MENA Stimulus: The Great Cash Escape

- **What were the reasons behind fiscal stimulus measures?**
- **What was the effect of the Arab spring on MENA?**
- **What was the stimulus spending by MENA targeted at?**
- **What was the size of the stimulus measures in MENA?**
- **Were the objectives of fiscal stimulus met?**
- **What were the undesirable consequences of fiscal stimulus?**
- **What was the effect of fiscal stimulus in the US, China and Europe?**
- **Which sectors would be the major beneficiaries of stimulus measures in MENA?**

EXECUTIVE SUMMARY

The MENA region exhibited strong growth over most part of the past decade. The region's GDP grew at an average annual rate of more than 5% over 2000–07. The region consistently posted current account and fiscal surpluses, except in 2009, when it registered a fiscal deficit. However, the power-packed performance was hit by the 2008-09 global financial crisis and the recent Arab spring.

The global financial crisis that started in 2008 did not leave MENA untouched. Revenues of oil producers in the region fell as oil prices crashed. Oil importers suffered as foreign investment and tourism took a beating owing to the poor external environment. Exports to and investments from Europe, a major economic partner of MENA-based oil importers, have been affected as Europe's economy was among the worst hit. MENA recorded a fiscal deficit of 2.3% of its GDP in 2009 after posting a string of surpluses. The Arab Spring of 2011 further exacerbated the economic woes in MENA. Libya, Egypt, Yemen, and Tunisia are undergoing a painful political transformation process. With public protests erupting in other parts of the region, MENA's image as an investment destination took a serious beating.

Worldwide, countries resorted to countercyclical fiscal measures in order to prop growth. The MENA region was no exception to this, as its countries raised their expenditure budgets for 2009 and, subsequently, announced several generous economic packages. Saudi Arabia, for instance, announced an USD126.7 billion expenditure budget in 2009, allocating nearly USD46.5 billion toward social projects involving education and healthcare. Later, it came up with a USD400 billion economic package intended to be utilized over 2009–14. These funds are to be used for building infrastructure and generating new employment opportunities. The UAE continued with its expansionary fiscal policy, laying emphasis on infrastructure and social sector development. Kuwait announced a USD5.2 billion economic stimulus package in 2009 to bailout its struggling banks and investment firms. GCC promised Oman and Bahrain an economic aid package of USD10 billion each to be invested in infrastructure, education, and healthcare. Outside GCC, Egypt announced three fiscal stimulus measures between 2008 and 2010 that totaled USD6.2 billion.

These stimulus measures have had many positive consequences. It helped oil-dependent countries to diversify their economies by building non-oil infrastructure such as roads, ports, airports, and power plants. Human resource development took center stage as countries such as Saudi Arabia and UAE allocated around a quarter of their budgets toward social projects. Job opportunities were created as a direct consequence of investment in new infrastructure and social projects. As a result, MENA countries recorded a growth rate of 2.7% in 2009, while advanced economies and those in the European Union contracted by around 4%. MENA is expected to post real GDP growth of 4.2% this year. The region returned to registering fiscal surpluses in 2010 and 2011. The GCC region, in particular, is faring very well. With recovery in oil prices, GCC has been able to register solid fiscal surpluses (IMF projects GCC to post a fiscal surplus of 15.3% of GDP in 2012) despite heavy public spending. In addition, GCC countries have been able to control inflation to levels that are much lower than those of emerging economies. MENA has successfully improved its current account balance and public debt numbers each year, after they deteriorated in 2009.

MENA is smoothly restoring its image as an investment destination. Democratic governments have already been installed in Egypt, Tunisia, and Yemen, while elections have been conducted in Libya. With public protests petering out, there is a semblance of political stability having returned to the region. Foreign investors, who shied away from the region after the Arab Spring, should now find MENA a relatively attractive destination in the present global economic scenario.

Our research indicates that the construction, education, and healthcare sectors would be the biggest gainers of the stimulus measures, primarily due to the strong emphasis laid by MENA governments in their budgets. This report contains the profiles of twelve publicly listed companies within these three sectors, which stand to benefit the most from heavy government spending.

On a side note, the US, China, and Europe make for an interesting case to analyze the economic effects of fiscal stimulus initiatives.

In February 2009, the US Congress approved a USD787 billion stimulus package in the form of the American Recovery and Reinvestment Act, or the ARRA, to fight the global recession. According to various researchers, the stimulus had a positive, statistically significant effect on employment. The stimulus created 2 million jobs in its first year, and 3.2 million by March 2011. It increased real GDP by 3.4% in 2010 and reduced unemployment by 1.5 percentage points. Furthermore, aid to low-income people and infrastructure spending had very positive effects. The multiplier was between 1.96 and 2.31 for low-income spending, 1.85 for infrastructure spending, and between 0.47 and 1.06 for the stimulus overall. The economic stimulus program in the US was tilted toward job creation and unemployment benefits in addition to the common objectives of education, healthcare, and tax cuts.

China implemented a number of policy measures to mitigate the effects of the global financial crisis, including a commitment, announced in November 2008, to spend USD586 billion over 2009-10 to accelerate growth. The stimulus package, coupled with interest rate cuts by the People's Bank of China, yielded positive results. China's GDP growth, which shrank to 6.8% in the final quarter of 2008 and 6.5% in the first quarter of 2009, recovered sharply to 10.7% in the fourth quarter of 2009 and 11.9% in the first quarter of 2010. The economic stimulus program in China focused on low-income housing, infrastructure, agriculture, healthcare, social welfare, and tax deductions for capital spending by companies.

In Europe, the European Central Bank (ECB) issued three-year loans to European banks at 1%. The move was meant to avert a credit crisis that was engulfing the Euro Zone and encourage bank lending activity. Such loans were issued on two occasions, one in December 2011, when around USD625 billion was distributed among 523 banks. ECB felt the need to recapitalize banks in February 2012, when it disbursed USD713 billion among 800 banks. This recapitalization helped banks to repay their immediate debts as well as purchase sovereign bonds of their countries. The liquidity infusion helped lift Spanish and Italian government bonds. However, it is difficult to ascertain the economic effects of fiscal stimulus initiatives on Europe as the region is still struggling.

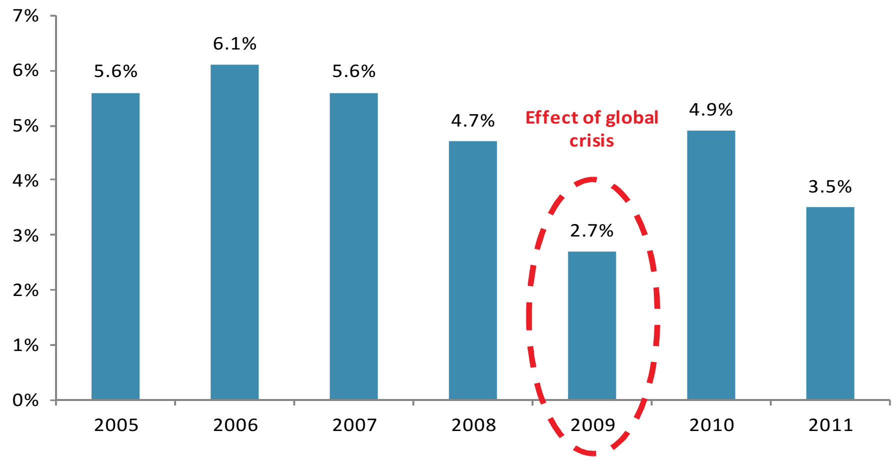
INTRODUCTION

MENA economies have posted strong growth historically

Real GDP in MENA grew at an average rate of over 5% during 2000–07

The MENA region exhibited strong growth over most part of the past decade. Real GDP in MENA grew at an average annual rate of more than 5% over 2000–07. One of the major reasons for this growth has been the high investment levels in the region. Investments in MENA's oil-exporting countries have been driven by their respective governments' capital expenditure, while the oil-importing nations relied on the private sector for investments.

Exhibit 1: Real GDP in MENA – annual growth rate (%)

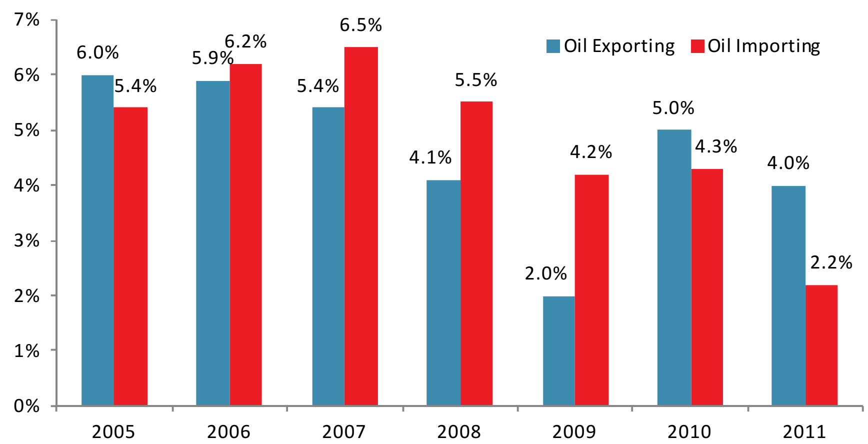


Source: IMF; note: 2011 data exclude South Sudan and Syria

Oil importing nations were better able to deal with the global economic fallout

MENA's oil-importing nations performed better in dealing with the effects of the 2008-09 global economic crisis compared with the oil-exporting nations, primarily because of the crash in oil prices. However, these oil-importing countries were hit by the Arab spring, which slowed growth to 2.2% in 2011.

Exhibit 2: Real GDP in MENA oil-importing and -exporting nations – annual growth rate (%)

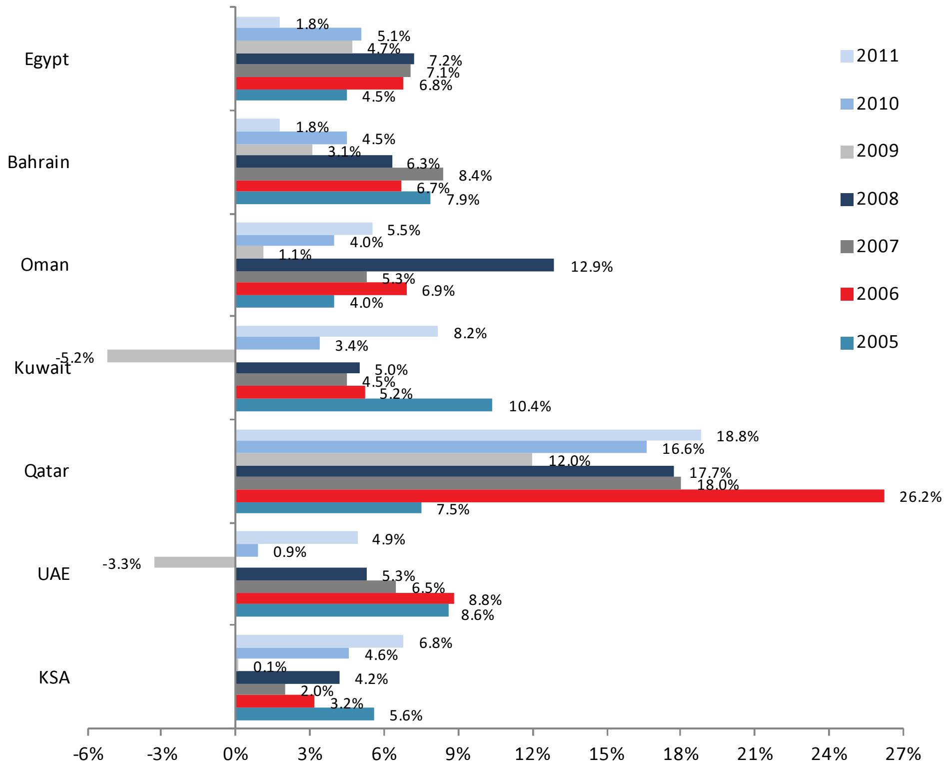


Source: IMF; note: 2011 data exclude South Sudan and Syria

The GCC nations experienced a sudden roadblock to their growth in 2009

The GCC nations experienced a sudden roadblock in growth during 2009; the economies of the UAE and Kuwait contracted. Qatar was the only exception; it grew at well over 10%.

Exhibit 3: Real GDP in select MENA countries – annual growth rate (%)

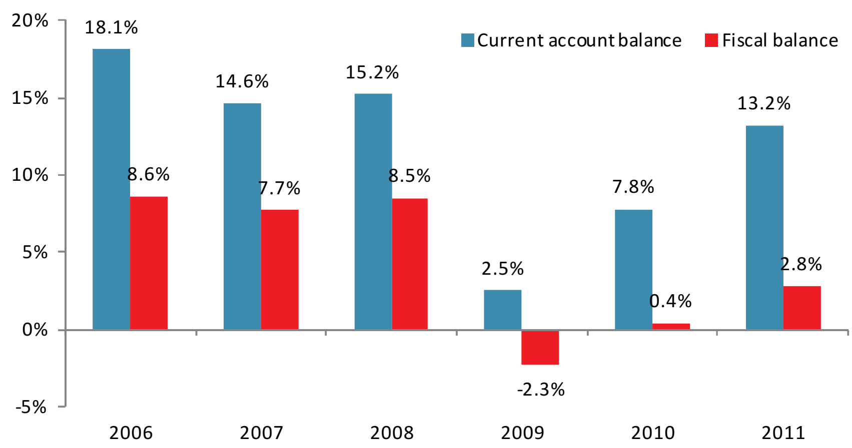


Source: IMF; note: 2011 data exclude South Sudan and Syria

MENA recorded a fiscal deficit of 2.3% of GDP in 2009

The MENA region consistently posted current account and fiscal surpluses over the past decade, with the exception of 2009 when it registered a fiscal deficit.

Exhibit 4: Current account and fiscal balances of MENA (% of GDP)

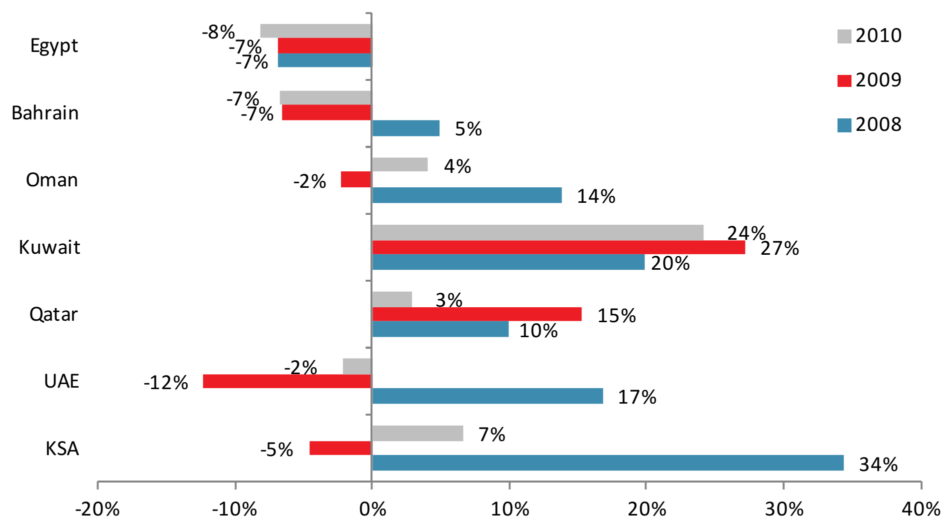


Source: IMF; note: 2011 data exclude South Sudan and Syria, and 2011 fiscal data exclude Libya

The economies of GCC countries posted fiscal deficits in 2009 (Qatar and Kuwait being the exceptions); these countries, until this time, were posting fiscal surpluses owing to oil revenues. However, Qatar and Kuwait had budgeted for a deficit in 2009, and greater-than-forecasted revenues and deferment of expenditure resulted in surpluses. Among the GCC nations, the UAE registered the largest fiscal deficit in 2009 (in terms of % of GDP).

The UAE registered the largest fiscal deficit in 2009 among GCC nations

Exhibit 5: Fiscal balances of select MENA countries (% of GDP)



Source: IMF

MENA not resilient to the global economic crisis

Real GDP growth in MENA decelerated to 2.7% in 2009 from 4.7% in 2008

GDP growth in MENA plunged to 2.7% in 2009, which indicates that its economy is strongly interlinked with the global economy. The fall was primarily caused by the sharp downturn in oil-producing economies in MENA. GDP growth rate of these economies more than halved to 2% in 2009 as oil prices dropped to around USD40 per barrel from 2008's peak of USD144 per barrel. Oil producers registered a fiscal deficit of 1.3% of GDP in 2009 as governments continued public expenditure even as revenues from oil exports fell.

The International Monetary Fund (IMF) projects MENA's economy to expand by 4.2% in 2012, after growth of 3.5% in 2011. Oil-exporting countries in the region are expected to grow at a faster rate of 4.8% led by high oil prices. However, oil importers are forecasted to grow just 2.7% this year due low investment and high prices of oil.

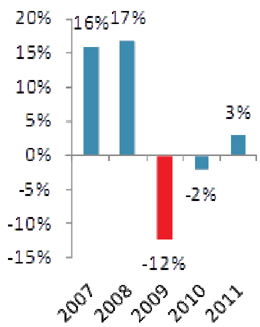
The global economic crisis turned significant surpluses into deficits

Historically low oil prices and heavy public spending led to fiscal deficits even among oil-exporting countries in MENA

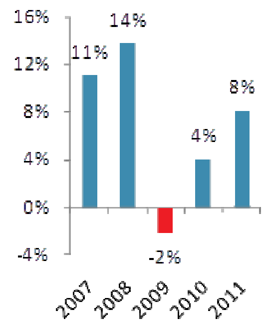
The MENA region reported a fiscal surplus of 8.5% (as a percentage of GDP) in 2008; the surplus was 7.7% in 2007 and averaged 4.1% over 2000–06. However, the string of fiscal surpluses was broken in 2009 as the global financial crisis hurt world economic growth, resulting in a sharp decline in oil prices and higher expenditure in the form of stimulus packages from the governments. In 2009, the fiscal balance of oil-exporting countries, such as Saudi Arabia, the UAE, Oman, Algeria and Bahrain, turned negative.

