6	106.18	136.3	28%
Population (million)		3.35	3.55	3.76	3.98	4.23	4.49	4.75	4.73	
%change		4.0%	6.0%	5.9%	5.9%	6.3%	6.1%	5.8%	5.5%	
Per capita GDP	USD	22392	24798	29777	33983	38781	44673	45917	57602	25%
UAE export crude (\$/bbl, average)	USD	24.8	28.1	36.6	53.8	63.5	70.4	73.58	108.1	47%

Source: IIF

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