



**Equity investment analysis
On the U.A.E. stock markets**

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Market Statistics

DFM top 5 traded by value on:

7-Feb-10

Stock	Value (mln)	Close (AED)	Prior (AED)	Ch (%)	Mkt Cap (US\$ mln)
EMAAR	92.9	3.20	3.31	-3.32	5,308
DFM	33.8	1.60	1.64	-2.44	3,485
ARTC	22.5	2.23	2.29	-2.62	726
AIRARABIA	15.2	0.93	0.94	-1.06	1,182
DIB	7.6	2.14	2.18	-1.83	2,108

Source: DFM, Bloomberg

ADX top 5 traded by value on:

7-Feb-10

Stock	Value (mln)	Close (AED)	Prior (AED)	Ch (%)	Mkt Cap (US\$ mln)
ALDAR	30.3	3.94	4.10	-3.90	2,766
SOROUH	15.5	2.33	2.40	-2.92	1,586
FGB	6.5	15.90	16.05	-0.93	5,953
RAKPROP	4.7	0.54	0.56	-3.57	294
DANA	4.1	0.89	0.90	-1.11	1,454

Source: ADX, Bloomberg

NASDAQ Dubai top traded by value on:

7-Feb-10

Stock	Value (‘000)	Close (AED)	Prior (AED)	Ch (%)	Mkt Cap (US\$ mln)
DPW	459.9	0.470	0.481	-2.29	7,802

Source: Bloomberg

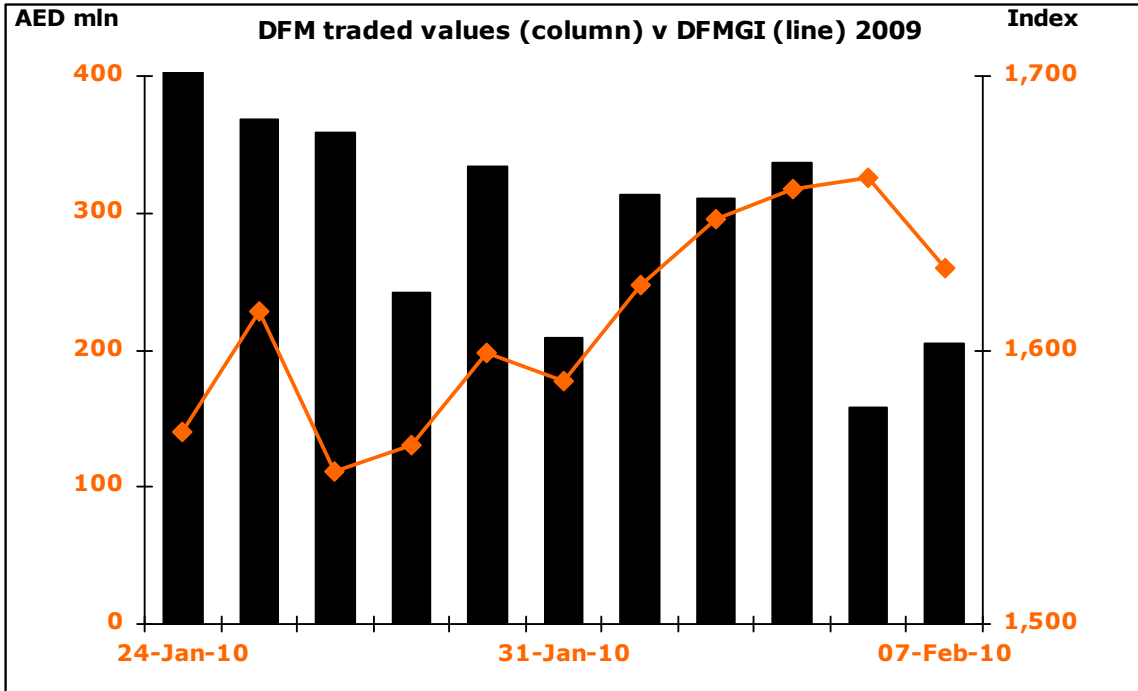
Inside this issue:

