

## ■ GCC market Overview

GCC markets registered negative performance in general during April after their strong performance during Q1 closing. The Saudi market was the worst performing market during the month, ending down 3.6%, mainly affected by the insurance and investment sector which dropped sharply during the month after their big gains in March. Kuwait and Muscat Markets were the best performers among GCC bourses, gaining 3.30% & 3.14% respectively. The industrial sector leading the gain in Oman, increasing by 8.08% during the month followed by the financial sector which gained 4.29%. In Kuwait, equity markets overall was active but underperformed compare to the other GCC markets from the beginning of the year. Trading volume in the region as whole decreased during the month of April by 25% compared to last month with trading value also decreased by 18% to reach USD 77billion. According to IMF, the GCC economy is expected to grow 5.3% in 2012.

### GCC Indexes

Market	April 2012	YTD
Abu Dhabi	-1.93%	4.23%
Bahrain	0.03%	0.80%
Dubai	-1.09%	20.51%
Kuwait	3.30%	9.54%
Muscat	3.14%	3.05%
Qatar	-0.99%	-0.86%
Saudi	-3.53%	17.77%
S&P GCC	-2.78%	11.09%

Globally, markets witnessed negative performance in general due to economic indicators and continued fears from the European debt crises once again. Standard and poor's lowered the credit rating of Spain 2 notches to BBB+, warning that the country could have to take on more debt to support its banking sector. It has also given a negative outlook, indicating a risk of further downgrades that could come. The crude oil prices (brent) decreased by 2.5% during the month to close at USD119.8 per barrel, on the back of weak economic reports by United States and United Kingdom.

### Commodities

Market	April 2012	YTD
Oil	1.8%	6.1%
Gold	-0.2%	6.4%
Silver	-3.8%	11.4%
Platinum	-4.4%	12.4%

Notes: YTD data as of the end of Apr 2012

Source: Zawya, CNBC, United Securities Research

## ■ Top Picks

Company	Market	Industry	Closing Price (Local Currency)	Price Range 52-weeks (Local Currency)	Valuation		Market Cap (MM USD)
					PE 12 (x)	P/B 12 (x)	
Qatar National Bank	Qatar	Banking	133.60	130.00-157.00	11.68	2.26	25,755
Qatar Electricity and Water	Qatar	Industry	141.90	134.40-173.00	12.21	4.72	3,900
Qatar Fuel	Qatar	Services	234.00	170.40-259.20	12.42	2.57	3,283
Yamamah Saudi Cement	Saudi	Cement	47.70	29.90-58.25	8.70	2.78	2,575
Jarir Marketing Company	Saudi	Retail	151.50	92.67-157.00	13.84	9.32	2,423
Fawaz Abdullaziz Al Hokair**	Saudi	Retail	82.00	45.00-89.75	12.83	4.09	1,530
Etihad Etisalat Co	Saudi	Telecommunication	66.25	48.60-64.75	9.60	2.55	12,365
Emaar Properties Co	UAE	Real State	2.890	2.39-3.51	7.32	0.55	4,825
AL Anwar Ceramic Tiles	Oman	Services	0.350	0.260-0.370	12.12	2.60	185

Notes: \* All data unless mentioned are based on Q1 2012 results. \*\*Based on Q4 2012 results.

Prices are based on closing of 16 May 2012

Source: United Securities Research, Official markets websites, Zawya, Reuters, Argam

## ■ GCC Top Picks Performance

A portfolio equally weighted between GCC Top Picks decreased in value by 3.06% for the month of April 2012. This brought the performance of our top picks to 9.16% in YTD biases compared to S&P GCC Index performance of 5.61% for the same period.

The best performance in our top picks was Al Anwar Ceramic with a gain of 2.6%. The worst performer in our top picks list was Emaar Properties which lost 10% affected by weak DFM performance recently.

