

Commercial Facilities Company Results Update

Reuters Code:
FACI.KW

April, 2006

Hold

Listing:
Kuwait Stock Exchange

CMP:
700fils (As on April 1st, 2006)

Key Data

CMP (fils)	700*
EPS (fils)	72.5
BVPS (fils)	324.5
P / E**	9.7
P / BV**	2.15
52 week Low/Hi	630/890

Source: **Global Research**

*As on March April 1st, 2006

**Based on Current Price & 2005
EPS and BV

Highlights

- We had recommended a price target of 810fils in our report on the Commercial Facilities Company (CFC) stock in August-2005. Since then the stock price went through fluctuations with both upward and downward movements. However, we expect the stock to gain positive momentum thanks to the positive growth factors as well as the continued growth in the growing consumer class.
- The performance of CFC in 2005 has outperformed our projections. We had projected gross profit, operating profit and net profit for 2005 of KD29.39mn, KD26.45mn and KD29.24mn respectively in our August 2005 Report. Whereas, the company's actual results for 2005 showed that it had gross profit, operating profit and net profit during the year of KD28.22mn, KD25.16mn and KD31.09mn respectively. It is worth noting that at gross profit and operating level, it was lower, but at the net profit level the company beat our projections by 6.4%.
- CFC's net profit for the FY2005 increased by 23.7% to KD31.1mn as compared to KD25.1mn in 2004.
- CFC's total assets stood at KD382.9mn at the end of 2005, representing an increase of 15.1% over 2004. Around 90% of the assets were deployed in the core business (Net installment debtors) and about 9% of assets were in investments (both quoted and unquoted investments). Gross installment debtors increased by 16.5% to reach KD443.9mn at the end of 2005 as compared to KD381.2mn corresponding period last year.
- We recommend a **HOLD** and value the company's stock at an intrinsic value of 755fils based on the Dividend Discounted Model and Peer Group Valuation method.

Omar M. El-Quqa, CFA
Executive Vice President
omar@global.com.kw
Phone No:(965) 2400551 Ext.104

Shailesh Dash, CFA
Head of Research
shaileshdash@global.com.kw
Phone No:(965) 2400551 Ext.196

Faisal Hasan, CFA
Senior Financial Analyst
fhasan@global.com.kw
Phone No:(965) 2400551 Ext.204

Dinker G. Mattam, CFA
Financial Analyst
dmattam@global.com.kw
Phone No:(965) 2400551 Ext.254

Burhan Ali
Assistant Financial Analyst
bali@global.com.kw
Phone No:(965) 2400551 Ext.229

Analysis of 2005 Results

Table 1: Results Summary

Amount in KD '000	2004	2005	Change
Income from installment credit	34,494	39,922	15.7%
Cost of borrowing	(8,102)	(11,701)	44.4%
Gross Profit	26,392	28,221	6.9%
Operating expenses	(2,759)	(3,060)	10.9%
Operating profit	23,633	25,161	6.5%
Profit / Loss from investments	968	6,278	548.6%
Provision for Doubtful Debts	(235)	(325)	38.3%
Other income	1,122	1,246	11.1%
Net Profit	25,134	31,098	23.7%
Earnings per Shares (fils)	58	73	

Source: Annual Report

- Total operating profit of CFC grew by 6.5% in 2005 to KD25.2mn as compared to KD23.6mn in 2004. At the same time the operating expenses also grew by 10.9% to KD3.06mn in 2005. This can be mainly attributed to the increasing employee cost, which is the normal yearly increase that the company expects as a part of the increasing manpower needs and requirements.
- The net profit increased by 23.7% to KD31.1mn compared to KD25.1mn in the corresponding period of the last fiscal year. As a result, EPS has also increased from 58fils in 2004 to 73fils in 2005.
- The main driver for the growth in bottom-line was the net investment income, which increased by 548.6% to KD6.3mn as compared to KD0.96mn in 2004.
- Due to the cheaper US\$ borrowing margin, the management has increased the US\$ borrowing to 64% of the total borrowing in 2005 as compared to 43% in 2004. This has resulted in lowering the cost of borrowing in an increasing interest rate scenario.
- At the end of 2005, the total assets stood at KD382.98mn registering a growth of 15.1% over the previous year. The growth in assets was stimulated by their core business (installment credit portfolio) which accounted for about 90% of the total assets of the company at the end of 2005.
- Although CFC has a relatively strict lending policy, the gross installment credit portfolio grew by 16.5% to KD443.96mn in 2005. The net installment credit portfolio increased by 13.01% to reach KD345.21mn in 2005 as compared to KD305.49mn in the previous year.
- The other major component of the company's assets, the investment portfolio also grew significantly by 43.9% to KD33.1mn in 2005 compared to KD22.9mn reported in the previous year. The growth in investment portfolio was mainly due to increase in the fair value of investments.