- **UAE Market Update**
- **Corporate News**
- **Directors’ Dealings**
- **Regional Market Update**

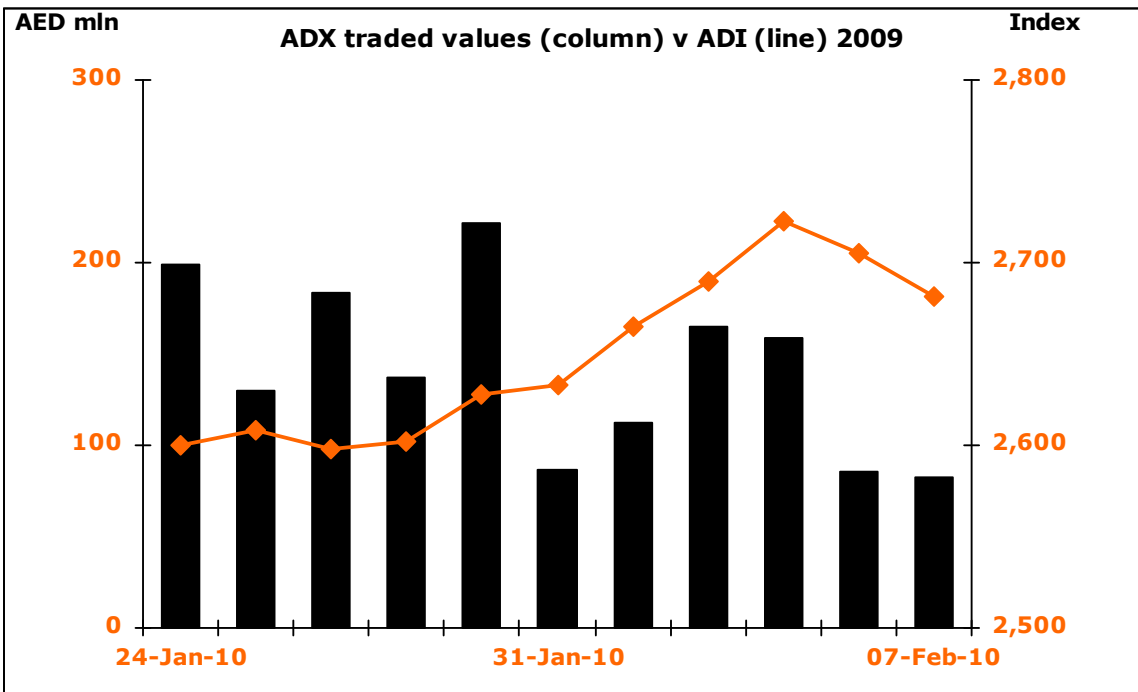
- **Arabtec says merger with Aabar on track:** Dubai contractor Arabtec's proposed merger with Aabar Investments is still on track with a possible deal closure in March and the firm expects to post better profits in the fourth-quarter, its CFO said.
- **RAK Properties full-year profit drops 55% to US\$ 46m:** RAK Properties PJSC, the developer that built Ras Al Khaimah's first man-made islands, said full-year profit dropped 55% to AED 170m (US\$ 46m) a year earlier, according to a company statement to the Abu Dhabi bourse.
- **RAK Bank full-year profit increases 14% to US\$ 198m:** RAKBANK has reported a net profit of AED 726.15m for 2009 reflecting a 14.2% growth in profits compared to the previous year.

UAE Market Update

The DFMGI declined 33 points to close at 1,630. The total traded value increased 30.2% to AED 205m.



The ADI declined 24 points to close at 2,681. The total traded value decreased 3.4% to AED 82m.



Total value traded on the NASDAQ Dubai exchange was US\$ 0.46m. DP World is the largest company on the NASDAQ Dubai and comprises the majority of volumes traded.