Exhibit 6: Fiscal balance of Saudi Arabia	Exhibit 7: Fiscal balance of the UAE	Exhibit 8: Fiscal balance of Oman

Source: IMF



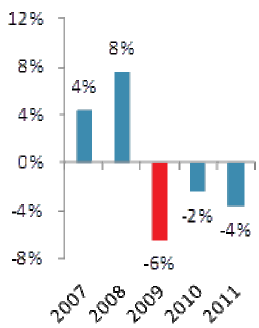
Source: IMF



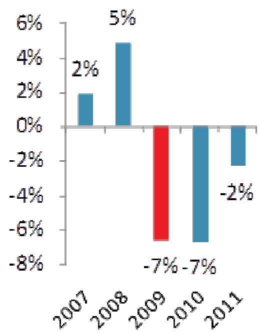
Source: IMF

For oil-importing countries like Jordan and Morocco, the fiscal deficit widened during the year.

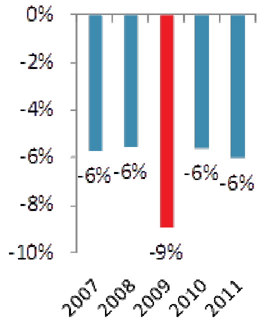
Exhibit 9: Fiscal balance of Algeria	Exhibit 10: Fiscal balance of Bahrain	Exhibit 11: Fiscal balance of Jordan



Source: IMF



Source: IMF



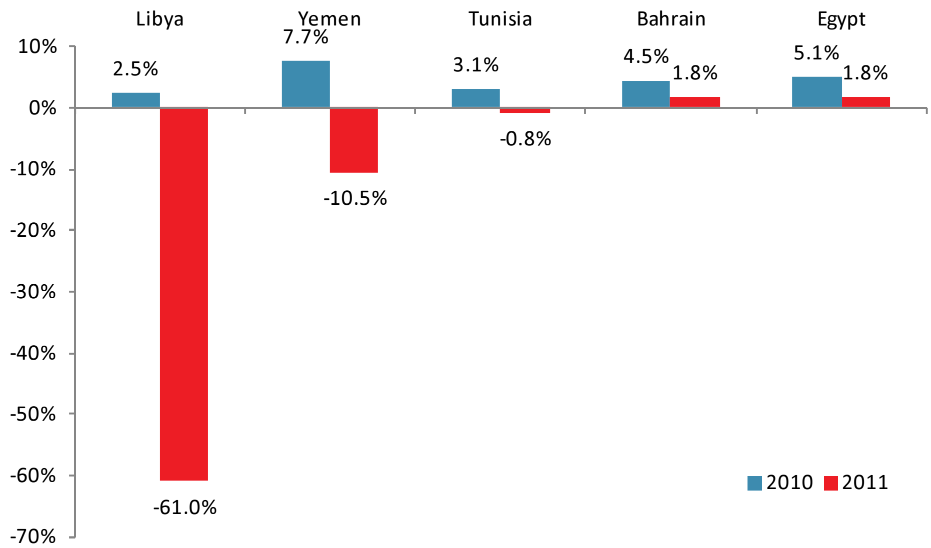
Source: IMF

Onset of Arab spring exacerbated the precarious situation

Libya was most affected by the Arab spring of 2011; its economy contracted 61% during the year

The Arab spring, which irrevocably altered the political landscape in the Middle East, could not have been more ill-timed. Coming on the heels of the global economic slowdown, the Arab spring caused political instability in the affected countries, driving away potential investments. The Arab spring adversely affected the tourism industry in countries such as Egypt, Libya, Syria and Bahrain.

Exhibit 12: Real GDP growth of countries affected by the Arab spring



Source: IMF

Libya and Yemen derive nearly 90% of export revenues by selling oil

The economies of Libya, Yemen and Tunisia contracted in 2011, while Egypt and Bahrain grew by a marginal 1.8%. The civil war torn-Libyan economy contracted by more than half as oil production was massively curtailed. Yemen, which like Libya derives around 90% of its export revenues by selling oil, contracted 10.5%.

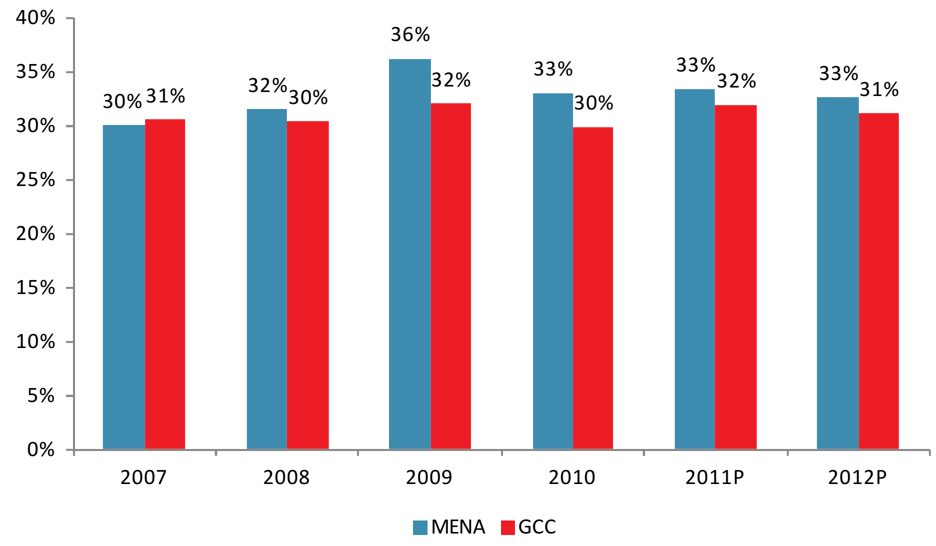
On the other hand, political transformations in the countries affected by the Arab spring could definitely benefit in the long run. Better governance structures are expected to lead to greater transparency and accountability. This would attract private investment in the manufacturing and services sectors, resulting in jobs and income growth.

MENA countries countered the slowdown through fiscal stimulus

MENA countries increased public spending to stave off the global slowdown

The MENA economies have adopted countercyclical measures to fight the economic slowdown. The countries have increased public expenditure with an aim to drive domestic demand and create employment opportunities. They have continued to focus on developing the non-oil sector by spending on massive infrastructure projects. Following the Arab spring, the countries have also started allocating a portion of their budget to the social sector.

Exhibit 13: General government total expenditure and net lending (% of GDP)



Source: IMF; note: 2011 and 2012 figures are projections

In a move to avoid public protests, many MENA countries launched politically motivated fiscal measures in 2011

According to the IMF Regional Economic Outlook, April 2012, the regional governments adopted various fiscal policy measures in the form of cash transfers, salary hikes, free staple food and promises of higher infrastructure spend.

Exhibit 14: Summary of recent fiscal policy measures in select MENA countries

Date	Country	Package contents
Feb 13, 2011	Bahrain	Cash transfers of USD2,660 each to families
Jan 17, 2011	Kuwait	Free staple food to citizens for the next 14 months in addition to cash transfers
Feb 27, 2011	Oman	Employment for 50,000 Omanis and establishment of monthly unemployment benefit of USD390
Mar 18, 2011	Saudi Arabia	Plan to construct 500,000 housing units, and build and expand hospitals; two-month salary bonus to state employees; and 19% increase in minimum public sector wage
Feb 1, 2011	United Arab Emirates	Infrastructure stimulus program focusing on the northern emirates; 70% increase in pensions for military personnel; and state subsidies for rice and bread

Source: IMF

STIMULUS PROGRAMS ADOPTED BY MENA COUNTRIES

Drivers of stimulus measures

Fiscal stimulus was used as a measure to tackle the global slowdown as well as public discontent

Increased public spending by MENA countries over the past three years has been primarily driven by two factors: i) the global economic crisis that hit the region's economic prospects, and ii) the outburst of the Arab spring. The governments have announced stimulus packages to boost consumption, to create employment opportunities and to stave off the global economic downturn. The governments have also used such measures to check the spread of discontent among the citizens demanding political change.

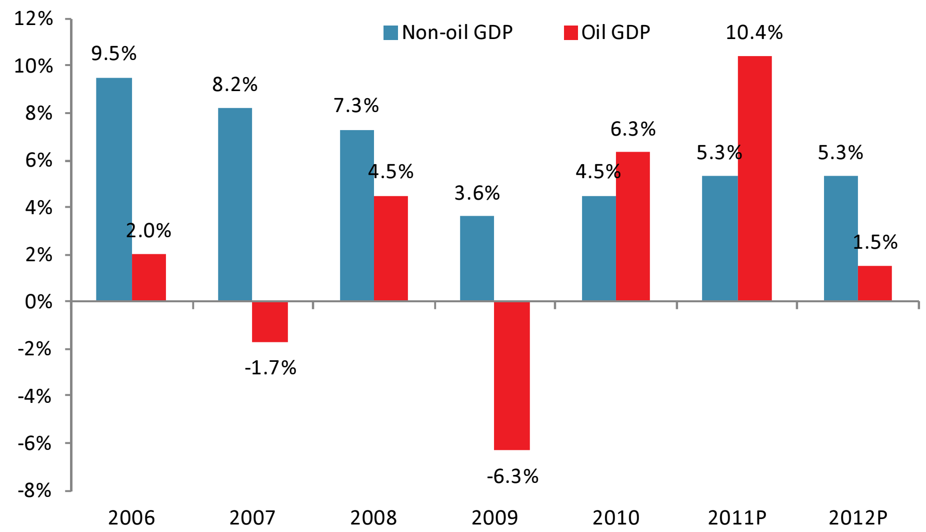
Economic cause – fighting global economic slowdown

Oil importers in MENA rely on private investment, tourism and remittances to fuel the economy

MENA countries can be broadly classified into two groups: the oil exporters and the oil importers. The GDP of oil-exporting countries is mainly derived from oil production and public spending, while the oil-importing economies rely on private investment, tourism and remittances to fuel the economy.

The economic downturn of 2008–09 affected both groups. The decline in oil prices to around USD40 per barrel led to a marked reduction in revenues from oil exports for countries such as Saudi Arabia, Kuwait and the UAE. GCC's real oil GDP contracted 6.3% in 2009 after expanding 4.5% in 2008.

Exhibit 15: Real Oil and Non-oil GDP growth in GCC (annual, %)



Source: IMF; note: 2011 and 2012 figures are projections

The Arab spring, high oil prices, and declining investments and tourism adversely affected oil-importing economies in MENA

On the other hand, the MENA countries that do not depend on oil revenues were not as severely affected by the global economic crisis. The combined real GDP growth of non oil-based economies in MENA decelerated to 4.9% in 2009 from 6.4% in 2008. However, a multitude of factors in 2011 -

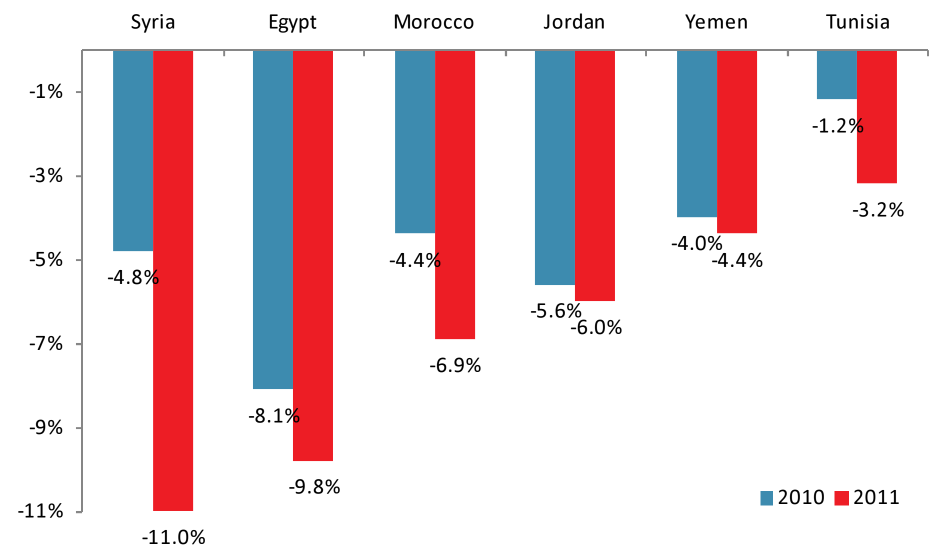
– the Arab spring, high oil prices, and decline in foreign investment and tourism – slowed GDP growth to 2.0%. The IMF projection of 2.2% for 2012 does not offer much respite either.

Political cause – containing public discontent

Governments in Tunisia, Egypt, Libya and Yemen toppled due to strong public protests

The Arab spring, which erupted in Tunisia, spread like a contagion to Egypt, Yemen, Libya, Bahrain and Syria in 2011. Major protests broke out in Algeria, Iraq, Jordan, Kuwait and Morocco. In certain countries like Tunisia, Egypt, Libya and Yemen, the protests were strong enough to topple the governments. The governments in other countries like Jordan, Oman, Bahrain, Kuwait, Morocco and Syria were compelled to make economic and political concessions demanded by the opposition as a measure to check public discontent.

Exhibit 16: Fiscal balance of certain countries affected by the Arab spring (% of GDP)



Source: IMF

Despite its oil-driven prosperity, the MENA region needs to resolve certain structural problems such as over-dependence on oil revenues and high unemployment rates. The governments are trying to address both issues by investing in capital intensive, non-oil sector projects.

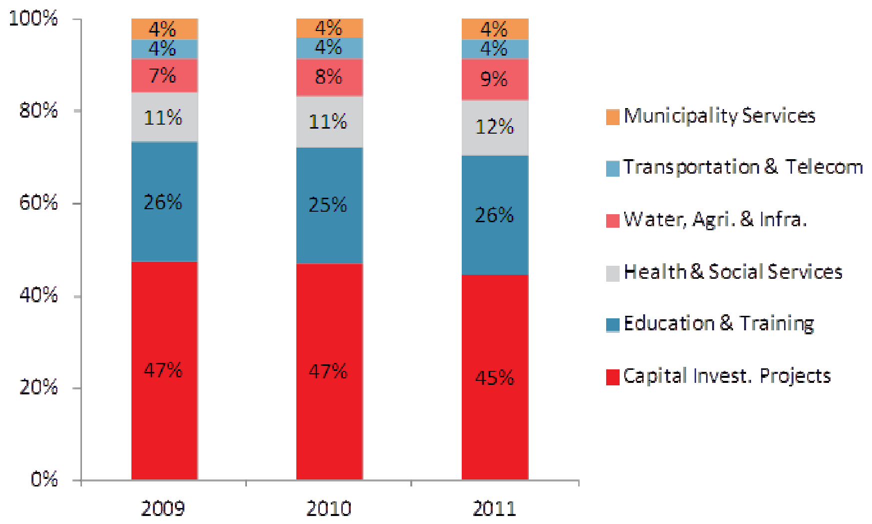
STIMULUS PROGRAMS ADOPTED BY MENA COUNTRIES

Saudi Arabia

Saudi Arabia has employed heavy public spending to diversify the economy

Saudi Arabia has historically maintained heavy public spending to diversify the economy and generate new employment opportunities. However, following the economic crisis of 2008–09 and the Arab spring of 2011, the Kingdom boosted spending to tackle both poor economic conditions and public discontent. It budgeted for deficits in 2009, 2010 and 2011 as it came up with massive expenditure plans.

Exhibit 17: Saudi Arabia's budget allocation over 2009-11



Source: Ministry of Finance, Saudi Arabia

The 2009 budget

Saudi Arabia announced a budget of USD126.7 billion in 2009 to combat the slowdown

Saudi Arabia was among the few countries in the world that were well-prepared to tackle the global economic downturn. Benefiting from rising oil prices during 2003–08, the Kingdom had accumulated large fiscal and current account surpluses. Besides, Saudi Arabia had gathered rich experience in combating recession from the oil price crash of the 1980s.

In 2009, the Saudi Arabian government announced a 15.8% year-on-year increase in its stimulus budget to USD126.7 billion. It projected revenues to decline to USD109.3 billion in 2009 from USD120 billion in 2008, resulting in a fiscal deficit of USD17.3 billion.

Exhibit 18: Highlights of Saudi Arabia's budget 2009

Sector	Amount (USD billion)	Focus Areas
Education & Manpower Development	32.6	Primary and secondary education; King Abdullah project for education development (USD2.4 billion); construction of a new women's university, Princess Norah University and medical city for King Saud University; King Abdullah Scholarship Program; and implementation of the National Plan for Science and Technology (USD2.1 billion)
Health & Social Affairs	13.9	Medical staffing costs; construction of 86 new hospitals with total bed capacity of 11,750; development of Saudi Red Crescent (counterpart to Red Cross); construction of sport clubs, social centers, and social welfare and labor offices; and housing and programs for disable care and poverty reduction
Water, Agriculture & Infrastructure	9.4	Water sewage and desalination projects (USD3.5 billion); funds for industrial cities of Jubail and Yanbu; and other industrial and agricultural projects
Municipal Services	5.3	Construction of storm-water canals, intercity roads, bridges, and traffic lights; and additional funds for sanitary, trash collection and other environment-related projects, including coastal beautification
Transportation & Telecom	5.2	Construction of new roads totaling 5,400 kilometers (3,355 miles) in addition to the 30,000 kilometers (18,641 miles) currently under construction; and development of airports, ports and railways, and implementing new postal services

Source: Ministry of Finance, Saudi Arabia

About a quarter of Saudi Arabia's 2009 budget was allocated for education projects

Almost a quarter of the budget was allocated to education and manpower development with an aim to boost Saudi Arabia's human resource base. Particular emphasis was laid on primary and secondary education. The healthcare and social services segment followed with USD13.9 billion. Funds were allocated for providing housing, building social welfare and labor offices, and reducing poverty.

To boost credit growth, approximately USD10.7 billion was targeted to be disbursed by specialized government credit institutions such as Saudi Industrial Development Fund, Saudi Arabian Agricultural Bank, Public Investment Fund, Government Lending Program, Real Estate Development Fund, and Saudi Credit and Savings Bank.

Multi-year spending package

Saudi Arabia's public spending in 2011 was focused on social projects

In 2008, the Saudi Arabian government announced a stimulus package of USD400 billion spread over five years between 2009 and 2014. The funds would be utilized to develop and upgrade infrastructure in the oil industry as well as to create jobs in the manufacturing, tourism and services sectors.

Under pressure of anticipated public discontent in 2011, the government focused public spending on social projects such as one-time transfers to public sector employees and institutions in the housing and social sectors. Spending in subsequent years would be redirected toward capital projects.

The 2010 Budget

Saudi Arabia raised its budgeted expenditure by 13.7% to USD144 billion in 2010

Saudi Arabia continued its aggressive fiscal stance with its 2010 budget. It anticipated an expenditure of USD144 billion, 13.7% higher than that budgeted for 2009 but 1.8% lower than the actual expenditure in the same year (USD146.7 billion).