- It is worth noting that the ratio of investments to total assets has remained in the range of 6.7% to 7.7% for the last 3 years, but has increased to about 8.5% in 2005.
- Around 37.1% of the total assets are funded by the shareholders equity. This percentage has been declining over the years as the company has continued its strategy of financing through a mixture of bank loans and bonds.
- Going forward, though the challenges remain with the existing competition and new entrants, but currently the company is strategically positioned to exploit the emerging opportunities in auto financing and the positive demographic environment.

Sector Performance (Major Consumer Financing Companies)

Table 2: Profitability and Market Share Comparison

Company Name KDmn	Net Profit			Lending Portfolio	
	Dec-05	Dec-04	% Growth	Sep-05	M-Share
Commercial Facilities Co.	31.12	25.13	23.80	335.43	29.68
The Investment Dar Co.	80.49	26.95	198.69	189.40	16.76
International Finance Co.	27.61	9.45	192.24	65.60	5.80
A'ayan Leasing & Investment	23.05	12.46	84.98	87.54	7.75
Osoul Leasing	3.69	3.12	18.02	53.92	4.77
Kuwait Finance & Inv't Company	24.06	4.80	401.69	90.03	7.97
Int'l Leasing & Finance Co.	18.55	5.23	254.52	20.41	1.81
Local Banks	620.15*	441.17*	40.57	287.90	25.47
Total	828.72	528.32	56.86	1,130.23	100.00

Source: Company Reports and Global Research

*Excludes profits of Kuwait Real Estate Bank (Not reported)

- In terms of loan portfolio, CFC had the largest market share of 29.7% in the consumer finance market comprising of top consumer finance companies as well as local banks at the end of Sept-2005. Despite the intense competition and entry of new players in the Kuwaiti market, CFC has been able to maintain its dominance by introducing and integrating new innovative techniques such as easy payments and the quickest approval process in the industry. Going forward, we expect CFC to maintain around 30% market share.
- The company's profit growth was below par when compared to the other finance and investment companies. CFC still maintains the good position in the consumer finance market in terms of absolute profits.

Growth Drivers and Outlook

- Kuwaiti population has been growing at a steady rate especially the working class that represents the majority of the consumer credit market. According to estimates, the total population of Kuwait reached 2.9mn at the end of 2005, representing an increase of 8.6% over the corresponding year. At the same time, the "Consumer class" in Kuwait has also been increasing over the years, which will further drive the consumer credit market in Kuwait. Vehicle financing has been the main driving force for the company. Moreover, this market has ample opportunities for growth as we see the working

class population growing every year. Many consumer finance companies have made it easy for the consumers by offering flexibility in selecting the best credit as per their convenience.

- The strong growth in the capital markets in 2005 is the result of liquidity and the fundamentals and structural changes in the economies which drove stock markets further. But with liquidity in the markets improving substantially, the capital markets are also witnessing increased depths, both in terms of the number of listed companies as well as market capitalization. As a result, corporates witnessed good earnings momentum, which is likely to be sustained on the back of buoyant economy and tremendous business opportunities in the region. Moreover, companies like CFC are benefited from the capital markets, thus improving overall profitability of the company. However, going forward we believe that the markets will stabilize in 2006 and might not witness the same growth seen in the year 2005.
- Looking at the above factors, we expect the company to benefit and capitalize in order to maintain the market share in a very competitive and growing industry. Going forward, we also expect that the new CBK regulations in 2005 to benefit the company by improving the quality of loan portfolio.