Corporate News

Arabtec says merger with Aabar on track

Dubai contractor Arabtec's proposed merger with Aabar Investments is still on track with a possible deal closure in March and the firm expects to post better profits in the fourth-quarter, its CFO said. Shares of Arabtec have been pressured recently by sustained speculation that the deal may not go through. Chief Financial Officer Ziad Makhzoumi said that there is no reason for the deal not to go ahead.

RAK Properties full-year profit drops 55% to US\$ 46m

RAK Properties PJSC, the developer that built Ras Al Khaimah's first man-made islands, said full-year profit dropped 55% to AED 170m (US\$ 46m) a year earlier, according to a company statement to the Abu Dhabi bourse.

RAK Bank full-year profit increases 14% to US\$ 198m

RAKBANK has reported a net profit of AED 726.15m for 2009 reflecting a 14.2% growth in profits compared to the previous year. The Bank achieved this strong level of growth despite adverse market conditions with the Personal Banking portfolio growing in line with the Bank's targeted expansion. Graham Honeybill, General Manager, said that the operating environment in 2009 was probably the most difficult the Bank has ever faced. Liquidity issues which materialised at the end of 2008 continued into the early part of 2009 and there was a significant increase in delinquencies in the retail segment. Despite these considerable challenges the Bank continued to seek good business in line with its strategy and the results reflect the success of this effort.

The Bank's net interest income during the year increased by 37% compared to the previous year to reach AED 1.23b. Loans and advances stood at AED 13.43b, an increase of 23% over 2008. With the growth in business increases were seen in other operating income which at AED 495m was up 8% on the previous year. The Bank's capital adequacy ratio at the end of the year stood at 14.2% composed entirely of Tier 1 capital against the current minimum of 11% Tier 1 capital prescribed by the Central Bank of the U.A.E. The Bank has converted the liquidity support loans given by the Ministry of Finance in 2008 into 7 year loans. Because of the term of these loans they are eligible for Tier 2 status. If that finance is also taken into account then the Bank's overall capital adequacy ratio rises to 18.8% a figure which will be further enhanced on approval by the shareholders of the proposed dividend. Total assets were AED 17.1b, a 23% increase from year end 2008. Growth in assets was mainly due to increases in loans and advances in the retail segment in line with the Bank's strategy. RAKBANK's investment portfolio stood at AED 398.33m at the end of 2009 against AED 645.07m at the end of last year. The decline was due to the maturity of investments. The Bank has indicated that it intends to hold all bond investments to maturity with no loss expected on any of its investments. Growth in the Bank's asset book has been supported by a combination of increases in customer deposits and shareholders equity. Customer deposits increased by AED 3.2b over the 12 month period due to a combination of term and transaction deposits. During the year a AED 360m tranche of the medium term note programme matured and the Bank took advantage of favourable prices to redeem a further US\$ 59m of this programme which at the end of the year stood at US\$ 291m. The share capital of the Bank increased to AED 962m from AED 740m. Total shareholders equity increased to AED 2797m at the end of the year.

UAE inflation hits nine-year low

United Arab Emirates inflation hit a nine-year low of 1.5% in 2009, in line with forecasts, as prices returned to a downward path in December due to a fall in a household category, preliminary data showed. The global financial crisis ended an oil- and real estate-fuelled boom in the Gulf region, depressing consumer prices from 2008 record peaks, with some countries such as the UAE experiencing temporary deflation in 2009.

The UAE's consumer prices fell 0.4% on an annual basis in December, after an increase of 0.17% in November, data from the National Bureau of Statistics showed.

Aldar launches partnership programme

Aldar Properties, Abu Dhabi's property development, management and investment company, today launched the ALDAR Partnership Programme, a strategic initiative designed to integrate exclusively selected, well-established partners across the breadth of the firm's development assets. The programme will strategically and commercially align ALDAR with reputable regional and international companies to build mutually beneficial long-term partnerships. IMG, the globally recognised marketing consulting firm, was engaged to research, conceptualize and bring to market these exclusive partnership packages.