Capital investment projects gained a lion's share of this budgeted expenditure (USD69.3 billion or around 48%), clearly highlighting the Saudi Arabian government's focus on investing in infrastructure and economic diversification. Education and training, the second largest beneficiary of this massive budget, was allocated USD36.7 billion or about a quarter of the budget. The construction of 1,200 new schools was planned in addition to the rehabilitation of 2,000 existing schools. Around 11% of the budget, or USD16.3 billion, was allocated to healthcare and social service projects. This amount was earmarked for constructing 92 new hospitals with a capacity of 17,150 beds as well as setting up primary care centers. Saudi Arabia, in order to continue to increase lending activity, set apart USD12.9 billion to be disbursed as loans through its specialized credit institutions.

Exhibit 19: Highlights of Saudi Arabia's 2010 budget

Sector	Amount (USD billion)	Focus Areas
Capital investment projects	69.3	Focus on investing in non-oil sector projects
Education & Training	36.7	To build 1,200 new schools and rehabilitate 2,000 existing ones
Health & Social Services	16.3	Building 92 new hospitals with capacity of 17,150 beds; setting up new primary care centers
Water, Agriculture & Infrastructure	12.3	Improving water and sewage networks, setting up new water sources
Transportation & Telecom	6.4	Construction of new roads, airports, ports, railways and implementing new postal services

Source: Ministry of Finance, Saudi Arabia

The 2011 Budget

Saudi Arabia again raised its budgeted expenditure by 7% to USD154.7 billion in 2011

The 2011 budget was focused on balanced growth and creation of more jobs. Appropriations for the main development and public sectors were larger than that in the previous year, leading to an approximately 7% increase (to reach USD154.7 billion) in the budgeted expenditure.

Education and training projects were once again the focus sectors and accounted for more than 25% of the budget, or USD40 billion. This was an 8% increase over last year's budget. New schools and university buildings were planned. USD2.4 billion was allocated toward the implementation of the King Abdullah Bin Abdulaziz Public Education Development Project through the Education Development Holding Company.

Exhibit 20: Highlights of Saudi Arabia's budget 2011

Sector	Amount (USD billion)	Focus Areas
Capital investment projects	68.3	Financing of new and ongoing projects
Education & Training	40.0	Implement King Abdullah Bin Abdulaziz Public Education Development Project (USD 2.4 billion); build 610 new schools (in addition to 3200 schools already under construction) and rehabilitate 2,000 existing schools
Health & Social Services	18.3	Build 12 new hospitals; setting up new primary care centers; build sport clubs, social welfare centers and labor offices; support poverty reduction programs
Water, Agriculture & Infrastructure	13.5	Improve water and sewage networks, setting up new water sources
Transportation & Telecom	6.7	Construct of new roads totaling 6,600 kilometers, in addition to 30,200 kilometers roads currently under construction; constructing 4 new airports and rebuilding King Abdulaziz international airport, building additional berths and improving power networks in certain ports
Municipality Services	6.5	Construct inter-city roads, bridges, and road lights

Source: Ministry of Finance, Saudi Arabia

The UAE

The UAE budgetary spending was targeted toward key sectors such as infrastructure and public services

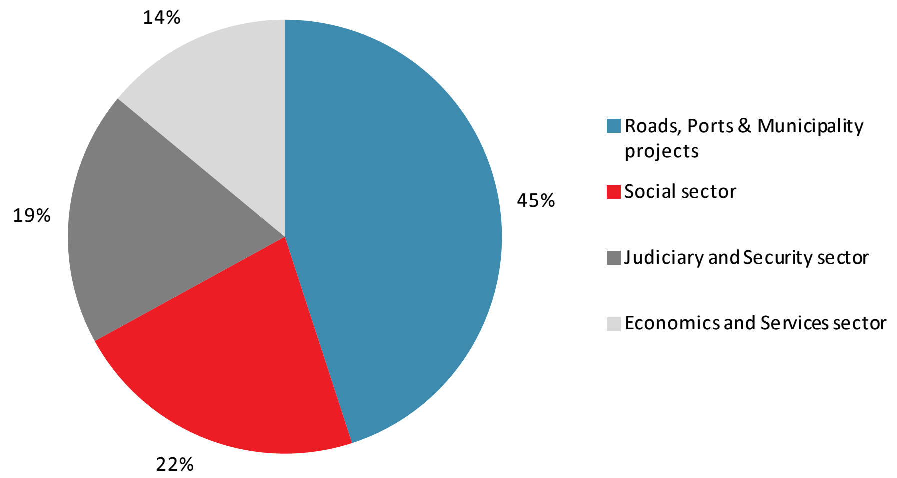
The UAE-based companies, which embarked on debt-fuelled expansion plans in the boom period before 2008, were left high and dry in the aftermath of the global financial epidemic. The situation was particularly acute in Dubai, which was rescued by an economic aid package from Abu Dhabi.

In 2009, the UAE government undertook various measures to boost public spending to about 7% of its GDP. Consequently, the country managed to avoid a contraction of the economy this year. Spending was targeted toward key sectors such as infrastructure and public services. The UAE, which has historically enjoyed fiscal surpluses, registered a deficit of 12.3% of its GDP in 2009.

The 2009 Budget

UAE budget allocations for 2009 were more towards infrastructure and social sector

Exhibit 21: The UAE's budget allocation 2009



Source: Ministry of Finance, Al Masah Capital Research

Dubai Financial Support Fund - 2009

The Dubai government set the Dubai Financial Support Fund (DFSF) in 2009

The Dubai government set up the Dubai Financial Support Fund (DFSF) in 2009. The Fund was created for providing commercial loans to struggling government-related entities (GREs). However, the Ministry of Finance claimed that these funds were not meant for bailing out overleveraged firms but to support companies that were involved in strategic projects that would generate long-term benefits for the economy. The fund initially raised USD10 billion by issuing bonds to the Central Bank of UAE.

Abu Dhabi's USD10 billion rescue package - 2009

Abu Dhabi announced a USD10 billion aid package to Dubai

In December 2009, Abu Dhabi announced a USD10 billion aid package for Dubai. This action was intended to restore investor confidence after Dubai World, a diversified holding company owned by the Dubai government, announced restructuring of its debt obligations. The funds allowed Dubai World to satisfy its immediate financial obligations and avoid default.

Bank Liquidity Facility - 2009

During 2008-09, investors began fearing for the safety of their deposits in local UAE banks. They suspected that the banks were susceptible to heavy losses because loans issued to highly leveraged firms such as Dubai World were not repaid. At this juncture, the UAE central bank stepped in to guarantee all deposits of local banks to ensure that the credit markets do not freeze. In addition, it provided a liquidity facility, whereby loans could be drawn at 50 basis points above the three-month interbank offered rate. These actions helped boost the capital adequacy ratio of national banks from 13% to 18%.

Ministry of Finance's (MoF) USD19 billion liquidity facility

The Ministry of Finance, UAE, set up a USD19 billion facility in October 2008 to inject liquidity into national banks. Through this measure, the MoF intended to support the banking sector and encourage lending to the private sector. A number of banks availed this facility to boost their tier 2 capital. First Gulf Bank, Abu Dhabi Islamic Bank, National Bank of Abu Dhabi, Abu Dhabi Commercial Bank, Union National Bank, and Dubai Islamic Bank were few such banks.

The 2010 Budget

The UAE budget expenditure rose by about 3.4% to USD11.9 billion in 2010

The UAE continued its expansionary fiscal policy in 2010 with sustained focus on social development. Federal budget expenditure in 2010 rose by around 3.4% (to USD11.9 billion) compared with the previous year.

The budget emphasized social development, education and healthcare, with around 41% of the total budget being allocated to these sectors. Around 22.5% of the budget was allocated to the education sector, while 6.4% was toward healthcare projects. Infrastructure projects accounted for approximately 17.5% of the total budget.

Salary Increases - 2012

Salaries of public sector employees and social aid and wages of retirees were raised in the UAE

At the behest of UAE's president, Sheikh Khalifa bin Zayed Al Nahyan, salaries of public sector employees and social aid and wages of retirees were raised from 2012. Around 37,950 employees in the federal sector were selected for salary increases. Starting from January 2012, the minimum monthly wage of 21,512 retirees was to be raised to AED10,000 (USD2,725) from the current AED6,000 (USD1,635). There is a clear plan on how many employees will be targeted for salary increases across various government ministries.

Exhibit 22: Salary Increases – 2012

Ministry	Employees targeted	Measures
Health	7,317	Increase in salaries of doctors and technicians by raising technical bonuses for Emirati doctors by 100%
Education	10,721	Allowances of employees including teachers, director and principals to be increased by 100%
Judiciary	392	100% raise in basic salaries of employees of the judicial system
Foreign Affairs	460	Salary raises
Social Affairs	31,564	Increase in the amounts for Emirati social aid recipients
General Pensions & Social Security Authority	21,512	Minimum wages raised to AED10,000 (USD2,725) from AED6,000 (USD1,635)

Source: Ministry of Finance, UAE

Kuwait

Multiple Stimulus Packages

Kuwait announced a USD5.2 billion economic package to aid distressed local financial firms

In April 2009, Kuwait announced an economic package of USD5.2 billion to tackle the global crisis. The funds were targeted at troubled investment firms in the country suffering from scarce liquidity. The economic package also provided 15-year guarantees to banks against any fall in the value of their investments, real estate portfolios and old loans to local companies. The government had authorized the Kuwait Investment Authority (KIA) to purchase unsubscribed stake in the capital expansion plans undertaken by listed companies and banks. The measure is also aimed at increasing lending to the domestic economy by encouraging banks to lend around USD13.8 billion, half of which would be guaranteed by the government.

Infrastructure development – key focus of Kuwait's USD104 million economic package in 2010

In September 2010, Kuwait announced a stimulus package worth USD104 billion aimed at funding developmental infrastructure projects. The oil & gas and construction industries are expected to be the major beneficiaries of this measure.

For 2011, Kuwait had announced spending plans of about 3.25% of GDP. The funds were expected to be utilized in incurring capital expenditures, making cash transfers of around USD3,600 to every citizen and providing free basic food items for a period of 18 months starting February 2011.

Kuwait Development Plan

Kuwait Development Plan entails a USD125 billion spend

In 2010, Kuwait's parliament approved a new development plan that would help turn Kuwait into a major financial and commercial hub by 2035. The plan emphasized the development of infrastructure projects and was approved with an estimated layout of USD125 billion.

Exhibit 23: Mega Projects under Kuwait Development Plan

S.No.	Mega-Projects
I	A new business center (Silk City), estimated to cost USD77 billion
II	Oil sector investment of around USD25 billion to raise production capacity and upgrade existing facilities
III	A major container harbor and a 25km causeway
IV	A railway metro system
V	Additional spending on infrastructure and services, particularly on education and healthcare

Source: Al Masah Capital Research

This plan encouraged active private sector participation through public private partnerships (PPPs) in areas such as low-cost housing, education, and healthcare. The plan comprised the implementation of various mega projects, as listed in Exhibit 23.

Oman

Oman central bank provided USD2 billion to boost the lending activity

Oman announced an 11% year-on-year increase in its 2009 budget to cope with the consequences of the global economic turmoil. Major infrastructure projects were to be implemented as planned. The banking sector was encouraged to lend to the domestic economy; the central bank provided USD2 billion.

Exhibit 24: Oman's response to public protests (2011)

S.No.	Measures
I	Creation of 5,000 new job opportunities for Oman's unemployed
II	Monthly unemployment allowance of OMR150
III	Higher pension and social security payments
IV	Cost of living allowance for employees in military and civil units
V	Student scholarships

Source: Al Masah Capital Research

Oman was affected by the Arab spring, with citizens protesting over unemployment and corruption. Protesters demanded salary increases, lower cost of living, and political reforms. To defuse these tensions, Oman's monarch, Sultan Qaboos Bin Saeed, announced a set of fiscal measures, listed in the above exhibit.

Gulf Development Fund

The GCC has set up a USD20 billion fund in 2011 to provide financial assistance to Oman and Bahrain. The fund aims to provide financial assistance of USD1 billion annually over the next 10 years to each of the countries. The Fund was set up after the two countries were hit by public protests and aimed to address the socio-economic issues faced by them. This will help Oman create new employment opportunities and upgrade its housing and infrastructure sector over the next 10 years.

Qatar

Qatar was among the countries least affected by the global financial crisis

Qatar was among the countries least affected by the global financial crisis of 2008–09 and the Arab spring of 2011. The country posted an impressive real GDP growth of 12% in 2009, albeit lower than 17.7% the previous year. Qataris enjoy the highest per capita income in the world, which lowers the rate of discontent.

National Development Strategy

Qatar's Crown Prince, Shaikh Tamim bin Hamad Al Thani, unveiled the National Development Strategy 2011–16 (NDS). It charts out the path toward Qatar's National Vision 2030. This plan focuses on the development of the non-oil sector, giving priority to education, healthcare, jobs, and the environment, with USD125 billion in budgeted spending.

Hosting the FIFA World Cup

Qatar's successful bid to host the FIFA World Cup 2022 is likely to boost the economy. A massive USD60 billion spending plan has been chalked out for this event. This money will be invested in infrastructure projects such as a high-speed rail network, an international airport, 90,000 hotel rooms, and 12 stadiums. Qatar, already a major destination for foreign direct investment (FDI), will see a boost in FDI inflows owing to the World Cup.

Salary Increases

In September 2011, the country announced sizeable increases in the salaries and pensions of public sector employees for 2012; these hikes are estimated to amount to around 3% of its GDP.

Bahrain

Bahrain to receive USD10 billion in aid from GCC to build infrastructure and invest in its social sector

Over the next ten years, Bahrain is expected to receive USD10 billion from other GCC countries to fund infrastructure and social projects such as building schools and hospitals. The funds should also enable Bahrain to retire some of its debt and enhance its sovereign rating which took a beating last year.

Cash Handouts

Bahrain was hit by severe public uprisings with protesters demanding an end to the 40-year rule of Al Khalifa's dynasty. Bahrain's King Hamad bin Isa al-Khalifa, in a move to pacify dissenters, offered USD2,600 to every family.

Budget – FY 2011-12

Bahrain announced a USD16 billion budget for the fiscal years 2011 – 2012

The Ministry of Finance announced a USD16 billion budget for the fiscal years 2011 and 2012. Similar to other GCC budgets, Bahrain emphasized the development of its social sector. The development of new housing projects and roads were highlighted in this budget.

Exhibit 25: Highlights of Bahrain's FY 2011-12 Budget

Sector	Amount (USD million)	Measures
Education	1,755	To finance existing and new housing projects
Healthcare	1,420	Fund ongoing projects and improve primary healthcare services
Housing	957	Construct new housing project across the country
Roads	181	Complete existing road projects and implement 22 new road schemes

Source: Al Masah Capital Research

In addition, around USD133 million and USD199 million were appropriated for low-income families in fiscal years 2011 and 2012, respectively. The Social Insurance Fund was to be increased by USD31 million in each of the fiscal years to ultimately reach USD96 million.

GCC Aid Package

Bahrain to receive USD10 billion in aid from GCC to build infrastructure and invest in its social sector

Over the next ten years, Bahrain is expected to receive USD10 billion from other GCC countries to fund infrastructure and social projects such as schools and hospitals. Furthermore, these funds should enable Bahrain to retire some of its debt and enhance its sovereign rating, which took a beating last year.

Egypt

Like most other countries, Egypt was affected by the global economic turmoil. Lower revenues from the Suez Canal, tourism earnings, remittances and foreign investments reflected the poor economic conditions in the country.

Stimulus in 3 tranches

Egypt announced three stimulus packages worth approximately USD 6.2 billion between 2008 and 2010

Egypt implemented stimulus measures in three separate tranches. In FY 2009, the country injected USD2.7 billion to increase the total budget expenditure by 24%. This helped Egypt to avoid the recession and boost real GDP by a modest 4.7% in 2009. In its budget for FY 2009–10, Egypt initiated its second stimulus measure worth USD1.45 billion. In January 2010, Egypt's Prime Minister, Ahmed Nazif, announced additional aid worth USD2.05 billion; of this, USD1.65 billion was allocated for drinking water and sewage treatment projects. Ahmed Nafiz also announced plans to raise social security pensions by 25%.

Foreign Aid – 2011/12

Late last year, the Qatari government provided Egypt with a USD500 million grant to support its budget, which was under duress owing to political turmoil. The Saudi Arabian government has already provided an economic aid package of the same amount.

The Qatari government provided Egypt with a USD500 million grant

The World Bank, in early 2012, committed itself to providing USD500 million immediately, and a further USD2 billion over the next two years, to the Egyptian government.

Egypt signed a USD3.2 billion loan agreement with the IMF in the first quarter of 2012. These funds will be used to finance its public expenditure. Egypt had already borrowed heavily from domestic sources and felt the need to diversify its borrowings. Therefore, it opted to borrow from the IMF.

Subsidy Program

Every year, Egypt spends around 10% of its GDP toward financing its generous subsidy programs. Two-thirds of this amount is spent on fuel subsidies, while the rest goes toward food subsidies. These subsidies strain the budget tremendously; however, any reforms on this front have led to public uproar in the past.

Exhibit 26: Timeline of stimulus measures in select MENA countries

Country	2009	2010	2011	2012
Saudi Arabia	Stimulus budget (USD126.7 bn)	Multi-year stimulus package of USD400 bn		
United Arab Emirates	Public spending plans (7% of GDP)			
Kuwait	USD5.2 bn of spending announced	USD104 bn for infra projects	Public spending (3.25% of GDP)	
Qatar			NDS 2011-16 (USD125 bn)	Wages increased (3% of GDP)
Oman		Improving liquidity of banks by up to USD2 bn	Planned public spending of around 4.0% of GDP	Planned public spending of around 3.9% of GDP
Bahrain				Cash handouts of USD2,600 to every family
Egypt	Stimulus package of USD2.7 bn in FY2009	Two stimulus packages worth USD3.5 bn		

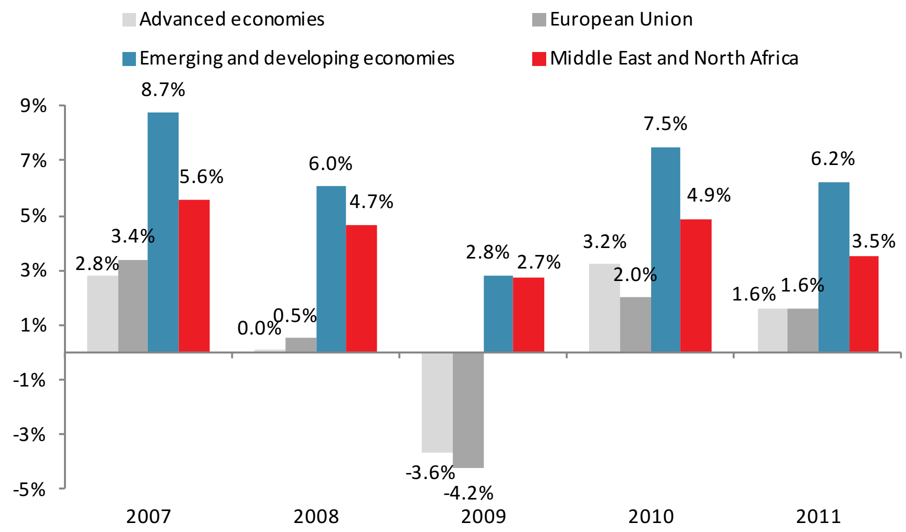
Source: Various governments, Al Masah Capital Research

IMPACT OF STIMULUS MEASURES

Stimulus spending helped MENA to grow almost at par with emerging economies in 2009

The stimulus packages announced by the MENA region have helped it cope better with the global financial slowdown. Countries in MENA recorded a growth rate of 2.7% in 2009, while advanced economies and those in the European Union contracted about 4%. Even emerging and developing economies registered a significant drop in growth rate to 2.8% in 2009 from 6.0% in 2008.