Valuation and Recommendation

- In our previous Research Report on CFC in August 2005, we had arrived at a weighted average fair value of 810fils per share, and had recommended a 'Hold' on the stock at the then prevailing price of 790 fils per share.
- The stock has had a good run at the stock market since then, touching a high/low of 890/770fils over a period of about eight months since the release of our report. However, in the late February and mid March, the KSE went through a major correction, which resulted in the price dropping to 700fils (as of April 1st, 2006).
- The performance of CFC in 2005 has outperformed our projections. We had projected gross profit, operating profit and net profit for 2005 of KD29.39mn, KD26.45mn and KD29.24mn respectively in our August 2005 Report, whereas, the company's actual results for 2005 showed that it had gross profit, operating profit and net profit during the year of KD28.22mn, KD25.16mn and KD31.09mn respectively. At the gross profit and operating profit level, the company was lower than our projections by 3.9% and 4.7% respectively. This is primarily due to the healthy increase in the fair value of investments due to the overall performance of the capital markets.
- It is worthwhile to note that since our last report on CFC, the discount rates have increased thrice to reach 6%, which has increased the overall cost of funding. However, the company has managed to control the cost of funding up to a great extent by increasing their US\$ exposure because borrowing in US\$ is much cheaper than borrowing in KD. In addition, the lending in KD helps in giving loans at a higher rate, thus increasing the overall margin.

- For valuation purposes, we have assumed the current CBK discount rate of 6% as the risk free rate for Kuwait. A Market Risk Premium of 6.5% was assumed and beta of 1 is taken for CFC (As actual beta is less than 1). Based on the above assumptions and CAPM model, the cost of equity for CFC works out to 12.5%. We have further assumed a terminal growth rate of 4%, looking at the growth prospects of the economy and the consumer finance market. We have assumed a 4-year forecast period for the DDM.
- The combination of the revised financial projections and WACC, we arrived at a new DDM value of 628fils, lower than 710fils arrived in our August 2005 Report. The average P/BV multiple for the finance companies in Kuwait, which is around 3.89x. (slightly lower than the August 2005 report of 3.96x), the peer valuation has increased now to KD1.26 from KD1.21 earlier. The combined effect of these two methods, which led to a weighted average share value of 755fils, as against 810fils in our earlier report.
- Keeping in line with the improved performance of CFC and our expectations about its future potential, we have valued CFC's share price at 755fils based on DDM and peer group comparison method. The stock currently trades at around 700fils, which implies that the value arrived at using the weighted average method is around 7.8% higher than the current market price. Hence, we recommend a **HOLD** on the stock with a medium term perspective.

BALANCE SHEET

<i>Amount in KD '000</i>	Commercial Facilities Company					
	2003	2004	2005	2006 F	2007 F	2008 F
Cash & cash equivalents	3,363	1,325	1,621	2,115	1,508	1,093
Quoted Investments (Held for trading)	9,351	10,121	15,425	21,595	28,074	30,881
Other receivables & advances	492	807	1,005	1,106	1,216	1,313
Gross Installment debtors (GID)	337,586	381,155	443,958	497,233	551,929	607,121
Less Deferred Income	(42,289)	(49,954)	(72,710)	(77,071)	(80,030)	(81,961)
GID Less Deferred Income	295,297	331,201	371,248	420,162	471,899	525,160
Less : Provision	(25,483)	(25,709)	(26,007)	(28,361)	(30,673)	(32,823)
Net Installment debtors	269,814	305,492	345,241	391,801	441,226	492,338
Total Current Assets	283,020	317,745	363,292	416,616	472,023	525,625
Unquoted investments (Available for sale)	12,913	12,838	17,625	24,675	32,078	34,483
Investment in affiliates	687	567	465	465	465	465
Gross fixed assets	2,280	2,858	2,962	3,080	3,204	3,332
Accumulated depreciation	(1,315)	(1,277)	(1,367)	(1,459)	(1,556)	(1,655)
Net fixed assets	965	1,581	1,595	1,621	1,648	1,676
Total Assets	297,585	332,731	382,977	443,377	506,214	562,250
Liabilities						
Due to banks	4,497	1,561	9,085	11,811	12,519	13,145
Trade creditors	5,406	3,289	6,562	8,531	9,042	9,495
Provision for staff indemnity	1,517	1,841	2,100	2,289	2,495	2,720
Accrued Liabilities	3,988	4,116	4,770	5,056	5,360	5,628
Current portion of LT loans	41,554	63,452	74,652	91,449	105,166	117,786
Total Current Liabilities	56,962	74,259	97,169	119,135	134,582	148,773
Long term loans	83,374	97,632	109,555	136,944	205,416	230,066
Bonds	34,000	34,000	34,000	34,000	-	-
Total Liabilities	174,336	205,891	240,724	290,079	339,998	378,838
Paid-up capital	36,929	39,145	43,842	48,227	48,227	48,227
Share Premium	1,433	1,433	1,433	1,433	1,433	1,433
Legal reserve	22,402	25,010	28,236	31,660	35,505	39,893
Voluntary reserve	22,402	25,010	28,236	31,660	35,505	39,893
Land Revaluation reserve		107	107	107	107	107
Cumulative changes in fair value	6,103	3,857	7,724	7,724	7,724	7,724
Retained earnings	33,980	35,420	40,010	39,823	45,050	53,471
Gain on Treasury shares			40	40	40	40
Treasury shares		(3,142)	(7,375)	(7,375)	(7,375)	(7,375)
Shareholder's equity	123,249	126,840	142,253	153,299	166,216	183,412
Total Equity & Liabilities	297,585	332,731	382,977	443,377	506,214	562,250