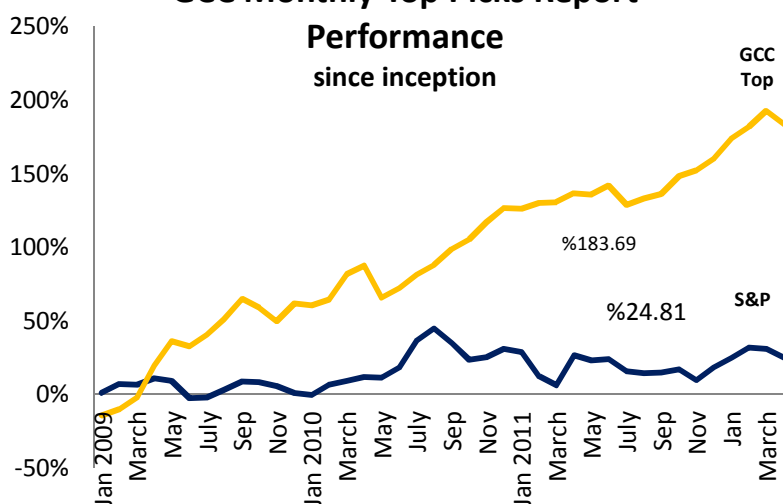
Company	Market	Price		Return
		Rcmd	16 <sup>th</sup> May Closing	
<b>Qatar National Bank</b>	Qatar	134.20	133.60	-0.4%
<b>Qatar Electricity and Water</b>	Qatar	141.50	141.90	0.3%
<b>Qatar Fuel</b>	Qatar	243.00	234.00	-3.7%
<b>Yamama Cement</b>	Saudi	51.25	47.70	-6.9%
<b>Jarir Marketing Company**</b>	Saudi	155.00	151.50	-0.80%
<b>National Industrialization</b>	Saudi	37.00	33.70	-8.9%
<b>Etihad Etisalat Co**</b>	Saudi	67.00	66.25	0.4%
<b>Emaar</b>	Dubai	3.21	2.890	-10.0%
<b>Al Anwar Ceramic Tiles</b>	Muscat	0.341	0.350	2.6%
Monthly Top Picks April Returns (equally weighted portfolio)				-3.06%
YTD Return				9.16%
Performance since inception				183.69%
<b>Notes:</b> *Inception data 6 July 2009 <b>Source:</b> US Research, Zawya, official stock markets websites- **Performance calculated taking the effect of Bonus shears and cash dividend. # Prices are based on closing of 16 May 2012				

## ■ Outlook

The overall trend of the financial markets started to be down, with low trading volumes since last month.

In beginning of May, there was negative news flows that dominated the negative sentiment towards the equity markets around the world. The European election issue, Weak economic data and the fear from the debt crises once again all were reasons behind the weak performances of the markets. We expect market to continue to be weak for the coming month and advise our investors to increase the cash levels in their portfolios, and wait to invest in cheap attractively valued companies.

### GCC Monthly Top Picks Report Performance since inception



We decided to remove National Industrialization Company from our top picks for this month, as we believe that the petrochemical sector will be under pressure during this period. Instantly, we decided to add Fawaz Al Hokair company group to our list, due to their strong earnings growth and attractive valuations at current price level.

## Top Picks Stocks Overview

### Qatar National Bank (QNBK)

Qatar National Bank, the country's largest bank achieved by the end of the first quarter for the year 2012 net profits of 2.04 billion riyals with a growth rate of 17% compared to the last year (2.86 riyals / share). Total operation income stood at Qr 2.81 billion, increasing more than 20% yoy. The results came in line with most analyst expectation. QNB is trading at P/E 11.68 and P/B of 2.26.



### Qatar Electricity and Water Company (QEWC)

Qatar Electricity and Water Company is the main provider of the electricity and water in Qatar, the company profits was increased to 290.8 million riyals (2.90 riyals / share), by the end of the first quarter for the year 2012, to achieve a growth of 28% compared to the year 2011. The stock is trading at P/E 12.21 it's earning while the P/B is 4.72.



### Fawaz Abdullaziz Al Hokair (4240)

Fawaz Abdullaziz Alhokair Company is a Saudi Arabia-based company that is primarily engaged in the retail industry. The Company operates in four business sectors consisting of Arabian Centers, Fashion Retail, Food & Entertainment, and Real Estate.