Exhibit 27: Annual real GDP growth in MENA vis-à-vis other groups (%)



Source: IMF

Multiplier effect

Long-term fiscal multiplier in GCC is in the range of 0.6–1.1 for capital expenditures

According to a working paper published by Raphael Espinoza and Abdelhaq Senhadji—both work for the IMF—in March 2011, long-term fiscal multipliers in the GCC region stood at 0.3–0.7 for current expenditure and 0.6–1.1 for capital expenditure. Fiscal multiplier is the ratio of the change in GDP to the change in public spending that causes it. Espinoza and Senhadji found these numbers comparable to those of other emerging markets.

The multiplier numbers are significant, which clearly indicates that the fiscal policy can be effectively utilized to combat economic downturn in the GCC region.

Most impacted areas

The stimulus measures have been targeted at specific areas. Apart from the traditional focus of investing in major infrastructural facilities, the MENA economies have allocated a significant portion to social spending.

Renewed focus on infrastructure

The countercyclical stimulus measures adopted by the MENA economies continue to be focused on infrastructure development. The countries did not curtail any of the planned infrastructure development. The countries did not curtail any of the planned infrastructure projects; besides, they allocated spending on new projects with particular focus on the non-oil sector. The governments have invested heavily in building roads, power plants, ports, airports and sewage facilities, among others.

Affordable housing gains emphasis in GCC economies

The UAE allocated 17.5% of its 2010 budget to develop infrastructure facilities such as roads, medical facilities, housing (Sheikh Zayed's housing program) and government buildings. Saudi Arabia, in its 2009 budget, allocated around USD20 billion to construct 5,400 kilometers of new roads, water and desalination plants, airports, ports and such other infrastructure developments. In Bahrain, 40,000 affordable housing units have been planned using funds from GCC's stimulus package of USD10 billion.

Companies involved in the construction and real estate business benefit significantly from such initiatives.

Emphasis on social development

The education and healthcare sectors have received significant budget allocations. A series of measures to develop human capital in the region are in progress. More schools and hospitals are being built.

Saudi Arabia, in its 2009 budget, allocated USD32.6 billion for education and manpower development. The King Abdullah project for education development received USD2.4 billion, while the National Plan for Science and Technology was allocated USD2.1 billion. The UAE allocated 22.5% of its 2010 budget for education projects.

Encouraging consumer spending

In 2011, countries such as Kuwait and Bahrain offered direct cash handouts to citizens

Many MENA nations, such as Qatar, have increased the salaries and pensions of public sector employees with the hope to raise consumption levels and give a fillip to the domestic economy.

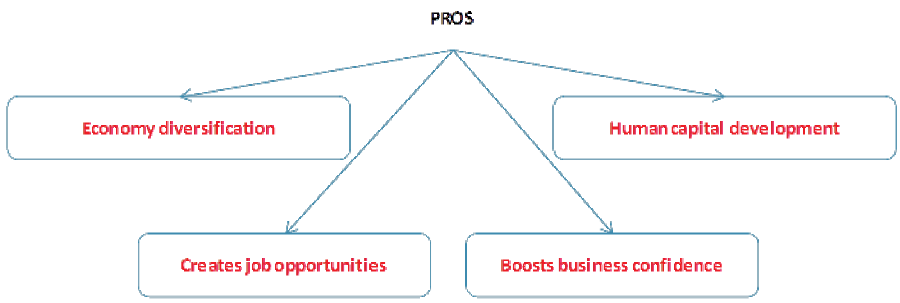
Rising disposable incomes and aspirations of Saudis have boosted the retail sector. Wholesale & retail trade, hotels and restaurants, which averaged 8.1% over 2001–09, now form 9% of Saudi Arabia's economy.

PROS AND CONS OF STIMULUS SPENDING

Enhanced fiscal spending is typically a countercyclical measure to sustain growth amid poor economic conditions. Stimulus measures boost domestic economic activity by offsetting the decline in private sector activity. Such measures can be utilized to provide a short-term boost to the economy through current expenditures or a longer-term benefit through capital expenditures.

Positive effects

Exhibit 28: Annual real GDP growth in MENA vis-à-vis other groups (%)



Source: Al Masah Capital Research

Diversification of economy

Stimulus spending concentrated on developing non-oil infrastructure projects

Over the years, the oil-exporting countries in MENA have been trying to reduce their dependence on oil revenues by investing in the non-oil sector. This focus remains intact in the stimulus programs.

The countries have allocated a significant portion of the budget and discretionary spending to construct roads, airports, ports, power plants, water treatment plants and drainage, among others. In addition, the governments are investing in the services and tourism sectors.

Human resource development

Human capital development gained importance in the budgets of key MENA countries

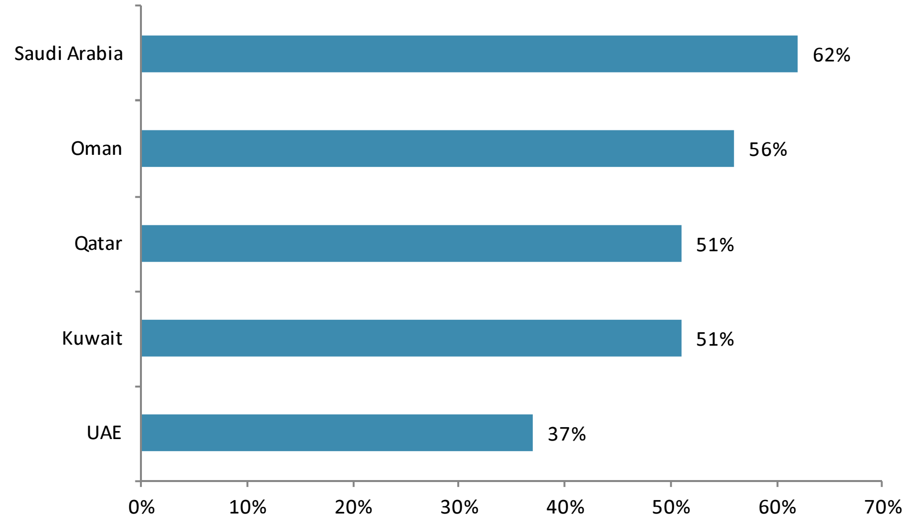
The MENA governments have enhanced focus to develop the social sector. Better education and healthcare would enhance labor productivity and, in turn, income levels. Saudi Arabia allocated a quarter of its 2009 budget for education with a view that the economy must rely on resources other than oil to sustain long-term growth.

Creation of new employment opportunities

Higher government expenditure and stimulus measures have improved the business sentiment in MENA with increased hiring by companies. According to a leading job site in the Middle East, the headcount in 62% of Saudi firms increased in 2011, the highest in the Gulf region.

Exhibit 29: Percentage of firms that increased headcount in 2011 (by country)

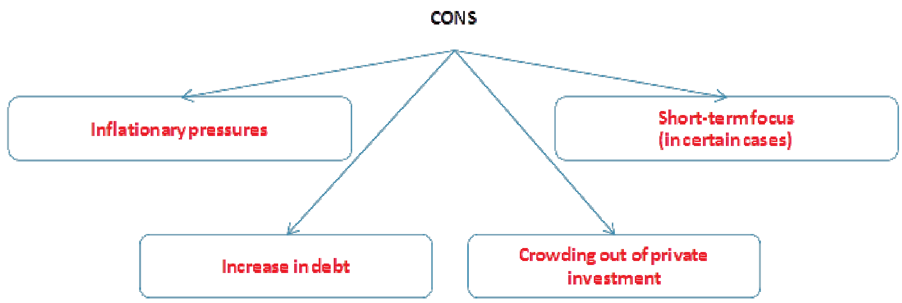
Headcount in 62% of Saudi firms increased in 2011



Source: gulftalent.com survey of HR managers

Adverse effects

Exhibit 30: Adverse impacts of fiscal stimulus measures



Source: Al Masah Capital Research

Inflationary pressures

High inflation levels could be an unfavorable consequence of heavy public spending

Increased discretionary spending by MENA governments may have an unfavorable impact on the prices of most commodities. Depressed commodity prices due to the current global uncertainty may rise beyond acceptable levels on the combined effect of a global economic recovery and heavy public spending by governments.

Many MENA governments, such as Qatar, have announced measures to increase the wages and pensions of public sector employees. Few countries are directly handing out cash to citizens. These would contribute to demand-side pressures.

Politically motivated short-term measures

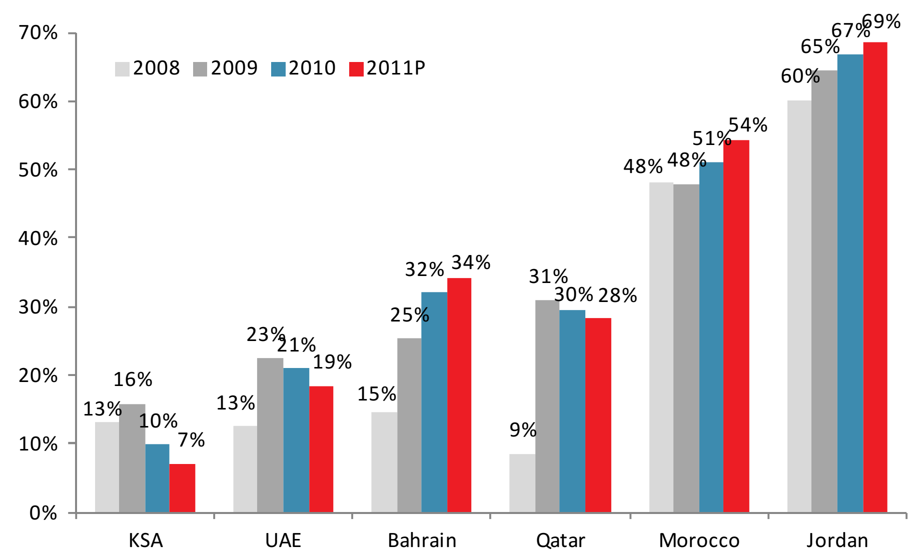
The Arab spring led to quite a few politically motivated public spending plans. Measures such as cash handouts may go down well with the general population, but offer little benefit in boosting the economy. Unlike the stimulus measures undertaken in 2009, which focused on developing infrastructure and social spending aimed at long-term growth, these politically motivated measures make little economic sense.

Increased debt burden

Bahrain's debt levels estimated at 34% of GDP in 2011 compared to just 15% in 2008

A higher debt burden is an unfavorable consequence of increased public spending. The issue is of greater importance to the oil-importing nations in MENA, which unlike oil producers do not earn lucrative oil revenues that can be used to repay debt.

Exhibit 31: Total government gross debt of select MENA countries (% of GDP)



Source: IMF; note: 2011 figures are projections

Crowding out effect

Saudi Arabia's private expenditure growth decelerated to 8.9% in 2011 from 18.7% in 2007

Expansive fiscal policies are financed by government borrowings, which, in turn, consume the liquidity in the system and raise interest rates. This adversely impacts bank lending as well as investment activity of private firms. For instance, private expenditure in Saudi Arabia grew around 18.7% in 2007, but has been declining since with just 8.9% growth in 2011.

STIMULUS MEASURES – GLOBAL CASE STUDIES

Historical examples to analyze the economic effects of fiscal stimulus initiatives

Case: The US

During the global recession of 2008–09, most countries engaged in massive fiscal stimulus programs, thereby increasing government spending (or lowering taxes) to boost demand and bring the economy out of recession. In February 2009, the US Congress approved a USD787 billion stimulus package in the form of the American Recovery and Reinvestment Act or the ARRA.

The USD787 billion stimulus package had a multiplier effect of 0.47–1.06

According to a study[1] by James Feyrer and Bruce Sacerdote, the stimulus had a positive, statistically significant effect on employment. Aid to low-income people and infrastructure spending showed very positive impacts. The multiplier was between 1.96 and 2.31 for low-income spending, 1.85 for infrastructure spending, and between 0.47 and 1.06 for the stimulus overall.

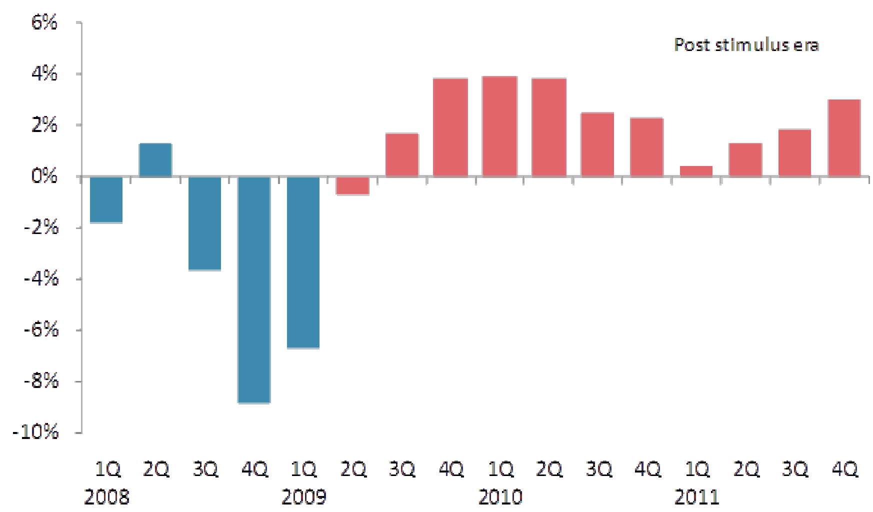
Daniel J. Wilson of the Federal Reserve Bank of San Francisco stated in his report[2] that the stimulus created 2 million jobs in its first year, and 3.2 million by March 2011.

Low-income and infrastructure spending have multiplier effect of greater than 1

According to a research paper[3] by Mark Zandi and Alan Blinder, the stimulus increased real GDP by 3.4% in 2010, reduced unemployment by 1.5 percentage points and created almost 2.7 million jobs in 2010.

The exhibit below shows that shortly after the fiscal stimulus injection, real GDP in the US grew 1.7% in the third quarter of 2009 and 3.8% in the fourth quarter.

Exhibit 32: GDP growth in the US picked up after the fiscal stimulus



Source: Bureau of Economic Analysis

[1] *Did the Stimulus Stimulate? (February 2011)*
[2] *Fiscal Spending Jobs Multipliers: Evidence from the 2009 ARRA (October 2011)*
[3] *How the Great Recession Was Brought to an End (July 2010)*

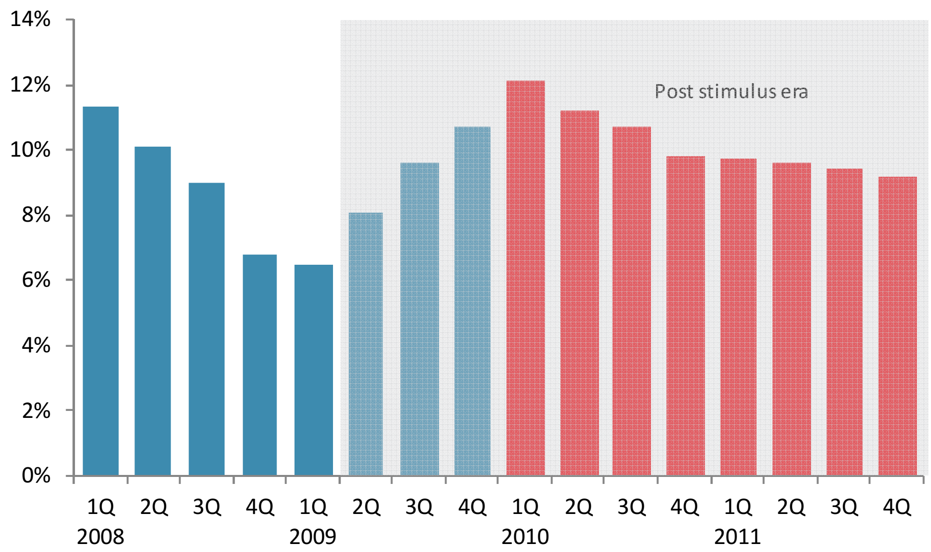
China's USD586 billion stimulus package coupled with rate cuts boosted growth in 2009

Case: China

China implemented a number of policy measures to tackle the global financial crisis, including a commitment announced in November 2008 to spend CNY4 trillion (USD586 billion) over 2009–10 to accelerate growth.

The stimulus package coupled with interest rate cuts by the People's Bank of China yielded positive results. China's GDP growth, which shrank to 6.8% in the final quarter of 2008 and 6.5% in the first quarter of 2009, recovered sharply to 10.7% in the fourth quarter of 2009 and 11.9% in the first quarter of 2010.

Exhibit 33: GDP growth in China picked up after the fiscal stimulus



Source: The World Bank

China's economic package was geared toward infrastructure and social spending

The economic stimulus program in China focused on low-income housing, infrastructure, agriculture, healthcare, social welfare and tax deductions for capital spending by companies. On the other hand, the stimulus program in the US was tilted toward job creation and unemployment benefits in addition to the common objectives of education, healthcare and tax cuts.