PROFIT & LOSS STATEMENT

<i>Amount in KD '000</i>	Commercial Facilities Company					
	2003	2004	2005	2006 F	2007 F	2009 F
Income from installment credit	32,849	34,494	39,922	45,057	51,182	64,542
Cost of borrowing	(6,801)	(8,102)	(11,701)	(13,710)	(16,155)	(19,077)
Gross profit	26,048	26,392	28,221	31,347	35,027	45,465
G&A expenses						
Staffing	(1,963)	(2,158)	(2,348)	(2,429)	(2,627)	(3,183)
Other	(607)	(601)	(712)	(721)	(788)	(909)
Operating profit	23,478	23,633	25,161	28,197	31,612	41,373
Profit / Loss from investments	3,430	968	6,278	6,941	7,519	6,316
Provision for Doubtful Debts	(1,857)	(235)	(325)	(2,354)	(2,313)	(2,239)
Revaluation of land	-	505	-	-	-	-
Other income	1,455	1,122	1,246	1,410	1,581	2,069
Income from affiliates	101	84	(102)	50	50	50
Net Profit from Ordinary Activities	26,607	26,077	32,258	34,243	38,449	47,569
Profit before KFAS & Directors Remuneration	26,607	26,077	32,258	34,243	38,449	47,569
Contribution to KFAS	(266)	(261)	(323)	(308)	(346)	(428)
National Labour Support Tax	(592)	(577)	(714)	(845)	(949)	(1,175)
Director's remuneration	(105)	(105)	(123)	(123)	(123)	(123)
Net profit	25,644	25,134	31,098	32,967	37,030	45,842
P&L Appropriation Account:						
Op Balance of Retained Earnings	30,363	33,980	35,420	40,010	39,823	53,471
Adjustments	(21)	-	34	-	-	-
Net Profit for the year	25,644	25,134	31,098	32,967	37,030	45,842
Issue of Bonus Shares	(2,090)	(2,216)	(4,697)	(4,384)	-	-
Trfr to Statutory Reserve	(2,661)	(2,608)	(3,226)	(3,424)	(3,845)	(4,757)
Trfr to Voluntary Reserve	(2,661)	(2,608)	(3,226)	(3,424)	(3,845)	(4,757)
Dividend	(14,632)	(16,249)	(15,446)	(21,921)	(24,113)	(25,319)
Trf to P&L on account available for sale inv'ts	35	20	54	-	-	-
Restatement in accordance with IAS 39	-	(33)	33	-	-	-
CI Balance of Retained Earnings	33,980	35,420	40,010	39,823	45,050	64,480