Office rentals remain subdued in January due to new supplies

Office rental prices in Dubai remain subdued with a slight fall witnessed in some areas in January, according to the latest figures released by Better Homes. Many areas in the city saw a drop of five to 10% with rents falling most (by 20%) at Sheikh Zayed Road. There are three main reasons behind this drop, said Porush Jhunjhunwala, Head, Commercial Leasing at Better Homes. The reason [for the drop in rents] is that property owners who were holding the prices all this while and could not achieve the desired prices are being realistic and releasing their stocks. Secondly, tenants are still holding on to their decision, thus delaying their requirement to move on and lastly, we have seen more existing companies giving away additional space and new supply coming in these locations; he told Emirates Business.

Warid stake not for sale

Warid Telecom, the Pakistani telecommunications operator owned by the Abu Dhabi Group, has denied that it is in talks to sell a stake in the company to rival firms. According to Bashir Tahir, the chief executive of the Abu Dhabi Group, Warid Telecom Pakistan is not being sold off [but] rather is on course with its expansion plans.

Directors' Dealings

There are many reasons why a director will sell shares (eg. to buy a new car, a new house, etc.). However, a director who buys shares is doing so because he believes in the company and that the share price is cheap

Directors' dealings:

DFM directors' dealings yesterday

There were no directors' dealings on DFM yesterday

ADX directors' dealings yesterday

There were no directors' dealings on ADX yesterday

NASDAQ Dubai directors' dealings yesterday

There were no directors' dealings on NASDAQ Dubai yesterday

Company Share buy-backs:

DFM Company Share buy-backs yesterday

There were no share buy-backs on DFM yesterday

ADX Company Share buy-backs yesterday

Buy-Back FGB (First Gulf Bank) 150,000 shares at price of 15.90-16.00, estimated average value AED 2,392,500.

NASDAQ Dubai Company Share buy-backs yesterday

There were no share buy-backs on NASDAQ Dubai yesterday

Outstanding Company Share buy-backs:

DFM outstanding Company Share buy-backs

Aramex (ARMX)

Drake and Scull International (DSI)

ADX outstanding Company Share buy-backs

First Gulf Bank (FGB)

AD National Energy (TAQA)

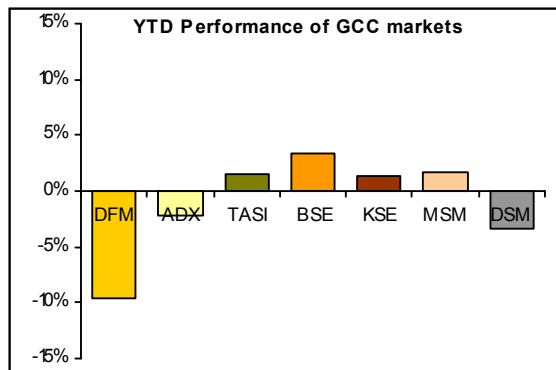
National Bank of Abu Dhabi (NBAD)

Regional Market Update

GCC - MARKET SNAPSHOT

Source: Bloomberg, Gulfbase

Index	Close	Daily	WTD	MTD	YTD
UAE (DFM)	1630.8	-1.9%	2.6%	2.6%	-9.6%
UAE (ADX)	2681.7	-0.9%	1.8%	1.8%	-2.3%
SAUDI (TASI)	6216.2	0.0%	-0.6%	-0.6%	1.5%
BAHRAIN (BSE)	1507.2	1.2%	2.0%	2.0%	3.4%
KUWAIT (KSE)	7102.1	0.5%	1.1%	1.1%	1.4%
OMAN (MSM)	6473.0	-0.9%	-0.9%	-0.9%	1.6%
QATAR (DSM)	6728.9	1.4%	2.6%	2.6%	-3.3%