Exhibit 34: Stimulus packages by the US and China

Date	Country	USD billion	Package contents
17 Feb 2009	Unites States	787.0	Infrastructure technology, tax cuts, education, transfers to states, energy, nutrition, health and unemployment benefits
10 Nov 2008	China	856.0	Low-income housing, electricity, water, rural infrastructure, projects aimed at environmental protection and technological innovation, tax deduction for capital spending by companies, and spending for healthcare and social welfare

Source: Congressional Research Service

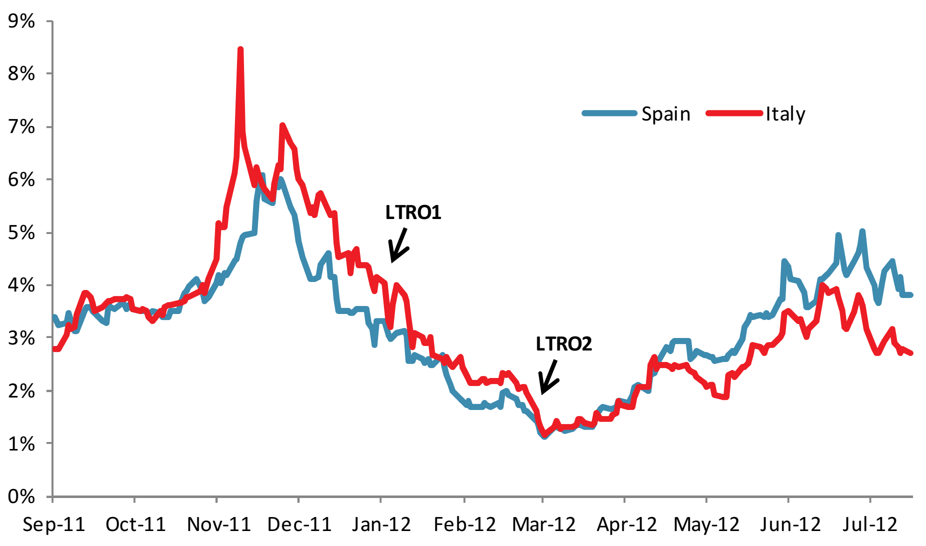
Case: Europe

The European Central Bank (ECB) infused liquidity into the cash-starved European Union–based banks on two separate occasions. In December 2011, 523 banks accepted around USD625 billion in cheap three-year loans from the ECB. The second time, in February 2012, the ECB dispersed around USD713 billion to 800 banks. These loans were provided at a low interest rate of 1%. This is similar to 2008 bank bailouts by the US Federal Reserve and Treasury departments, popularly known as Quantitative Easing (QE).

These measures were more preventive than curative in nature. They helped avert a credit crunch in the region. Until then, banks were facing shortage of funds as the Eurozone's shaky economy kept investors at bay. Banks were themselves unwilling to lend to each other, as could be seen from the non-existent interbank lending market.

The ECB funds had no strings attached, thus affording banks with the flexibility to either lend or invest. This recapitalization helped banks repay their immediate debts as well as lend to customers and buy bonds of their countries. The liquidity infusion lifted the Spanish and Italian government bonds, particularly the ones that were maturing before the three-year ECB loans were due for repayment. In addition, this measure has enabled struggling Eurozone sovereigns to contain their cost of borrowing, which might otherwise have spiraled out of control.

Exhibit 35: 1-year Government T-Bill yield



Source: Bloomberg, Al Masah Capital Research

The second LTRO operation, however, was not as successful in lowering Eurozone government bond yields, as was the first one. The ECB has clearly stated that although there may not be another round of such refinancing, it will be willing to step in and provide relief in the event of a risk to financial stability of the region. The ECB may be more willing to directly purchase government bonds than to provide unlimited three-year loans.

Macroeconomic fundamentals in MENA remain strong

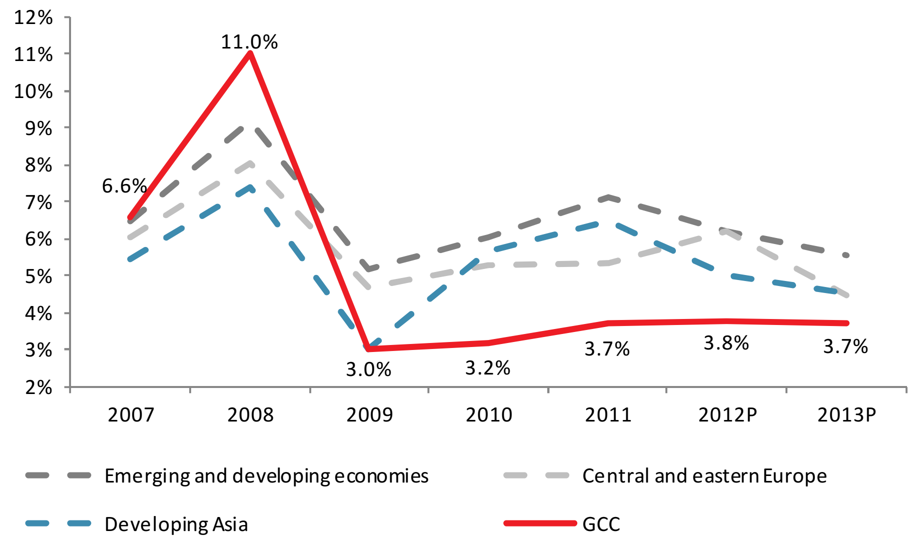
The countercyclical measures adopted by the MENA countries have had the desired effect in lifting the regional economy from the slump of 2009 and achieving modest growth of 4.9% in 2010. With recovery in oil prices over 2010–11, the oil-producing nations in MENA more or less recouped the fiscal space lost through expansive fiscal policies. As the repercussions of Arab spring fade, the MENA countries (particularly GCC) appear to be attractive destinations for foreign investment.

Inflation – under control

Inflation in GCC grew 3.7% in 2011, much lower than the levels seen in emerging economies

The GCC region has been able to contain inflation, despite its heavy spending program launched over the past few years. GCC's inflation, which rose to 11% in 2008, dropped to 3.7% in 2011. In comparison, inflation in emerging economies stood at about 7.1% during the year. According to projections by the IMF, GCC's inflation levels would remain below 4% over the next two years, much lower than those expected in emerging economies.

Exhibit 36: Average inflation (annual % change)



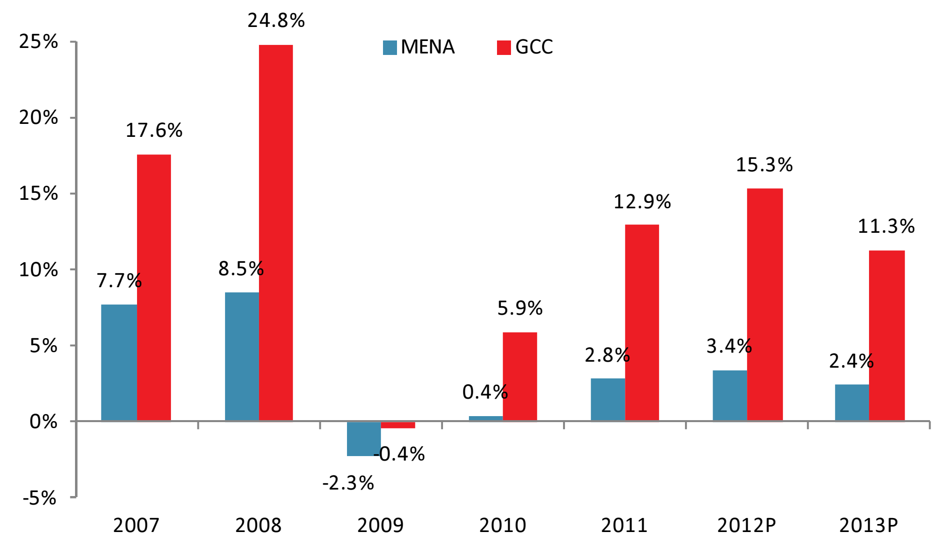
Source: IMF; note: 2012 and 2013 figures are projections

Fiscal balance – back in surplus

MENA posted a fiscal surplus of 0.4% of GDP in 2010 and 2.8% of GDP in 2011

The MENA region, which registered a fiscal deficit in 2009 due to a poor global economy and heavy public expenditure, reported surpluses in 2010 and 2011. The surpluses can be mainly ascribed to the GCC countries' ability to boost oil revenues as oil prices recovered. Saudi Arabia's oil revenues, which form around 90% of its total revenues, grew 54% in 2010. The MENA region is projected to post a surplus of about 3.4% of its GDP this year.

Exhibit 37: Fiscal balance (% of GDP)



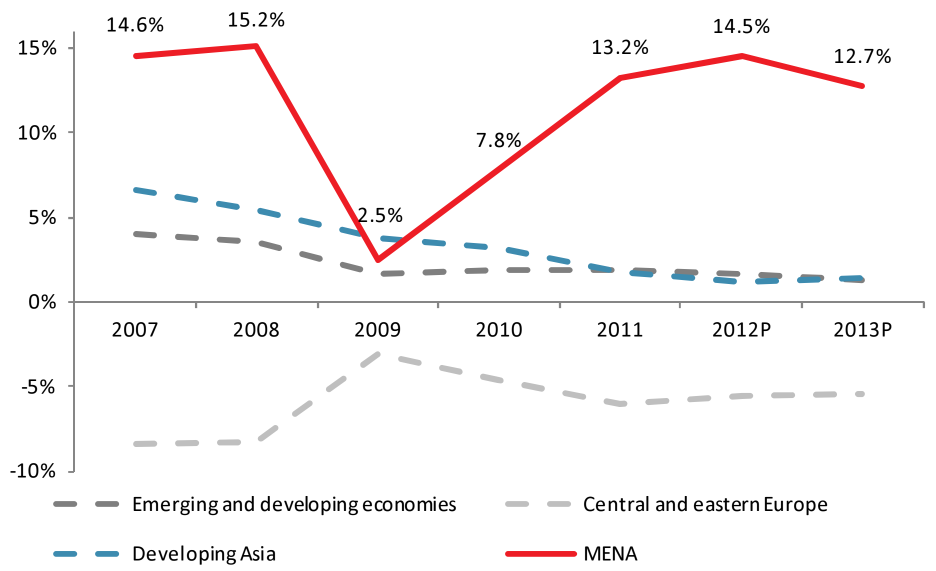
Source: IMF; note: 2012 and 2013 figures are projections

Current account balance – regaining 2008 levels

MENA expected to post better current account balance than emerging economies in 2012 and 2013

Emerging economies have been hit hard by recession in their export markets and rising imports. Unlike the current account balances of such economies, the MENA region, whose major exports constitute of oil, has been able to continuously post sizeable current account surpluses. The MENA region registered a current account surplus of 13.2% of GDP in 2011, and the IMF projects it to rise to 14.5% this year.

Exhibit 38: Current account balance (% of GDP)



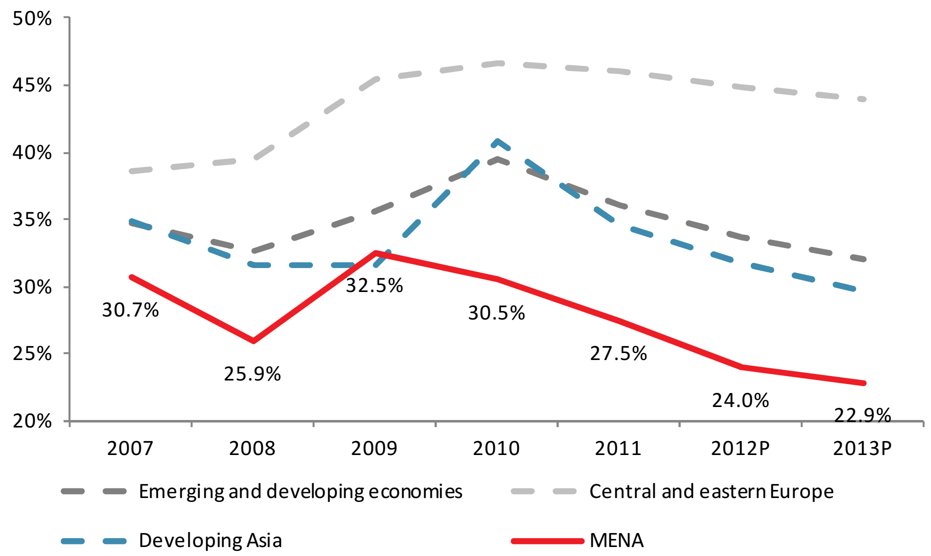
Source: IMF; note: 2012 and 2013 figures are projections

Public debt – comfortable

Public debt levels in MENA have been falling since 2009

A comfortable fiscal position has helped MENA countries to pare down their debt levels, which had risen to 32.5% of GDP in 2009 from 25.9% of GDP in 2008. In 2011, general government gross debt levels in MENA stood at 27.5% of GDP, much lower than those in emerging economies (36% in 2011). With MENA economies back on the growth trajectory, debt levels are expected to decline further to around 22.9% of GDP by 2013.

Exhibit 39: General government gross debt (% of GDP)



Source: IMF; note: 2012 and 2013 figures are projections

A strong macroeconomic environment and stable governments in the region should once again catch the eye of foreign investors. In the current global economic scenario, the MENA region remains one of the few destinations that can promise continued growth.

Bank credit growth resumes

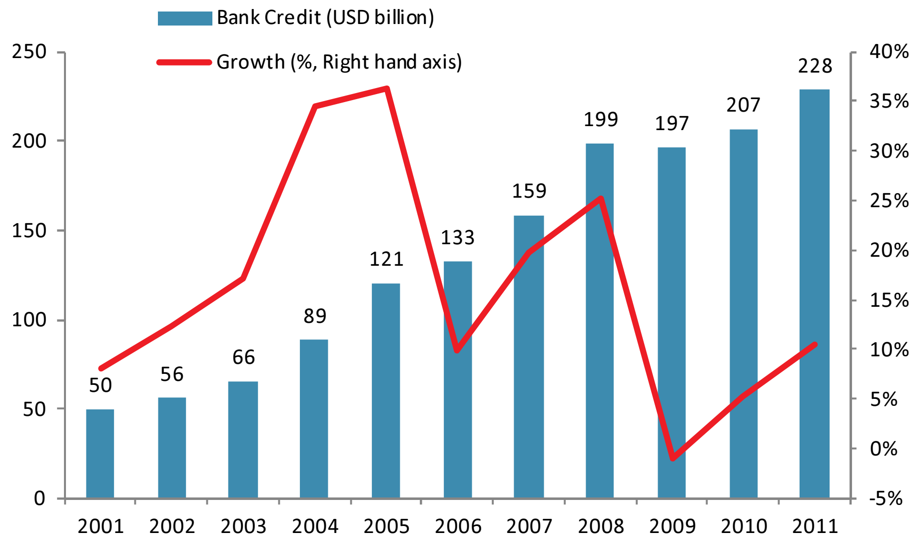
Bank credit in the MENA during 2008-09 had come to a standstill

During 2008-09, bank credit in the MENA region had come to a standstill because of a deep aversion to risk. As companies of repute such as DP World hinted that they will have to default on large loans, banks became highly wary of the private sector in general. It was only after government guarantees and enormous fiscal spending that banks relaxed their purse strings. Bank credit in Saudi Arabia dropped by 1.1% in 2009, but jumped back strongly, growing by 5.2% and 10.5% in 2010 and 2011, respectively.

The growth in bank credit reflected in the profitability of Saudi banks. Al-Jazira doubled its second quarter net income, while Bank Albilad's profits soared by 88%. All publicly traded Saudi banks posted increases in assets at the end of June.

Exhibit 40: Bank Credit growth in Saudi Arabia

Bank credit in Saudi Arabia resumes growth



Source: SAMA Annual Report

OUTLOOK

The MENA countries responded in a timely manner to curtail the ill effects of global economic slowdown, by adopting fiscal measures. These measures retained their focus in investing in infrastructure and social projects, only this time the magnitude of spending was much higher. This increased public spending has been successful in restoring MENA region to its growth path (IMF projects MENA regions' GDP to grow by a healthy 4.2% in 2012). In addition, the political transformations occurring in Arab spring affected nations and the subsiding of public protests should once again attract foreign investors. As macroeconomic indicators in the region improve more investments from the private sector are expected allowing MENA governments to slowly start cutting back on their expenditures.

MAJOR BENEFICIARIES OF STIMULUS MEASURES

Top 3 sectors

Construction

The construction industry is the biggest beneficiary of the stimulus fiscal spending

The construction industry is the biggest beneficiary of the fiscal spending stimulus instituted by MENA governments. Significant portions of budget spending and economic stimulus packages are being devoted to building roads, schools, hospitals, ports, airports, etc. The construction sector has always been in the spotlight in the MENA region as governments try to diversify their economies, particularly, the oil-rich countries, who are trying to wean away their dependence on oil revenue.

The financing of new and existing capital investment projects has usually accounted for 40-50% of Saudi Arabia's annual budgets. Even spending allocated to other sectors involved construction of facilities such as schools, hospitals, government buildings, roads, ports, etc. The UAE, too, allocated a whopping 45% of its 2009 annual budget toward constructing and upgrading roads, ports, and municipality projects.

Exhibit 41: Major MENA construction companies

Company	Country	Revenue (USD million)	Market Cap (USD million)
Orascom Construction	Egypt	5,607	8,554
Arabtec Holding	UAE	1,376	1,256
Drake & Scull International	UAE	847	499
Galfar Engineering & Contracting	Oman	768	346
Egypt Contracting	Egypt	589	123
Mohammad Al-Mojil Group	UAE	572	392
Combined Group	Kuwait	528	483
Abdullah A.M. Al Khodari Sons	UAE	356	399

Source: Bloomberg, Note: Revenue is TTM

Construction contractors have shifted focus from the highly competitive and low-margin residential construction work in favor of the less competitive and high-margin government-backed infrastructure deals. These companies have benefited from the stimulus spending programs of MENA economies, as they capitalized on the opportunity to expand beyond their national boundaries. The companies mentioned in the table have been the biggest beneficiaries of MENA governments' spending.

Education

Social development projects have gained in importance in the budgets of MENA countries during the last few years. In certain cases, countries devoted more than a quarter of their annual budgets to education and training. The spending was concentrated on building new schools and universiti-

-es, upgrading existing schools, scholarship programs, and so on.

Countries have devoted a large part of their annual budgets for education and training

Over the past few years, Saudi Arabia has dedicated about a quarter of its budget to education and training projects. In particular, primary and secondary education was in focus. In its 2010 annual budget, the UAE allocated 22.5% of the total layout to the education sector.