Al Hokair registered strong growth in their NP for the end year 2012 which ends on March of around 42%. This growth attributed to the strong sales the company achieved and new stores opened during the year. The company stock trading at P/E 12.83 its 2012 earning, while the P/B is 4.09



### Jarir Marketing Company (4190)

Jarir Marketing Company is a Saudi Arabia-based joint stock company that acts as a wholesaler and retailer of office products. The Company activities include retail and wholesale trading in office and school supplies, children toys, educational aids, office furniture, engineering equipment, computer and computer systems, sport and scout equipment, and paper. The Company achieved a profit of 164.2 million riyals by the end of the first quarter of 2012, up by 20% comparing to last year profit (2.74 riyals / share). The board of directors recommended distribute 22% cash dividend for the first quarter.



### Yamama Saudi Cement Co (3020)

Yamama Cement Company is the second largest cement producer in Saudi with an annual production of 6 million tons of clinker and 6.3 million tons of cement. The Company produces four types of cement: finishing cement, moderate sulfate-resistant cement, ordinary cement and sulfate-resistant cement. Its manufacturing facilities are located in Riyadh. The company has significant cost advantage compared with associated because of the low fuel coast and their integrated factories supplied with electricity, which enables them to achieve high operation and profit margin of around 56% and 52% respectively, the company made profits of SAR 278 million for the first quarter of 2012 with 54% growth(1.37 riyals / share). The stock is trading at 8.70 P/E and their P/B is around 2.78.



### Etihad Etisalat (7020)

Mobily one of the biggest telecommunication companies at Saudi Arabia. The company profits increased at the first quarter of 2012 by 21% comparing to the last year to achieve 1207 million riyal (1.72 riyals/Share). The company attributed the growth in revenues to the increase in the number of minutes and internet data consumed, add for that the sales of smart phones. The board of directors recommended distributing 10% cash dividend for the first quarter. The stock is trading at 9.60 P/E and their P/B is around 2.55.



### Qatar Fuel (QFLS)

Qatar Fuel (Woqod), works mainly in the sale and distribution of refined petroleum products manufactured by Qatar Petroleum, beside that the company also provide Liquefied Petroleum Gas provision, supply of aviation fuel for commercial and private aircraft. The Company is active domestically and operates through five subsidiaries one of them Woqod kingdom Company, which is a Saudi Arabia-based company. The Company achieved a net profit of QAR 241.0 million by end of the first quarter for the year 2012 (4.63 riyals/Share), down by 10% comparing to last year., The stock trading at a P/E of 12.42 and P/B of 2.57.



### Emaar Properties Co. (EMAAR)

Emaar Properties Co. (EMAAR) is the largest real estate development company at the middle east, Based in Dubai. Emaar's operation covers more than 16 markets, The Company achieved a net profit of AED 606.0 million by end of the first quarter for the year 2012 (0.10 AED/ share) up by 44% comparing to last year, ,The stock is trading at 7.23 P/E and their P/B is around 0.55.



### AL Anwar Ceramic Tiles

Al Anwar Ceramic is engaged in manufacturing tile walls and floors burnished; it has a very well-known brand in the market A' Sham tiles. The company's total production capacity is 10 million square meters of ceramic tiles per year. The net profits increased to OMR 5.27 million for the first quarter of 2012 (7.8 Bz per share), registered a growth rate of 5 % over the same period of 2011. The Stock is trading at a P/E 12.12 and P/B of 2.60.



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**Notes:** \* Graphs are sourced from Reuters **Disclaimer:** Please note that any advice given by United Securities LLC staff in this report is deemed to be GENERAL advice, as the information or advice given does not take into account your particular objectives, financial situation or needs. The report also intends to provide medium-to-long term advice. Therefore, at all times you should consider the appropriateness of the advice before you act further. United Securities LLC will not be held responsible for any losses on such advice. Also, all opinions expressed herein are subject to change without notice. "Top Pick List" takes in consideration market, industry and company outlooks and is planned to be diversified. United Securities has based this document on information obtained from sources it believes to be reliable. However, it makes no guarantee to its accuracy or completeness and accepts no responsibility for any reliance placed on this information. United Securities may or may not have official coverage of companies covered in Monthly GCC Top Picks Report