MAJOR GAINERS AND LOSERS

Kuwait Stock Exchange

Stock	Close (KWD)	Ch (%)	Stock	Close (KWD)	Ch (%)
COAST	128.00	8.47	MADAR	61.00	-7.57
UPAC	330.00	8.19	SHOP	122.00	-6.15
NINV	335.00	8.06	GINS	425.00	-4.49
KSHC	83.00	6.41	FIRSTDUBAI	46.00	-4.16
ALMAL	85.00	6.25	KBT	52.00	-3.70

Bahrain Stock Exchange

Stock	Close (QAR)	Ch (%)	Stock	Close (QAR)	Ch (%)
AUB*	0.60	7.14	BTC	0.35	-1.70
INOVEST*	0.56	0.90	BBK	0.42	-1.40
NBB	0.61	0.82			
BATELCO	0.61	0.82			

* Prices in US\$

Muscat Securities Market

Stock	Close (QAR)	Ch (%)	Stock	Close (QAR)	Ch (%)
KPCS	1.75	9.25	DCFI	0.22	-5.21
SFMI	0.70	2.18	UECS	0.95	-3.93
			BKDB	0.78	-2.37
			BKMB	0.95	-2.37

Doha Securities Market

Stock	Close (QAR)	Ch (%)	Stock	Close (QAR)	Ch (%)
QIMD	43.50	3.57	FFCK	22.20	-2.63
QATI	60.00	2.56	IQCD	107.80	-2.61
QMLS	18.10	2.25	MARK	12.00	-2.43
ZHCD	61.50	2.15	GHCD	13.40	-2.18
DBIS	14.40	2.12	AHCS	28.20	-1.74

Tadawul Stock Exchange

Stock	Close (SAR)	Ch (%)	Stock	Close (SAR)	Ch (%)
UCA	40.00	6.95	TRADEUNION	25.00	-3.10
AXA	31.20	2.63	SAICO	65.50	-2.96
AADC	10.85	2.35	GUCIC	29.30	-2.33
SCERCO	121.00	1.89	SFICO	53.50	-1.38
YNCCO	49.40	1.85	ALOTHAIM	53.50	-1.38

MAC Capital UAE Equity Matrix 8 Feb '10
Recommendations, target price and key financials

Industrials & Services	Air Arabia	DP World (USD)	Dana Gas*	Etisalat	Aramex	Gulf NAV*	China Security (USD)	DFM	DU*	AGTHIA*
Sector	Transport	Infrastructure	Oil & Gas	Teleco	Logistics	Shipping	Services	Financial	Teleco	Consumer
Exchange	DFM	Nasdaq Dubai	ADX	ADX	DFM	DFM	Nasdaq Dubai	DFM	DFM	ADX
Recommendation	Overweight	Overweight	Overweight	Overweight	Overweight	Overweight	Overweight	Overweight	Overweight	Overweight
Last Price	0.93	0.47	0.89	11.05	1.68	0.57	7.15	1.6	2.98	1.81
Price Target	1.33	0.55	1.22	14.39	2.52	0.97	8.68	2.22	NR	NR
Expected return	43.0%	17.0%	37.1%	30.2%	50.0%	NR	21.4%	38.8%	NR	NR
Market Cap AEDm	4340.0	7802.0	5340.0	79420.8	2200.8	943.4	322.0	12713.2	11920.0	1086.0
P/E '08	8.5	13.6	44.5	9.1	19.5	6.3	9.9	20	298.0	15.1
P/E '09e	10.3	26.1	19.3	9.4	12.9	40.7	6.1	32.0	35.5	8.6
Price/BV 1H09	0.8	1.1	0.7	2.1	1.4	1.0	1.1	1.0	4.6	1.2
08 Div Yield	10.8%	1.4%	0.0%	3.2%	0.0%	14.0%	0.0%	5.0%	0.0%	0.0%
FY08 NPAT AEDm	509.7	620.8	120.0	8166.4	147.3	148.2	32.6	605.0	4.18	72.2
1H09 NPAT AEDm	193.04	TBA	360.00	4592.0	93.1	10.2	2.0	68.2	81.02	75.88
1H09 NPAT %	20.7%	TBA	510.0%	-10.2%	24.6%	-89.0%	-71.0%	-71.0%	100%	90%

* Bloomberg consensus numbers, NR; not rated, ND; Not disclosed. All figures in AED unless specified.

