المتحدة للأوراق المالية ش.م.م
UNITED SECURITIES LLC

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Monthly GCC Top Picks

July 8th, 2010

Markets Overview:

The regional indices continued to witness a decline with the exception of Qatar Exchange (DSM) at the end of June 2010. DFM continued to top the losers on YTD basis to report a double-digit negative return of 18.95%. TASI reported the least negative return of 0.44% on YTD basis at the end of June. Trading activities continued to decline during the month of June with the exception of BSE. Volatility leaves eased in June across all GCC markets with no major surprises from domestic and global markets.

Weakness in majority of global markets was primarily due to weak global cues and absence of any major positive catalyst. US Job Report indicated that US economy lost 125,000 jobs in June, more than economist expectations, while the unemployment rate fell from 9.7% to 9.5%. Factory orders fell 1.4% much higher than what economist had expected. In Asia, China let the yuan rise to the highest since July 2005. Chinese market, one of the worst performing this year, faces a number of negative factors including a massive IPO by Agricultural Bank of China. NYMEX Crude Oil continued to trade between 70-80 USD.

GCC Markets' Performance

Market	June 2010	YTD 2010
Abu Dhabi	-3.46%	-8.37%
Bahrain	-3.72%	-4.25%
Dubai	-7.45%	-18.95%
Doha	1.68%	-0.85%
Kuwait	-2.34%	-6.60%
Muscat	-3.75%	-4.88%
Saudi	-0.45%	-0.46%
MSCI GCC	-2.18%	-1.65%

Notes: All data as of the end of June 2010
Source: Zawya, United Securities Research

Top Pick List:

Company	Market	Industry	Closing Price (Local Currency)	Price 52-w high (Local Currency)	Price 52-w low (Local Currency)	Valuation PE 10E	Valuation PB 10	Market Cap (MM USD)
National Leasing	Qatar	Services	29.70	42.50	25.00	5.9	1.91	269
Commercial Bank of Qatar	Qatar	Banking	65.30	84.00	54.50	9.07	1.32	4,067
Qatar Electricity and Water	Qatar	Industry	103.10	116.00	88.60	10.5	3.25	2,831
Saudi Arabian Mining	Saudi	Industrial Investment	17.05	21.80	13.85	103.3	0.95	4,206
Etihad Etisalat	Saudi	Telecommunication	49.20	53.25	34.80	9.5	2.85	9,184
SABIC	Saudi	Petrochemical	85.00	108.25	55.25	12.1	2.24	68,005
Saudi International Petrochemical	Saudi	Petrochemical	21.20	27.10	17.50	17.1	1.52	1,884
Bank Muscat	Oman	Banking	0.805	1.030	0.593	10.2	1.52	2,818
Oman Cement	Oman	Industry	0.710	0.801	0.510	7.6	1.79	610

Notes: All data are based on Q1 2010 Results and prices are based on closing of 7th July 2010.
Source: United Securities Research, Official markets websites, Zawya, Reuters , Argaam

Overview on "June GCC Top Picks":

A portfolio equally weighted between June Top-Picks increased in value by 3.97% on a MTD basis. This brings the portfolio's performance since the beginning of the year to 6.46% compared to MSCI GCC performance of -1.65% for the same period.

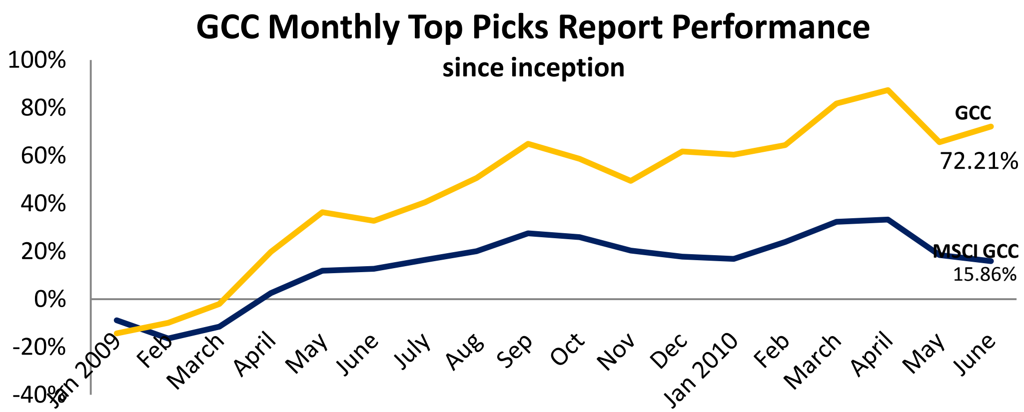
The largest gainers were: National Leasing 20.7% and Al Anwar Ceramics 5.9%, while the worst performing stock in the Monthly GCC Top Picks was SABIC which lost 4.0% of its Market value.