CASH FLOW STATEMENT

Amount in KD '000	Commercial Facilities Company						
	2003	2004	2005	2006 F	2007 F	2008 F	2009 F
Operating							
Profit from Operations	26,607	26,077	32,258	32,967	37,030	42,273	45,842
Depreciation	82	87	102	92	96	100	104
Profit / Loss from Sale of fixed assets	-	(513)	-	-	-	-	-
Profit / Loss from Investments	(3,512)	(969)	(6,278)	(6,941)	(7,519)	(7,190)	(6,316)
Interest income	(132)	(87)	(5)	(1,410)	(1,581)	(1,847)	(2,069)
Share of profit / loss of associated companies	(101)	(104)	102	(50)	(50)	(50)	(50)
Provision for doubtful debts	1,858	235	325	2,354	2,313	2,149	2,239
Provision for staff indemnity	262	342	291	189	206	225	245
Dividend income	(880)	(978)	(612)	-	-	-	-
Operating profit	24,184	24,090	26,183	27,202	30,496	35,660	39,995
Changes in working capital:	(32,090)	(39,178)	(37,573)	(46,760)	(51,032)	(52,638)	(58,543)
Installment debtors	(31,736)	(35,913)	(40,074)	(48,914)	(51,737)	(53,261)	(59,194)
Other operating assets & liabilities	-	-	-	-	-	-	-
Other receivables and advances	119	(315)	(198)	(101)	(111)	(97)	(105)
Trade Creditors	(347)	(2,932)	2,731	1,969	512	452	475
Accrued Liabilities	-	-	-	286	303	268	281
Staff Indemnity paid	(126)	(18)	(32)	-	-	-	-
Cash From Operating Activities	(7,906)	(15,088)	(11,390)	(19,558)	(20,537)	(16,978)	(18,548)
Cash Flows From Investing Activities							
Fixed Assets	(95)	(83)	(116)	(118)	(123)	(128)	(133)
Purchase of investments	(4,858)	(8,092)	(6,055)	(13,220)	(13,881)	(5,213)	(4,812)
Proceeds from sale of investments	7,090	6140	6,163	-	-	-	-
Profit / Loss from Investments	-	-	-	6,941	7,519	7,190	6,316
Interest income	132	87	5	1,410	1,581	1,847	2,069
Dividend received	880	978	612	-	-	-	-
Investment/proceeds from associated companies	378	224	-	50	50	50	50
Cumulative changes in fair value	-	-	-	-	-	-	-
Cash From Investing Activities	3,527	(746)	609	(4,938)	(4,855)	3,746	3,489
Cash Flows From Financing Activities							
Dividend paid to shareholders	(14,632)	(16,249)	(15,410)	(21,921)	(24,113)	(25,078)	(25,319)
Change in due to banks	876	(2,936)	7,524	2,726	709	626	657
Change in terms loans	17,140	36,156	23,123	44,185	82,189	37,270	39,975
Proceeds from treasury shares	-	(3,175)	(4,160)	-	-	-	-
Change in bonds	-	-	-	-	(34,000)	-	-
Cash From Financing Activities	3,384	13,796	11,077	24,990	24,784	12,818	15,314
Net Increase/Decrease in cash	(995)	(2,038)	296	494	(607)	(415)	254
Cash & Cash Equivalents at the beginning of year	4,358	3,363	1,325	1,621	2,115	1,508	1,093
Cash & Cash Equivalents at end of year	3,363	1,325	1,621	2,115	1,508	1,093	1,347

FACT SHEET

	Commercial Facilities Company						
	2003	2004	2005	2006 F	2007 F	2008 F	2009 F
RATIOS USED FOR VALUATION							
Market value per share (fils)	1,020	790	790	700	700	700	700
Book value per share (fils)	333.7	324.0	324.5	317.9	344.7	380.3	422.9
EPS (fils)	69.4	57.7	72.5	69.7	78.3	89.4	97.0
P/E multiple	14.7	13.7	10.9	10.0	8.9	7.8	7.2
Price to Book Value multiple	3.06	2.44	2.43	2.20	2.03	1.84	1.66
Cash dividend payout ratio	57.1%	64.6%	49.7%	66.5%	65.1%	59.3%	55.2%
LEVERAGE							
Debt	57.0%	60.8%	61.5%	64.1%	66.0%	66.3%	66.3%
Equity	43.0%	39.2%	38.5%	35.9%	34.0%	33.7%	33.7%
Interest coverage (Over operating profit)	3.5	2.9	2.2	2.1	2.0	2.2	2.2
LIQUIDITY							
Current ratio (x)	2.08	1.77	1.57	1.49	1.51	1.51	1.54
Debt equity ratio (x)	1.33	1.55	1.60	1.79	1.94	1.97	1.97
Total liabilities to equity (x)	2.41	2.62	2.69	2.89	3.05	3.07	3.06
CREDIT QUALITY							
Non-Performing Loans (KD ' 000)	25,617	25,223	28,230	28,730	29,230	29,730	30,230
NPL (As a % of Loans)	8.7%	7.6%	7.6%	6.8%	6.2%	5.7%	5.2%
Provision to installment credit portfolio	8.6%	7.8%	7.0%	6.8%	6.5%	6.3%	6.0%
NPL Coverage ratio	99.5%	101.9%	92.1%	98.7%	104.9%	110.4%	116.0%
PROFITABILITY							
Growth in gross installment credit portfolio	10.6%	12.9%	16.5%	12.0%	11.0%	10.0%	10.0%
Total return on installment credit	11.1%	10.4%	10.8%	10.7%	10.8%	11.0%	11.0%
Net return on installment credit	8.8%	8.0%	7.6%	7.5%	7.4%	7.8%	7.8%
Interest paid to borrowings	4.2%	4.1%	5.1%	5.0%	5.0%	4.8%	4.8%
Interest paid to average borrowings	4.4%	4.5%	5.5%	5.5%	5.4%	5.0%	5.0%
Net Interest Spread	4.7%	3.8%	2.5%	2.5%	2.4%	3.0%	3.0%
Operating profit margin	71.5%	68.5%	63.0%	62.6%	61.8%	63.9%	64.1%
Net profit margin	78.1%	72.9%	77.9%	73.2%	72.4%	73.1%	71.0%
Return on average equity	22.1%	20.1%	23.1%	22.3%	23.2%	24.2%	23.7%
Return on average assets	9.1%	8.0%	8.7%	8.0%	7.8%	7.9%	7.7%