Property	Aldar	Sorouh*	Arabtec	Emaar*	Union Prop*	RAK Prop*	Drake & Scull*	Tabreed
Sector	Development	Development	Construction	Development	Development	Development	Contractor	District Cooling
Exchange	ADX	ADX	DFM	DFM	DFM	ADX	DFM	DFM
Recommendation	Overweight	Underweight	Overweight	Equalweight	Speculative	Speculative	Not-rated	Equalweight
Last Price	3.94	2.33	2.23	3.2	0.53	0.54	0.86	0.69
Price Target	5.71	NR	3.67	NR	NR	NR	NR	1.08
Expected return	44.9%	NR	64.6%	NA	NR	NR	NR	76.8%
Market Cap AEDm	10156.9	5825.0	2667.1	19492.0	1619.6	1080.0	1872.9	837.2
P/E '08	3.8	3.1	2.8	6.4	1.8	2.8	NA	17.3
P/E '09e	4.5	6.2	3.7	11.9	1.4	5.1	7.7	17.3
Price/BV 1H09	0.6	1.0	1.1	0.7	0.3	0.3	0.8	0.3
08 Div Yield	3.2%	5.2%	0.0%	0.0%	0.0%	13.9%	NA	0.0%
FY08 NPAT AEDm	3446.7	1784.0	958.0	3080.5	763.1	288.2	NA	73.0
1H09 NPAT AEDm	1142.6	130.4	161.2	680.4	30.0	70.0	222.06	47.4
1H09 NPAT %	-56.0%	-64.0%	-30.3%	-78.4%	-87.0%	-38.9%	NA	-4.0%

Banks	NBAD*	FGB	DIB*	UNB*	ADCB*
Exchange	ADX	ADX	DFM	ADX	ADX
Recommendation	Overweight	Overweight	Equalweight/Speculative	Overweight	Speculative
Last Price	11.80	15.90	2.14	2.97	1.69
Cap (AEDm)	25656.7	21862.5	7741.9	6125.6	8128.9
Net Interest Income AEDm 1H09	2162.4	1832.9	1704.9	773.4	1594.6
net Non-Interest Income AEDm 1H09	510.5	787.2	967	242.6	730.7
1H09 Provisions & Impairment AEDm	500	555.1	239	113.718	890.1
1H09 NPAT AEDm	1677	775.2	823.2	575.3	656.7
1H09 NPAT %	-11%	3%	-36%	-25%	-43%
P/E '08	8.8	7.3	4.5	5.0	5.6
P/E '09e	9.0	7.1	6.0	6.5	6.0
Price/BV 1H09	1.3	1.11	0.87	0.61	0.40
Gross Loans AEDm	124,000	97,081	72,045	49,529	132,315
Deposits AEDm	112,000	93,482	78,971	51,155	111,562
Loans/Deposits ratio %	112.6%	103.8%	91%	96.8%	118.6%
Cost to Income Ratio %	28.2%	22.0%	24.30%	29.7%	37.2%
NPL % of Gross Loans	1.20%	1.30%	ND	0.70%	1.40%
Coverage Ratio %	140	130	ND	183	162
Net Interest Margin %	2.5	3.4	3.3	2.5	2.4
Capital Adequacy Ratio %	17.9%	18.6%	12.2%	15.2%	19.3%

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Rating Ratio MAC IQ10

Rating breakdown	A	B	C
Overweight	87%	87%	7%
Equal weight	13%	13%	0%
Underweight	0%	0%	0%
Not Rated/Under Review/Accept Offer	0%	0%	93%
Total	100%	100%	100%

Source: MAC

A: % of all research recommendations

B: % of research recommendations for this sector

C: % of issuers to which Investment Banking Services are supplied

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