Company	Market	Price		Return
		Rcmd	7th July Closing	
National Leasing	Doha	24.60	29.70	20.7%
Commercial Bank of Qatar	Doha	63.40	65.30	3.0%
Qatar Electricity and Water	Doha	101.90	103.10	1.2%
Abdullah Al Othaim Markets	Saudi	73.00	76.75	5.1%
Etihad Etisalat	Saudi	48.50	49.20	1.4%
SABIC	Saudi	88.50	85.00	-4.0%
Saudi International Petrochemical Co	Saudi	21.10	21.20	0.5%
Bank Muscat	Muscat	0.771	0.785	1.8%
Al Anwar Ceramics	Muscat	0.289	0.306	5.9%
Top Picks June Returns (equaly weighted portfolio)				3.97%
YTD Return				6.46%
Performance since inception				72.21%

Notes: Inception data 1 Jan 2009 **Source:** US Research, Zawya, official stock markets websites

Highlights on "July GCC Top Picks":

The recent downturn in global equity markets mirrors investors concern that global economic growth could slow in the second half. The perception of major economies running out of momentum was augmented by weaker data from these economies over the past few weeks. The weaker prospects for growth are also causing a downward pressure on oil prices; as such, crude prices sliding to the sixty levels in the short term would not be surprising.



The overall negative sentiment will prevail giving no major surprises in global economies. However, attractive valuations and long losing streak could force upward reversals. In such a gloomy outlook, cautious investment style should drive investment decisions and a higher portion of funds should be parked in defensive names. Investors should not rely exclusively on H1 results as a guide for the full year results for cyclical and commodity driven players and should embed macro drivers in their forecasts.

National Leasing (NLHC)

National Leasing is the only Islamic leasing company listed in Doha Stock Exchange. The company stands on solid fundamental background supported with potential continuing growth. It is trading at an annualized P.E of 4.84 which is very attractive making the company cheap while the P/BV is 1.58. after being close to the 52 weeks high the company gained 31.63% on a YTD basis and it's expected to outperform the index especially that the company posted 152% growth in net profit.

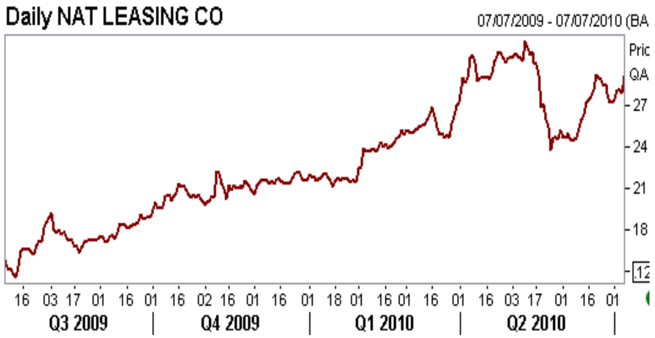
National Leasing net profit for the 1st half of 2010 hit an outstanding figure of QR 94.9 a 295% increase compared to the 1st half of 2009. The company continues the high growth pattern it witnessed since establishment.

Commercial Bank of Qatar (CBQK)

The bank price was stable in the month June with a minor increase after it has been hit the most with the recent drop in the markets. The bank trades at cheap valuations of 9.07 times its earnings and 1.32 its book value. Given the robust expected economic growth in the country, the valuations will readjust upwards to reflect the true macro and micro fundamentals. The 2nd quarter results are expected to be strong which will give the stock an extra boost.

Qatar electricity and water (QEWC)

Qatar electricity and water revenues is expected to increase in the 2nd quarter to reach its peak on the 3rd quarter this is due to the increase amount of consumption on electricity and water in the summer. The company's P.E is 10.5 while the P/BV is 3.25 The stock is a good defensive stock immune to global effects as it totally depends on local demand.



Maaden (1211)

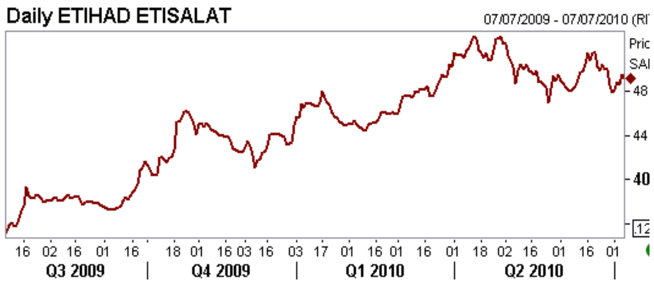
Maaden stock outperformed the Index in the month of June by gaining 5.74% in comparison with the Saudi Index TASI -0.44%. Maaden is the only Saudi based company working in exploring and mining gold with the lowest exploration cost worldwide 8$ per oz. in comparison to 30$ per oz internationally. Phosphates on the other hand is huge project for Maaden the project costs is $5.5bn and the production cost is the cheapest on a worldwide scale $98 per ton while the DAP is currently sold at $443 per ton. Also in manufacturing Aluminum Maaden is considered the cheapest with a production cost of $1100 per Metric ton vs a spot rate of $1849 per metric ton. The Company's P/BV is 0.947 which makes it an attractive stock at this level.