This page is left blank intentionally

This page is left blank intentionally

The following is a comprehensive list of disclosures which may or may not apply to all our researches. Only the relevant disclosures which apply to this particular research has been mentioned in the table below under the heading of disclosure.

Disclosure Checklist

Company	Recommendation	Ticker	Price	Disclosure
Commercial Facilities Company	HOLD	FACI.KW	700fils	1,10
1. Global Investment House did not receive and will not receive any compensation from the company or anyone else for the preparation of this report. 2. The company being researched holds more than 5% stake in Global Investment House. 3. Global Investment House makes a market in securities issued by this company. 4. Global Investment House acts as a corporate broker or sponsor to this company. 5. The author of or an individual who assisted in the preparation of this report (or a member of his/her household) has a direct ownership position in securities issued by this company. 6. An employee of Global Investment House serves on the board of directors of this company. 7. Within the past year, Global Investment House has managed or co-managed a public offering for this company, for which it received fees. 8. Global Investment House has received compensation from this company for the provision of investment banking or financial advisory services within the past year. 9. Global Investment House expects to receive or intends to seek compensation for investment banking services from this company in the next three month. 10. Please see special footnote below for other relevant disclosures.				

Global Research: Equity Ratings Definitions

Global rating	Definition
Buy	Fair value of the stock is >10% from the current market price
Hold	Fair value of the stock is between +10% and -10% from the current market price
Reduce	Fair value of the stock is between -10% and -20% from the current market price
Sell	Fair value of the stock is < -20% from the current market price

This material was produced by Global Investment House KSCC ('Global'), a firm regulated by the Central Bank of Kuwait. This document is not to be used or considered as an offer to sell or a solicitation of an offer to buy any securities. Global may, from time to time, to the extent permitted by law, participate or invest in other financing transactions with the issuers of the securities ('securities'), perform services for or solicit business from such issuer, and/or have a position or effect transactions in the securities or options thereof. Global may, to the extent permitted by applicable Kuwaiti law or other applicable laws or regulations, effect transactions in the securities before this material is published to recipients.

Information and opinions contained herein have been compiled or arrived by Global from sources believed to be reliable, but Global has not independently verified the contents of this document. Accordingly, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. Global accepts no liability for any loss arising from the use of this document or its contents or otherwise arising in connection therewith. This document is not to be relied upon or used in substitution for the exercise of independent judgement. Global shall have no responsibility or liability whatsoever in respect of any inaccuracy in or omission from this or any other document prepared by Global for, or sent by Global to any person and any such person shall be responsible for conducting his own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document.

Opinions and estimates constitute our judgment and are subject to change without prior notice. Past performance is not indicative of future results. This document does not constitute an offer or invitation to subscribe for or purchase any securities, and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person.

Neither this report nor any copy hereof may be distributed in any jurisdiction outside Kuwait where its distribution may be restricted by law. Persons who receive this report should make themselves aware of and adhere to any such restrictions. By accepting this report you agree to be bound by the foregoing limitations.