Exhibit 42: Major MENA education companies

Company	Country	Revenue (USD million)	Market Cap (USD million)
Al Khaleej Training	UAE	139	219
Eyas	Kuwait	68	94
Human Soft	Kuwait	43	112
Nafais Holding	Kuwait	31	139
Educational Holding	Kuwait	20	83
Sues Canal Co for Technology	Egypt	14	187
Majan College	Oman	9	22
Cairo Education	Egypt	4	6

Source: Bloomberg, Note: Revenue is TTM

Healthcare

There have been large allocations for building of new hospitals and primary healthcare cen-ters

MENA nations have strived to provide adequate healthcare services to their growing populations. A significant portion of government spending has been toward building new hospitals and primary healthcare centers.

Exhibit 43: Major MENA healthcare companies

Company	Country	Revenue (USD million)	Market Cap (USD million)
Yiaco Medical Co	Kuwait	320	240
SPIMACO	UAE	313	881
Gulf Pharmaceuticals	UAE	287	615
Advanced Technology Co	Kuwait	199	421
Egyptian Int. Pharma Ind.	Egypt	198	419
Al Mouwasat Medical Services	UAE	189	619
Medical Union Pharmaceutical	Egypt	148	145
Safwan Trading & Contracting	Kuwait	103	34

Source: Bloomberg, Note: Revenue is TTM

COMPANY PROFILES

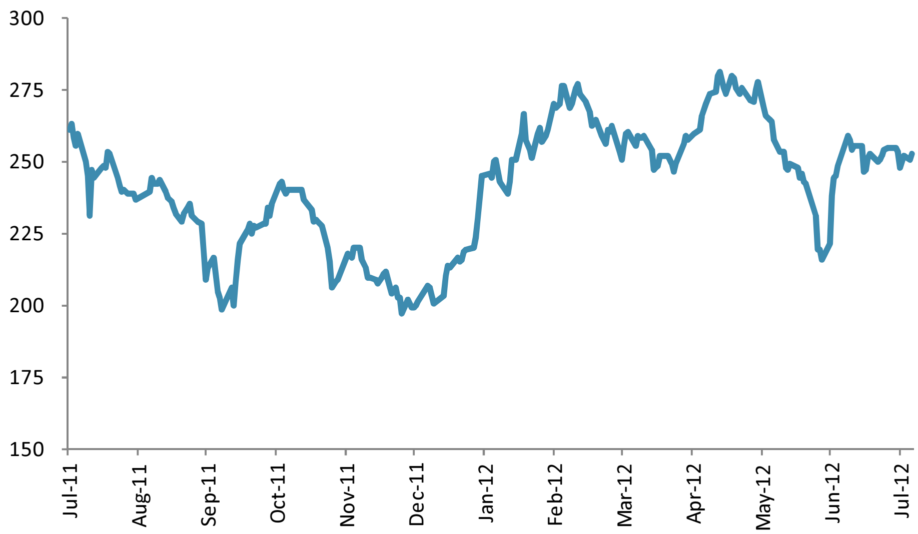
1. Orascom Construction
2. Arabtec Holding
3. Drake & Scull International
4. Galfar Engineering & Contracting
5. Mohammad Al-Mojil Group
6. Abdullah A.M. Al Khodari Sons
7. Al Khaleej Training
8. Eyas
9. Human Soft
10. Yiaco Medical Co
11. SPIMACO
12. Al Mouwasat Medical Services

ORASCOM CONSTRUCTION

Key statistics	
Ownership	Public
Country	Egypt
Price – 29 July 2012 (EGP)	251.0
Market Cap (EGP mn)	52,443.5
Bloomberg	OCIC EY
Reuters	OCIC.CA
No. of Employees	80,000

Shareholding	
Shares Outstanding (mn)	208.94
Nassef Onsi Najib Sawiris & family	28.43%
Onsi Najib Sawiris	22.14%
Infra and Growth Capital Fund	6.17%
Arif Masoud Naqvi	6.00%
Abraaj Capital	6.00%

Exhibit 44: Share Price Chart – 1 year (in EGP)



Source: Zawya

Business Description

Orascom Construction is Egypt's biggest listed construction contractor and a leading international fertilizer producer. It operates primarily in Egypt, Africa, Asia and Europe. Its construction group ranks among the world's top global contractors and undertakes large industrial, infrastructure and select commercial projects for public as well as private customers. The group is also a strategic investor, producer, and distributor of nitrogen fertilizers.

Segments/Services

Orascom Construction Industries operates in two main segments – construction and fertilizers.

Recent Events

In June 2012, Orascom Construction Industries (OCI) announced that the International Finance Corporation (IFC), a member of the World Bank Group, would provide USD100 million to its wholly -owned construction subsidiary. The funds will be used to finance the company's upcoming and ongoing projects.

In May 2012, OCI's wholly-owned subsidiary OCI Fertilizer Holding agreed to sell its 16.8 % stake in the Gavilon Group LLC to Japanese trading house Marubeni Corporation for approximately USD604.8 million.

In April 2012, OCI signed a USD363 million contract to build a 1,000 MW gas turbine power plant in Baija, Iraq. The power plant was tendered and awarded by the Iraqi Ministry of Electricity.

In December 2011, OCI announced that its 50-50 joint venture with BESIX Group had been awarded the contract for the third phase of the Egyptian Grand Museum valued at approximately USD810 million.

Key Financials

Exhibit 45: Income Statement (in EGP mn)

	2007	2008	2009	2010	2011
Total Revenue	13,481.70	20,252.60	21,312.80	27,552.40	32,722.00
Cost of Sales	10,248.40	14,221.90	16,581.00	20,767.90	24,315.90
Gross Profit	3,233.30	6,030.70	4,731.80	6,784.50	8,406.10
Operating Profit	1,652.50	4,271.50	3,577.00	5,168.40	6,954.10
Operating profit margin (%)	*12.26%*	*21.09%*	*16.78%*	*18.76%*	*21.25%*
Net Income	1,226.00	3,921.80	2,377.90	3,346.40	3,760.00
Net profit margin (%)	*9.09%*	*19.36%*	*11.16%*	*12.15%*	*11.49%*

Source: Zawya

Exhibit 46: Balance Sheet (in EGP mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	3,917.00	8,268.70	5,924.60	5,649.40	6,346.40
Current Receivables	5,016.40	7,614.10	10,784.60	12,886.30	14,179.40
Other Current Assets	79,667.70	1,792.60	538.70	397.80	3,039.10
Total Long Term Assets	5,212.20	23,166.50	27,507.80	33,125.30	32,850.80
Total Assets	**94,952.00**	**43,025.50**	**46,857.50**	**54,779.80**	**59,300.50**
Total Current Liabilities	17,025.00	14,044.90	14,779.00	17,046.20	17,713.90
Total Long-term Liabilities	1,617.70	8,367.50	11,790.40	14,964.00	17,344.10
Total Provisions	2,413.50	3,031.70	3,145.10	3,864.50	4,467.10
Total Shareholders' Equity	72,847.00	17,354.70	16,392.80	17,860.80	18,609.80
Total Liabilities & Shareholders' Equity	**94,952.00**	**43,025.50**	**46,857.50**	**54,779.80**	**59,300.50**

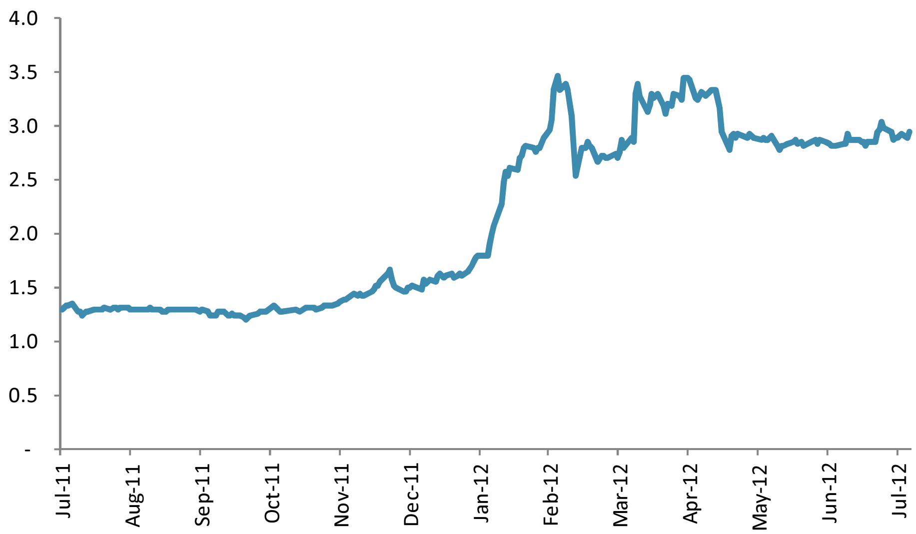
Source: Zawya

ARABTEC HOLDING

Key statistics	
Ownership	Public
Country	UAE
Price – 29 July 2012 (AED)	2.90
Market Cap (AED mn)	4,552.3
Bloomberg	ARTC UH
Reuters	ARTC.DU
No. of Employees	NA

Shareholding	
Shares Outstanding (mn)	1,569.75
Aabar Investments	15.73%
Aabar Energy Company	5.84%
Constn Products Holding Company	5.03%

Exhibit 47: Share Price Chart – 1 year (in AED)



Source: Zawya

Business Description

Arabtec Holding PJSC, formerly known as Arab Technical Construction Company (ATCC), was founded in 1975 with the aim to offer construction services with emphasis on the UAE market. The company involves in architectural modeling, civil engineering and building, construction and project management, business development, quantity surveying, high rise development, and infrastructure construction works. Arabtec currently operates in the UAE, Jordan, Qatar, Syria, Saudi Arabia, Palestine and Russia. It is trying to enter into new markets like Libya, Algeria and Egypt among others.

Segments/Services

Arabtec Holding Group has five reportable segments – building construction, precast & concrete production, drainage & electromechanical works, marine construction and equipment trading.

Recent Events

In June 2012, a joint venture between TAV Construction, Consolidated Contractors International Co. and Arabtec Construction LLC signed a contract with Abu Dhabi Airports Company to carry out works on the Midfield Terminal Building. The value of the contract stood at AED10.8 billion (USD2.9 billion).

In April 2012, Arabtec Construction LLC won a contract from Aabar Investments PJS to construct a residential development in Abu Dhabi for a value of AED222 million (USD60.5 million).

In April 2012, Target Engineering Construction Co. LLC, a subsidiary of Arabtec Holding, was awarded two projects in Qatar and one in the UAE. The total value of these contracts stood at AED504 million (USD137.3 million).

In January 2012, Arabtec Holding received a letter of award from Dubai Aviation City Corporation to carry out the third phase of Dubai International Airport Expansion for AED561 million (USD152.9 million).

Key Financials

Exhibit 48: Income Statement (in AED mn)

	2007	2008	2009	2010	2011
Total Revenue	4,272.85	9,721.68	7,664.70	5,463.70	5,003.47
Cost of Sales	3,445.48	8,229.88	6,338.08	4,636.68	4,374.16
Gross Profit	827.37	1,491.80	1,326.62	827.02	629.31
Operating Profit	596.99	1,073.10	611.46	460.16	331.22
Operating profit margin (%)	*13.97%*	*11.04%*	*7.98%*	*8.42%*	*6.62%*
Net Income	528.83	958.05	477.78	295.83	254.32
Net profit margin (%)	*12.38%*	*9.85%*	*6.23%*	*5.41%*	*5.08%*

Source: Zawya

Exhibit 49: Balance Sheet (in AED mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	904.06	757.44	634.05	588.13	683.89
Current Receivables	1,604.39	4,982.90	4,177.86	3,895.44	3,624.93
Other Current Assets	30.72	158.38	61.73	20.48	9.50
Total Long Term Assets	1,477.08	2,173.45	2,094.12	2,494.89	2,538.75
Total Assets	**4,839.62**	**9,459.66**	**9,110.46**	**8,680.09**	**8,796.04**
Total Current Liabilities	3,260.80	7,009.93	6,000.62	5,135.28	5,122.90
Total Long-term Liabilities	94.72	217.73	244.10	314.21	147.41
Total Provisions	96.00	114.06	137.73	128.29	157.81
Total Shareholders' Equity	1,249.83	1,893.22	2,391.73	2,697.87	2,953.10
Total Liabilities & Shareholders' Equity	**4,839.62**	**9,459.66**	**9,110.46**	**8,680.09**	**8,796.04**

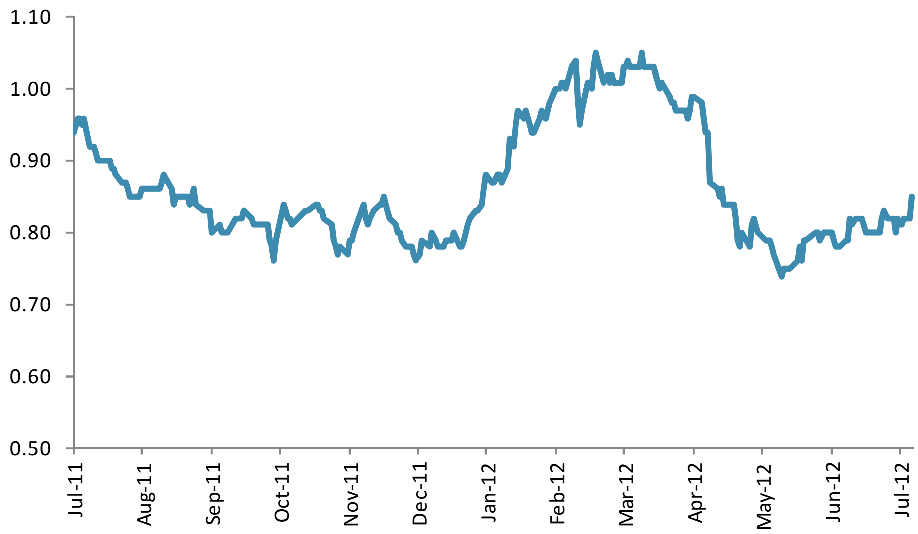
Source: Zawya

DRAKE & SCULL INTERNATIONAL

Key statistics	
Ownership	Public
Country	UAE
Price – 29 July 2012 (AED)	0.82
Market Cap (AED mn)	1,875.1
Bloomberg	DSI UH
Reuters	DSI.DU
No. of Employees	20,000

Shareholding	
Shares Outstanding (mn)	2,286.67
KRT2 Limited	9.18%
KRT3 Limited	8.63%
Khaldoun Rashid Tabari	8.25%
HSBC Private Bank (Suisse)	6.32%

Exhibit 50: Share Price Chart – 1 year (in AED)



Source: Zawya

Business Description

Drake & Scull International PJSC was founded in 1966 and is headquartered in Dubai. The company engages in engineering, integrated design, and construction disciplines of mechanical, electrical and plumbing (MEP), civil contracting, and water and power infrastructure globally. It offers its clients a one stop shop for integrated engineering services capabilities through its major business streamlines: Drake & Scull Construction, Drake & Scull Water and Power, Drake & Scull Rail, Drake & Scull Development and Drake & Scull International.

Segments/Services

Drake & Scull International operates three business segments, namely: Mechanical, Electrical and Plumbing (MEP), Infrastructure, Water and Power (IWP), Civil and Other (Corporate Office).

Recent Events

In June 2012, Drake & Scull International PJSC was awarded a series of mechanical, electrical and plumbing (MEP) contracts in Oman worth AED96 million (USD26.2 million).

In April 2012, Drake & Scull won an AED470 million (USD128.1 million) subcontract for the design review, procurement & construction of MEP & instrumentation works for the Strategic Tunnel Enhancement Programme (STEP) Pumping Station in Abu Dhabi.

In February 2012, Drake & Scull Qatar, a wholly owned subsidiary of Drake & Scull International, was awarded a QAR125 million contract for phase 1 of Qatar Petroleum's Multipurpose Administration Complex located in Ras Laffan industrial city of Qatar.

In December 2011, Drake & Scull Water and Power, a wholly owned subsidiary of Drake & Scull International, was awarded its first contract in North Africa worth AED142 million (USD38.7 million) to construct a mining grade ammonium nitrate plant in Egypt.

Key Financials

Exhibit 51: Income Statement (in AED mn)

	2007	2008	2009	2010	2011
Total Revenue	820.46	1,425.38	2,211.71	1,854.57	3,109.62
Cost of Sales	665.33	1,149.17	1,775.94	1,510.16	2,672.53
Gross Profit	155.13	276.21	435.76	344.41	437.09
Operating Profit	99.95	140.13	198.72	117.07	228.42
Operating profit margin (%)	*12.18%*	*9.83%*	*8.99%*	*6.31%*	*7.35%*
Net Income	99.30	152.54	325.71	154.62	188.85
Net profit margin (%)	*12.10%*	*10.70%*	*14.73%*	*8.34%*	*6.07%*

Source: Zawya

Exhibit 52: Balance Sheet (in AED mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	127.52	162.33	1,160.01	705.15	525.49
Current Receivables	333.59	520.04	1,040.96	1,902.07	2,484.48
Other Current Assets	38.20	66.11	39.36	45.32	50.93
Total Long Term Assets	252.90	331.13	1,342.61	1,514.09	1,995.11
Total Assets	**958.65**	**1,449.75**	**4,364.72**	**4,870.56**	**5,740.68**
Total Current Liabilities	597.34	1,056.11	1,641.50	2,260.04	2,846.45
Total Long-term Liabilities	181.62	41.45	161.34	3.68	107.73
Total Provisions	27.30	41.31	54.72	65.09	68.95
Total Shareholders' Equity	143.99	296.56	2,468.57	2,469.67	2,685.31
Total Liabilities & Shareholders' Equity	**958.65**	**1,449.75**	**4,364.72**	**4,870.56**	**5,740.68**

Source: Zawya

GALFAR ENGINEERING & CONTRACTING

Key statistics	
Ownership	Public
Country	Oman
Price – 16 July 2012 (OMR)	0.36
Market Cap (OMR mn)	83.2
Bloomberg	GECS OM
Reuters	GECS.OM
No. of Employees	26,500

Shareholding	
Shares Outstanding (mn)	231
Dr Salim S. H. Al Fannah Al Araimi	17.87%
Al Siraj Investment Holding	12.56%
Aimmar United Inv. and Projects	12.00%
Dr Parambathekandi M. Ali	10.00%
PMA International	5.00%

Exhibit 53: Share Price Chart – 1 year (in OMR)

Source: Zawya

Business Description

Galfar Engineering and Contracting was founded in 1972 in Oman. It is Oman's largest construction company and operates in the Sultanate of Oman, other GCC countries and India. The company possesses engineering, procurement and construction (EPC) capabilities in oil & gas, roads & bridges and civil & utilities sectors. The company has shown steady growth of the last few decades, owns over 7,000 equipments and employs a workforce of over 28,000.

Segments/Services

Galfar Engineering and Contracting Group's business is divided across three segments: Construction, Hiring of equipment and Training of personnel.

Recent Events

In June 2012, Petroleum Development Oman extended its Off plot Galfar Engineering & Contracting was awarded a series of mechanical, electrical and plumbing (MEP) contracts in Oman worth AED96 million (USD26.2 million).

In April 2012, Drake & Scull won an AED470 million (USD128.1 million) subcontract for the design review, procurement & construction of MEP & instrumentation works for the Strategic Tunnel Enhancement Programme (STEP) Pumping Station in Abu Dhabi.

In February 2012, Drake & Scull Qatar, a wholly owned subsidiary of Drake & Scull International, was awarded a QAR125 million contract for phase 1 of Qatar Petroleum's Multipurpose Administration Complex located in Ras Laffan industrial city of Qatar.

In December 2011, Drake & Scull Water and Power, a wholly owned subsidiary of Drake & Scull International, was awarded its first contract in North Africa worth AED142 million (USD 38.7 million) to construct a mining grade ammonium nitrate plant in Egypt.

Key Financials

Exhibit 54: Income Statement (in OMR mn)

	2007	2008	2009	2010	2011
Total Revenue	268.71	362.98	412.13	371.53	307.22
Cost of Sales	221.36	309.32	372.46	326.36	260.95
Gross Profit	47.35	53.65	39.68	45.17	46.27
Operating Profit	26.93	27.82	8.37	11.80	11.82
Operating profit margin (%)	*10.02%*	*7.66%*	*2.03%*	*3.18%*	*3.85%*
Net Income	22.04	22.51	3.70	5.83	4.39
Net profit margin (%)	*8.20%*	*6.20%*	*0.90%*	*1.57%*	*1.43%*

Source: Zawya

Exhibit 55: Balance Sheet (in OMR mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	17.64	14.30	4.56	4.10	3.41
Current Receivables	100.21	154.45	172.38	232.33	212.82
Other Current Assets	0.29	3.14	2.54	4.42	2.53
Total Long Term Assets	112.70	146.47	160.91	146.89	140.82
Total Assets	**257.52**	**371.15**	**369.78**	**420.73**	**403.35**
Total Current Liabilities	138.53	208.22	225.31	271.55	208.91
Total Long-term Liabilities	35.78	62.43	43.47	42.29	54.52
Total Provisions	12.25	16.44	18.33	21.22	52.30
Total Shareholders' Equity	70.42	83.33	82.02	85.01	86.95
Total Liabilities & Shareholders' Equity	**257.52**	**371.15**	**369.78**	**420.73**	**403.35**

Source: Zawya

MOHAMMAD Al MOJIL GROUP CO.

Key statistics	
Ownership	Public
Country	Saudi Arabia
Price – 21 July 2012 (SAR)	12.55
Market Cap (SAR mn)	1,568.8
Bloomberg	MMG AB
Reuters	1310.SE
No. of Employees	22,000

Shareholding	
Shares Outstanding (mn)	125.00
Mohammad Bin Hamad A Al Mojil	50.00%

Exhibit 56: Share Price Chart – 1 year (in SAR)

Source: Zawya

Business Description

Established in 1954, Mohammad Al Mojil (MMG) is a licensed general contractor specializing in onshore and offshore oil & gas and petrochemical projects. MMG's scope of work includes all construction activities involving civil, structural, mechanical, electrical, instrumental and maintenance.

MMG has a flawless record on delivery of projects valued at over USD10 bn.

Segments/Services

The company operates in five segments – Civil, Structural, Mechanical, Electrical and instrumentation, and Maintenance.

Recent Events

In April 2012, MMG announced the addition of three state-of-the-art vessels to its fleet. The company said that all the three vessels have become operational and are providing marine support services to floating oil and gas platforms of Saudi Aramco.

In May 2011, MMG acquired Gulf Elite Company for General Contracting for SAR46 mn. Dammam-based Gulf Elite has over 30 years experience in the field of contracting and execution of electro-mechanical works. It also possesses extensive experience in the construction of roads and water treatment facilities as well as other civil works.

In May 2011, MMG bagged contract for two major projects worth SAR636 mn from Saudi Aramco. Both the projects are related to the construction of facilities at Shaybah Residential and Industrial Complex and the Shaybah Industrial Support Facilities, located at Shaybah.

In March 2011, MMG signed two contracts worth SAR1.03 bn with Saudi Aramco. One of the contracts is for designing, constructing, and commissioning of Industrial Support Facilities for the Wasit Gas Plant in the Eastern Province of Saudi Arabia. The other contract is to procure and build Saudi Aramco's YERP Interconnecting Systems Package (SP-6) in Yanbu.

Key Financials

Exhibit 57: Income Statement (in SAR mn)

	2007	2008	2009	2010	2011
Total Revenue	1,955.1	2,216.4	1,731.1	2,113.3	1,955.1
Cost of Sales	1,244.4	1,711.7	1,372.1	2,330.2	1,244.4
Gross Profit	710.8	504.7	359.0	-216.9	710.8
Operating Profit	562.7	224.9	84.1	-486.3	562.7
Operating profit margin (%)	*28.8%*	*10.1%*	*4.9%*	*-23.0%*	*28.8%*
Net Income	548.6	40.3	-179.5	-959.4	548.6
Net profit margin (%)	*28.1%*	*1.8%*	*-10.4%*	*-45.4%*	*28.1%*

Source: Zawya

Exhibit 58: Balance Sheet (in SAR mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	63.2	41.3	46.1	235.8	63.2
Current Receivables	884.1	1,690.9	1,465.9	1,285.9	884.1
Other Current Assets	12.4	4.7	0.7	0.8	12.4
Total Long Term Assets	1,125.6	1,322.8	1,265.4	1,302.0	1,125.6
Total Assets	**2,225.2**	**3,144.0**	**2,943.9**	**3,149.7**	**2,225.2**
Total Current Liabilities	857.0	1,195.9	1,243.4	2,246.2	857.0
Total Long-term Liabilities	0.0	0.0	25.0	163.3	0.0
Total Provisions	73.5	108.6	109.1	227.1	73.5
Total Shareholders' Equity	1,294.6	1,839.6	1,566.4	513.2	1,294.6
Total Liabilities & Shareholders' Equity	**2,225.2**	**3,144.0**	**2,943.9**	**3,149.7**	**2,225.2**

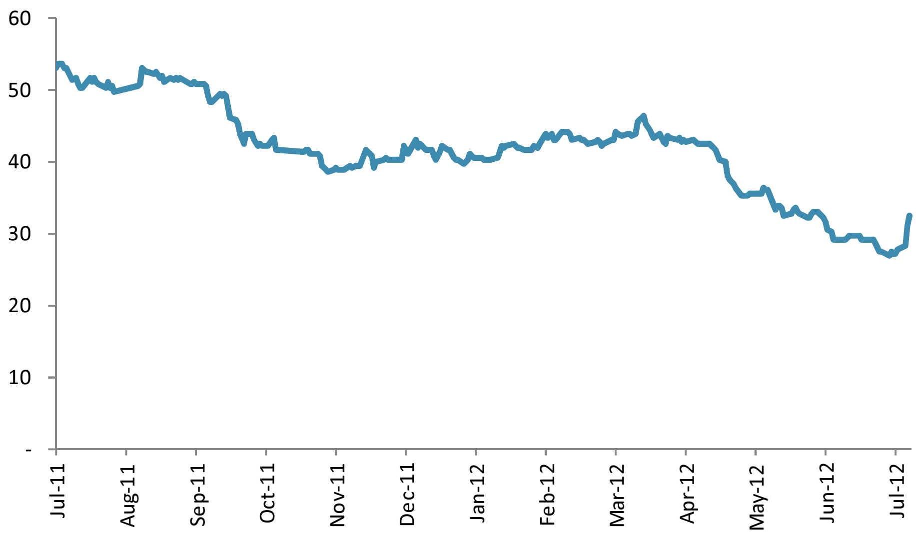
Source: Zawya

ABDULLAH A. M. AL KHODARI SONS CO.

Key statistics	
Ownership	Public
Country	Saudi Arabia
Price – 29 July 2012 (SAR)	31.20
Market Cap (SAR mn)	1,657.6
Bloomberg	ALKHODAR AB
Reuters	1330.SE
No. of Employees	14,811

Shareholding	
Shares Outstanding (mn)	53.13
Abdullah A M Al Khodari Hldg Co.	60.00%

Exhibit 59: Share Price Chart – 1 year (in SAR)



Source: Zawya

Business Description

Established in 1966, Abdullah Abdul Mohsin Al-Khodari Sons Company is a general contracting company based in Saudi Arabia. It is engaged in civil engineering, roads and bridges, railways, buildings and infrastructure, water & waste water treatment, oil & gas and pipelines in support of petrochemical production, city cleaning, environmental control, land transportation and operation & maintenance activities.

Segments/Services

Abdullah A. M. Al-Khodari Sons Co generates revenue through two streams – contracting and trading.

Recent Events

In April 2012, Abdullah A. M. Al-Khodari Sons Co announced the signing of SAR170 mn Islamic credit facilities agreement with Saudi Investment Bank. The bank extended facilities for the purpose of providing bonding commitments, fund capital requirements and working capital needs for the company's specific projects and general businesses.

In August 2011, Abdullah A. M. Al-Khodari Sons Co announced that it has been awarded a SAR120.7 mn contract by the Ministry of Interior. The company said it has received a receipt of award letter from the Ministry for the construction of the second phase of Border Guard Airport in Umm Almelh in the Empty Quarter.

Key Financials

Exhibit 60: Income Statement (in SAR mn)

	2007	2008	2009	2010	2011
Total Revenue	1,058.6	1,159.1	1,048.1	1,074.0	1,189.5
Cost of Sales	739.7	823.9	749.0	784.9	932.8
Gross Profit	318.9	335.2	299.1	289.1	256.7
Operating Profit	282.9	280.2	245.1	236.6	178.8
Operating profit margin (%)	*26.7%*	*24.2%*	*23.4%*	*22.0%*	*15.0%*
Net Income	227.0	239.7	217.1	217.9	158.1
Net profit margin (%)	*21.4%*	*20.7%*	*20.7%*	*20.3%*	*13.3%*

Source: Zawya

Exhibit 61: Balance Sheet (in SAR mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	90.3	33.4	32.6	71.0	78.8
Current Receivables	249.4	341.5	385.4	512.1	428.2
Other Current Assets	87.7	164.4	311.2	655.5	1,043.4
Total Long Term Assets	709.1	641.2	512.8	447.5	529.0
Total Assets	**1,256.5**	**1,340.1**	**1,449.8**	**1,826.4**	**2,353.2**
Total Current Liabilities	502.9	549.9	404.7	682.5	1,178.4
Total Long-term Liabilities	378.8	399.9	506.4	515.1	473.8
Total Provisions	57.6	42.5	32.4	40.6	40.9
Total Shareholders' Equity	317.1	347.7	506.3	588.2	660.1
Total Liabilities & Shareholders' Equity	**1,256.5**	**1,340.1**	**1,449.8**	**1,826.4**	**2,353.2**

Source: Zawya

AL KHALEEJ TRAINING

Key statistics	
Ownership	Public
Country	Saudi Arabia
Price – 29 July 2012 (SAR)	34.6
Market Cap (SAR mn)	865.0
Bloomberg	ALKHLEEJ AB
Reuters	4290.SE
No. of Employees	1,800

Shareholding	
Shares Outstanding (mn)	25.00
Abdulaziz R. A. Al Rashed	20.30%
EFG HERMES	13.30%
Ahmad A. A. Al Shadwi	13.30%
Al Waleed A. S. Al Dreian	11.68%
Abdulaziz H. N. Al Belaihid	10.00%

Exhibit 62: Share Price Chart – 1 year (in SAR)

Source: Zawya

Business Description

Established in 1992, Al Khaleej Training and Education Co. (Al Khaleej) is engaged in the business of providing training courses in Information Technology, English Language, Administrative Training and others. The company has 82 training centers and 11 franchise product rights in the Kingdom of Saudi Arabia. Al Khaleej is also expanding in Egypt, the UAE and Jordan. The company raised money through an IPO in November 2007.

Segments/Services

Al Khaleej operates through several divisions, including New Horizons Computer Learning Centers, Direct English Centers, Platinum Center, Takniat and others.

Recent Events

In June 2011, Al Khaleej signed loan agreements with Arab National Bank (SAR70 mn) and Riyadh Bank (SAR30 mn) to finance the construction of a school and administrative offices in Riyadh.

In May 2011, Al Khaleej signed an agreement with Huawei Technologies, a telecom solutions provider, to launch a project called Datacom Certificate System. The project will enable Saudi individuals in data communication & IP field to acquire systematic and pragmatic expertise and skills.

In April 2011, Al Khaleej issues bonus shares worth SAR50 mn, increasing its share capital to SAR200 mn from SAR150 mn.

Key Financials

Exhibit 63: Income Statement (in SAR mn)

	2007	2008	2009	2010	2011
Total Revenue	301.35	346.34	350.11	395.37	514.94
Cost of Sales	191.44	221.86	226.77	261.03	344.41
Gross Profit	109.91	124.48	123.34	134.34	170.52
Operating Profit	41.66	49.36	48.68	52.64	64.57
Operating profit margin (%)	*13.8%*	*14.3%*	*13.9%*	*13.3%*	*12.5%*
Net Income	37.50	41.24	42.04	45.44	52.66
Net profit margin (%)	*12.4%*	*11.9%*	*12.0%*	*11.5%*	*10.2%*

Source: Zawya

Exhibit 64: Balance Sheet (in SAR mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	26.25	34.04	30.63	33.47	26.39
Current Receivables	82.97	106.48	126.01	170.53	177.26
Other Current Assets	12.95	14.97	22.15	6.86	9.07
Total Long Term Assets	179.40	201.49	246.23	269.74	301.48
Total Assets	**301.57**	**356.99**	**425.02**	**480.59**	**540.88**
Total Current Liabilities	80.48	112.31	141.73	151.12	149.89
Total Long-term Liabilities	40.18	20.57	26.50	32.08	43.71
Total Provisions	13.89	18.85	18.83	21.85	26.75
Total Shareholders' Equity	154.05	194.57	227.65	264.37	308.72
Total Liabilities & Shareholders' Equity	**301.57**	**356.99**	**425.02**	**480.59**	**540.88**

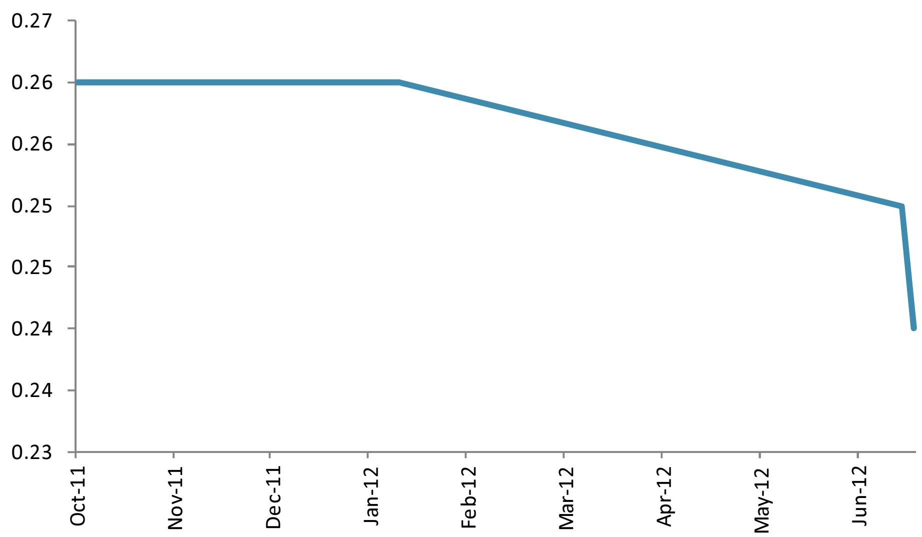
Source: Zawya

EYAS FOR HIGHER & TECHNICAL EDUCATION CO.

Key statistics	
Ownership	Public
Country	Kuwait
Price – 18 June 2012 (KWD)	0.24
Market Cap (KWD mn)	26.40
Bloomberg	EYAS KK
Reuters	EYAS.KW
No. of Employees	308

Shareholding	
Shares Outstanding (mn)	110.00
Educational Holding Group	41.96%
National United Holding Company	23.50%
Public Inst. for Social Security	20.05%
Kuwait Awqaf Public Foundation	10.00%

Exhibit 65: Share Price Chart – 1 year (in KWD)



Source: Zawya

Business Description

Established in 2000, EYAS for Higher and Technical Education Company (EYAS) is engaged in the establishment and management of school, colleges, institutions, and training centers involved in different grades of education. Other activities of EYAS include computer and telecommunication network consultants; publishers and distributors of audio, visual, and written educational materi-als; and organizing fairs, conferences and exhibitions.

EYAS listed on the Kuwait Stock Exchange in 2004 .

Segments/Services

The company operates Gulf University for Science & Technology (GUST) in Kuwait. The university has a dual-enrollment agreement with the University of Missouri–St. Louis.

Recent Events

NA

Key Financials

Exhibit 66: Income Statement (in KWD 000)					
	2007	**2008**	**2009**	**2010**	**2011**
Total Revenue	7,276.0	8,387.0	11,458.0	16,758.0	18,753.0
Cost of Sales	3,499.0	4,670.0	5,604.0	7,652.0	8,730.0
Gross Profit	3,777.0	3,717.0	5,854.0	9,106.0	10,023.0
Operating Profit	1,833.0	1,487.0	2,760.0	4,565.0	6,093.0
Operating profit margin (%)	*25.2%*	*17.7%*	*24.1%*	*27.2%*	*32.5%*
Net Income	2,373.0	1,187.0	-751.0	2,334.0	3,111.0
Net profit margin (%)	*32.6%*	*14.2%*	*-6.6%*	*13.9%*	*16.6%*

Source: Zawya

Exhibit 67: Balance Sheet (in KWD 000)					
	2007	**2008**	**2009**	**2010**	**2011**
Cash & Cash Equivalents	284	164	74	2,724	1,420
Current Receivables	484	706	1,241	4,896	5,115
Other Current Assets	32	26	-	-	-
Total Long Term Assets	22,233	37,812	33,376	31,308	28,633
Total Assets	**29,086**	**40,889**	**37,154**	**41,103**	**36,837**
Total Current Liabilities	1,682	7,916	7,603	10,202	5,942
Total Long-term Liabilities	10,500	14,711	11,740	9,214	6,856
Total Provisions	564	735	1,035	2,576	2,930
Total Shareholders' Equity	16,340	17,527	16,776	19,110	21,109
Total Liabilities & Shareholders' Equity	**29,086**	**40,889**	**37,154**	**41,103**	**36,837**

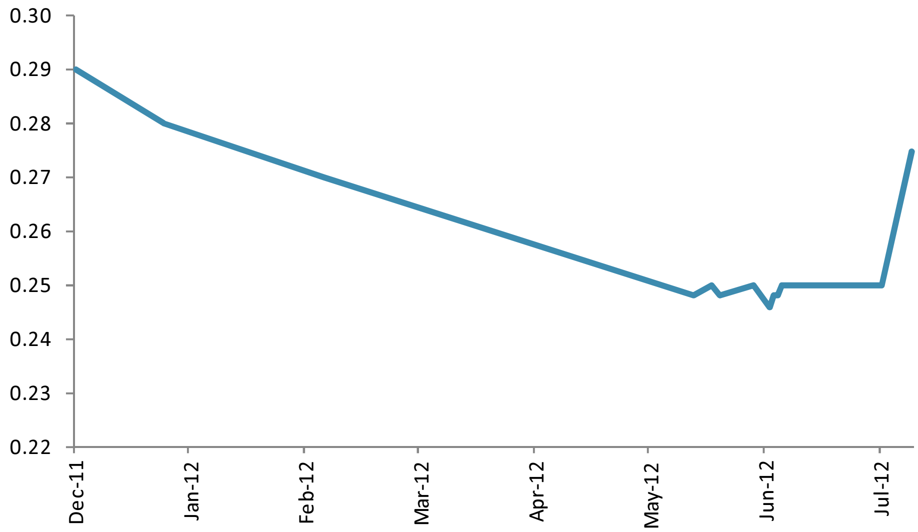
Source: Zawya

HUMANSOFT HOLDING CO.

Key statistics	
Ownership	Public
Country	Kuwait
Price – 11 July 2012 (KWD)	0.275
Market Cap (KWD mn)	31.42
Bloomberg	HUMANSFT KK
Reuters	HUMN.KW
No. of Employees	NA

Shareholding	
Shares Outstanding (mn)	114.24
Al Othman Commercial Ent.	47.01%
Al Imtiaz Investment Co.	24.38%
Fahed Ibrahim Al Othman	12.10%
Aminah Qais Salman Al Darbaie	10.35%

Exhibit 68: Share Price Chart – 1 year (in KWD)



Source: Zawya

Business Description

Established in 1997 by Fahed Ibrahim Al Othman, HumanSoft Holding Company (HumanSoft) is engaged in establishing and managing private universities and colleges as well as providing computer education, language training, executive courses, E-commerce and media services.

HumanSoft operates in Kuwait, Qatar, Saudi Arabia and the UAE.

Segments/Services

HumanSoft operates through four segments – Higher Education, Training and Career Development Programs, English Training and Learning Solutions; also, it operates through a number of subsidiaries and associates.

American University of The Middle East; American College of The Middle East; HumanSoft Learning Solutions; Track Learning Solutions; HumanSoft Curricula & Learning Concepts; Tawteen; HumanSoft Management and IT Consulting; New Horizons Computer Training; and Expression English Training.

Recent Events

In October 2010, HumanSoft announced the completion of the second phase of American University of Middle East (AUM) building project. AUM commenced operations in 2008, in affiliation with Purdue University, Indiana.

Key Financials

Exhibit 69: Income Statement (in KWD mn)

	2007	2008	2009	2010	2011
Total Revenue	5.80	5.77	6.24	7.29	11.13
Cost of Sales	1.54	1.35	2.11	2.64	3.08
Gross Profit	4.26	4.42	4.13	4.65	8.05
Operating Profit	0.11	(0.92)	0.47	0.42	2.86
Operating profit margin (%)	*2.0%*	*NM*	*7.6%*	*5.8%*	*25.7%*
Net Income	4.58	0.34	0.86	0.22	2.39
Net profit margin (%)	*78.9%*	*5.9%*	*13.8%*	*3.0%*	*21.5%*

Source: Zawya

Exhibit 70: Balance Sheet (in KWD mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	4.21	2.85	1.79	1.07	2.69
Current Receivables	0.72	1.47	2.31	2.45	4.02
Other Current Assets	0.73	0.50	0.58	0.67	0.64
Total Long Term Assets	15.80	18.44	20.84	24.26	25.52
Total Assets	**21.47**	**23.26**	**25.52**	**28.45**	**32.87**
Total Current Liabilities	1.99	3.10	2.01	4.40	5.75
Total Long-term Liabilities	2.13	1.54	3.85	4.55	3.55
Total Provisions	0.81	1.20	1.46	1.57	2.15
Total Shareholders' Equity	16.43	17.42	18.21	17.94	21.43
Total Liabilities & Shareholders' Equity	**21.47**	**23.26**	**25.52**	**28.45**	**32.87**

Source: Zawya

YIACO MEDICAL CO.

Key statistics	
Ownership	Public
Country	Kuwait
Price – 16 July 2012 (KWD)	0.365
Market Cap (KWD mn)	60.23
Bloomberg	YIACO KK
Reuters	YIAC.KW
No. of Employees	750

Shareholding	
Shares Outstanding (mn)	165.00
Development Projects Hldg Co.	19.01%
Ajam Group Company	8.49%
Kuwait Finance House	6.44%

Exhibit 71: Share Price Chart – 1 year (in KWD)

Source: Zawya

Business Description

Established in 1953, Kuwait-based Yiaco Medical Company operates in the healthcare services space. The company is engaged in the distribution of pharmaceutical products, cosmetics, medical, chemical and dental products and equipments. YIACO markets products of more than 80 top diversified multinational companies such as Sanofi-Aventis, GSK, Schering, Pfizer, Merck, Abbott, Bayer, Roche, Philips, and Johnson & Johnson. It also operates and manages medical centers, hospitals, clinics and laboratories in Kuwait.

Segments/Services

Yiaco operates through three main divisions. The Pharma and Business Development division is engaged in the distribution and marketing of therapeutic products, skin care products, as well as veterinary, agricultural and public health products. The division also operates a retail chain of 28 pharmacies throughout Kuwait. The Medical, Scientific and Dental division markets hospital medical equipment, laboratory and scientific equipment, dental equipment and materials from multinational manufacturers including Roche and Johnson & Johnson. Yiaco's Medical Service Centers division operates a chain of medical diagnostic centers, each with its own radiology and clinical laboratory, and AL-Raya home care services.

Recent Events

In August 2011, Yiaco signed a contract worth KWD5.55 mn with the Ministry of Health. YIACO submitted the lowest bid for the tender to provide medical support services for three years. The company is a regular supplier of medical services to the Ministry of Health and Ministry of Defense.

Key Financials

Exhibit 72: Income Statement (in KWD mn)

	2007	2008	2009	2010	2011
Total Revenue	48.25	54.08	69.74	81.99	88.53
Cost of Sales	36.22	39.35	52.06	65.29	68.58
Gross Profit	12.03	14.73	17.68	16.71	19.95
Operating Profit	2.32	3.02	2.48	5.09	5.73
Operating profit margin (%)	*4.8%*	*5.6%*	*3.6%*	*6.2%*	*6.5%*
Net Income	2.28	0.78	1.39	4.69	5.12
Net profit margin (%)	*4.7%*	*1.4%*	*2.0%*	*5.7%*	*5.8%*

Source: Zawya

Exhibit 73: Balance Sheet (in KWD mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	1.44	1.56	2.46	7.27	5.48
Current Receivables	13.42	13.06	18.80	20.78	22.53
Other Current Assets	13.85	19.17	20.92	22.50	27.15
Total Long Term Assets	16.60	16.03	16.02	16.55	18.42
Total Assets	**45.31**	**49.82**	**58.19**	**67.09**	**73.58**
Total Current Liabilities	21.35	25.53	33.66	38.98	41.85
Total Long-term Liabilities	1.03	0.51	0.35	0.27	0.20
Total Provisions	0.93	1.04	1.18	1.28	1.67
Total Shareholders' Equity	21.90	22.65	22.92	26.36	29.69
Total Liabilities & Shareholders' Equity	**45.31**	**49.82**	**58.19**	**67.09**	**73.58**

Source: Zawya

SPIMACO

Key statistics	
Ownership	Public
Country	Saudi Arabia
Price – 29 July 2012 (SAR)	43.50
Market Cap (SAR mn)	3,412.1
Bloomberg	SPIMACO AB
Reuters	2070.SE
No. of Employees	1,000

Shareholding	
Shares Outstanding (mn)	78.44
Arab Co for Drug Ind & Med App.	20.00%
Public Pension Agency	13.06%
Khaled Saleh A R Al Shatri	5.67%

Exhibit 74: Share Price Chart – 1 year (in SAR)

Source: Zawya

Business Description

Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO) was established in 1986 to produce medicines and medical equipment in the Kingdom of Saudi Arabia. The company also invests in the health care sector.

Segments/Services

SPIMACO main manufacturing facility – Al–Qassim Pharmaceutical Plant, is located at the Qassim Industrial City, about 320kms from Riyadh. The plant is equipped with a liquid manufacturing & packaging department, which has a total capacity of packaging around 40 million bottles, and oral solids manufacturing & packaging department, with total annual capacity of around 550 million tablets on a single shift basis.

The plant also has an aseptic manufacturing & packaging department, cream and ointment manufacturing & packaging department and a penicllin manufacturing & packaging department.

Recent Events

In March 2012, SPIMACO acquired a 48% stake in Ireland-based Eirgen Pharma Ltd. at SAR 46.90 per share, valuing the deal at SAR93 mn.

In June 2011, SPIMACO bought 15.1% in CAD Middle East Pharmaceutical Industries for SAR40.7 mn taking its stake to 40.1%. CAD Middle East Pharmaceutical Industries planned to use the convertible loan to fund its new projects.

In April 2011, SPIMACO acquired a 50% of Morroco-based E-Pharma Morocco for MAD35 mn paying SAR 39 per share.

Key Financials

Exhibit 75: Income Statement (in SAR mn)

	2007	2008	2009	2010	2011
Total Revenue	797.75	301.35	346.34	350.11	395.37
Cost of Sales	449.02	191.44	221.86	226.77	261.03
Gross Profit	348.73	109.91	124.48	123.34	134.34
Operating Profit	100.73	41.66	49.36	48.68	52.64
Operating profit margin (%)	*12.6%*	*13.8%*	*14.3%*	*13.9%*	*13.3%*
Net Income	121.84	37.50	41.24	42.04	45.44
Net profit margin (%)	*15.3%*	*12.4%*	*11.9%*	*12.0%*	*11.5%*

Source: Zawya

Exhibit 76: Balance Sheet (in SAR mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	170.32	62.67	106.62	74.24	87.28
Current Receivables	403.83	460.97	473.61	543.61	632.40
Other Current Assets	228.26	234.00	244.15	525.30	533.70
Total Long Term Assets	2,554.53	1,179.41	1,898.10	2,312.51	2,485.06
Total Assets	**3,356.94**	**1,937.05**	**2,722.49**	**3,455.66**	**3,738.45**
Total Current Liabilities	344.93	403.61	415.05	371.09	368.61
Total Long-term Liabilities	-	-	-	-	-
Total Provisions	112.94	113.68	111.63	127.92	166.95
Total Shareholders' Equity	2,899.08	1,419.77	2,195.82	2,956.66	3,202.89
Total Liabilities & Shareholders' Equity	**3,356.94**	**1,937.05**	**2,722.49**	**3,455.66**	**3,738.45**

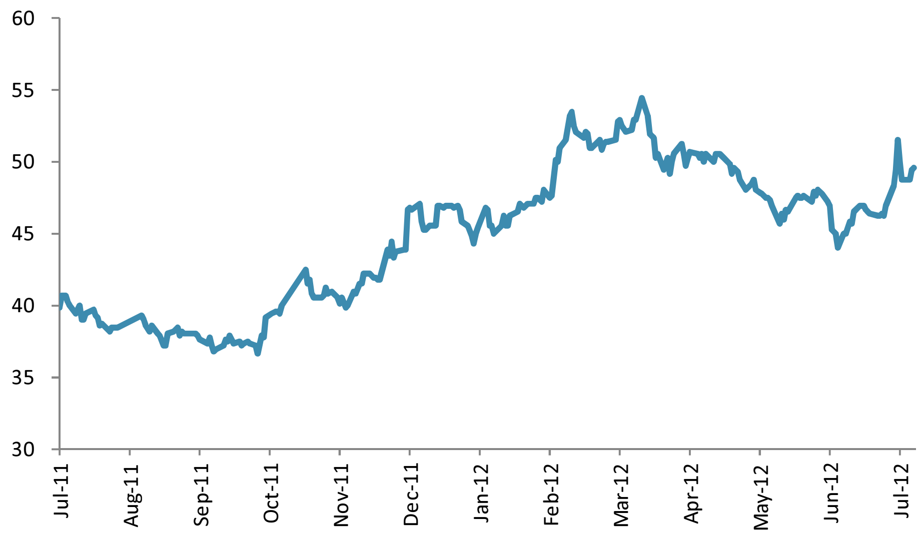
Source: Zawya

AL MOUWASAT MEDICAL SERVICES CO.

Key statistics	
Ownership	Public
Country	Saudi Arabia
Price – 29 July 2012 (SAR)	49.5
Market Cap (SAR mn)	2,475.0
Bloomberg	MOUWASAT AB
Reuters	4002.SE
No. of Employees	2,438

Shareholding	
Shares Outstanding (mn)	50.0
Mohammad Sultan Al-Subaie	17.50%
Suliman Mohammad Al-Saleem	17.50%
Nasser Sultan Al-Subaie	17.50%
Credit Suisse Saudi Arabia	7.80%

Exhibit 77: Share Price Chart – 1 year (in SAR)



Source: Zawya

Business Description

Al Mouwasat Medical Services Co (Mouwasat) is a Saudi-based healthcare provider engaged in the ownership, management and operation of five hospitals, two dispensaries, and a few skin care centers and pharmacies.

The company commenced business with the establishment of Mouwasat Dispensary in Dammam, way back in 1975. However, Mouwasat took a big leap with the opening of Mouwasat Hospital (Dammam) in 1988 worth SAR130 mn.

Segments/Services

Mouwasat owns/operates five hospitals (754 beds) in Saudi Arabia.

The hospitals provide a complete line of medical services through outpatient clinics, including internal medicine, obstetrics and gynecology, pediatrics, orthopedics, dermatology, venereology, general surgery, ophthalmology, ENT, cardiology, vascular, psychiatry, neurology, dentistry, plastic surgery, and physiotherapy. The company also operates two dispensaries that offer radiology and laboratory, and pharmaceutical services.

Recent Events

In Feb 2012, the Capital Market Authority (CMA) approved the capital increase request for Mouwasat through issuance of bonus shares.Mouwasat had sought to increase its capital to SAR500 mn from SAR250 mn through the issue of one bonus share for every existing share held by the shareholders.

In May 2011, the company announced a plan to build a hospital at Dhahran (Saudi Arabia). The construction of this SAR275 mn hospital is expected to begin by the second quarter of 2012. Mouwasat is expected to finance 25% of the new hospital through internal accruals, and the rest through banks (40%), and the Ministry of Finance (35%).

Key Financials

Exhibit 78: Income Statement (in SAR mn)

	2007	2008	2009	2010	2011
Total Revenue	400.7	454.6	517.6	587.5	678.4
Cost of Sales	205.8	231.8	265.8	285.5	325.8
Gross Profit	194.8	222.8	251.8	302.0	352.6
Operating Profit	96.2	110.3	121.2	171.5	218.9
Operating profit margin (%)	*24.0%*	*24.3%*	*23.4%*	*29.2%*	*32.3%*
Net Income	88.8	97.1	107.0	118.6	148.1
Net profit margin (%)	*22.2%*	*21.4%*	*20.7%*	*20.2%*	*21.8%*

Source: Zawya

Exhibit 79: Balance Sheet (in SAR mn)

	2007	2008	2009	2010	2011
Cash & Cash Equivalents	15.2	29.5	48.0	137.2	62.7
Current Receivables	114.1	127.1	144.7	155.1	139.4
Other Current Assets	7.5	6.1	10.9	18.5	17.8
Total Long Term Assets	363.0	401.4	445.4	495.3	550.0
Total Assets	**557.4**	**622.3**	**720.5**	**891.4**	**984.8**
Total Current Liabilities	85.7	92.2	107.6	115.7	121.2
Total Long-term Liabilities	88.4	83.9	86.3	138.5	111.1
Total Provisions	18.3	20.3	23.4	29.6	41.7
Total Shareholders' Equity	354.5	409.1	479.7	571.9	668.5
Total Liabilities & Shareholders' Equity	**557.4**	**622.3**	**720.5**	**891.4**	**984.8**

Source: Zawya

Al Masah Capital Management Limited
Level 9, Suite 906 & 907
ETA Star - Liberty House
Dubai International Financial Centre
Dubai-UAE
P.O.Box 506838
Tel: +971 4 4531500
Fax: +971 4 4534145
Email: Research@almasahcapital.com
Website : www.almasahcapital.com

Disclaimer:
This report is prepared by Al Masah capital Management Limited ("AMCML"). AMCML is a company incorporated under the DIFC Companies Law and is regulated by the Dubai Financial Services Authority ("DFSA"). The information contained in this report does not constitute an offer to sell securities or the solicitation of an offer to buy, or recommendation for investment in, any securities in any jurisdiction. The information in this report is not intended as financial advice and is only intended for professionals with appropriate investment knowledge and ones that AMCML is satisfied meet the regulatory criteria to be classified as a 'Professional Client' as defined under the Rules & Regulations of the appropriate financial authority. Moreover, none of the report is intended as a prospectus within the meaning of the applicable laws of any jurisdiction and none of the report is directed to any person in any country in which the distribution of such report is unlawful. This report provides general information only. The information and opinions in the report constitute a judgment as at the date indicated and are subject to change without notice. The information may therefore not be accurate or current. The information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable in good faith, but no representation or warranty, express, or implied, is made by AMCML, as to their accuracy, completeness or correctness and AMCML does also not warrant that the information is up to date. Moreover, you should be aware of the fact that investments in undertakings, securities or other financial instruments involve risks. Past results do not guarantee future performance. We accept no liability for any loss arising from the use of material presented in this report. This document has not been reviewed by, approved by or filed with the DFSA. This report or any portion hereof may not be reprinted, sold or redistributed without our prior written consent.