Etihad Etisalat / Mobily (7020)

Etihad Etisalat is trading at 9.5 PE compared to 13.1 of the average estimate of the telecom sector in 2010. We believe that the company is attractive at these levels and one of the best telecom companies in MENA that have continued growth in their Sales and market share.

Saudi Basic Industries Corporation (2010)

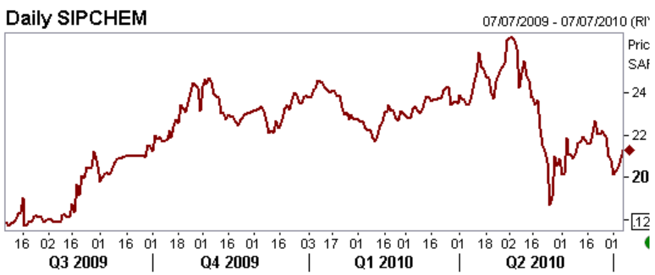
The drop in oil prices will weigh negatively on the second quarter results of SABIC. However, SABIC enjoys a significant cost advantage and government support which enhances its profit margin. The planned capacity expansions such as its JV with Chinese Sinopec which runs under 100% capacity utilization will expand the revenues and hence compensate for the reduced margins. Currently, the stock trades at a discount to its historical averages and to its global peers at a P/E of 12.1 making it attractive on relative basis.



Saudi International Petrochemical Co (2310)

Sipchem net profit for 1Q2010 was SAR 81.2 million as against SAR 29.2 million for the corresponding quarter last year with a 178% increase. The main reason for the increase was mainly due to the improvement in the product prices and the increase in the profit margins. Analysts expect second-quarter earnings to be higher as its acetyl complex starts commercially this quarter.

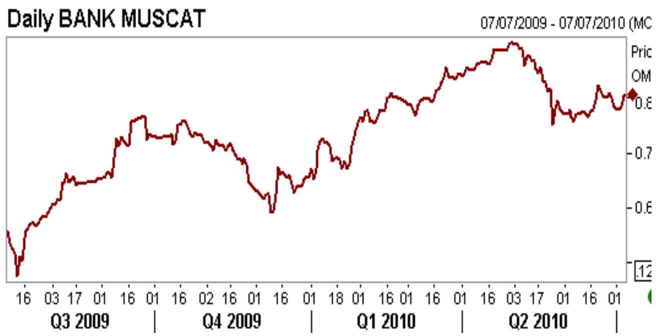
The company announced the commercial start-up of two of its Acetyls Complex plants in Jubail Industrial city on Saturday 5 June 2010, namely, the Carbon Monoxide plant with an annual production capacity of 345,000 tons and the Acetic Acid plant with an annual production capacity of 450,000 tons. The Carbon Monoxide plant is considered the largest of its kind in the world.



Bank Muscat (BKMB)

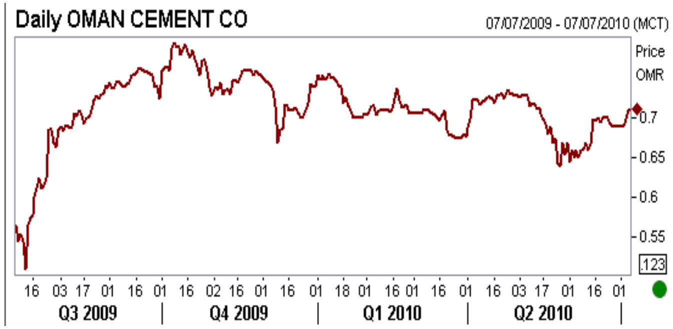
Bank Muscat, the largest bank in Oman, trades on an attractive valuation of PB 1.52X and PE 10.2X, which makes it the most underpriced bank in Oman given the current market price. The recent market drop made Bank Muscat share even more attractive.

Omani banks in general and Bank Muscat in particular have run an exercise to clean their balance sheet during last year. It has a robust balance sheet now which will serve the bank in the quarters ahead. In addition, Bank Muscat is better placed to benefit from the expansionary budget and the infrastructure activities in Oman during the medium-term.



Oman Cement (AACT)

Oman Cement is expected to start their clinker capacity expansion from the new production line of a rated capacity of 4,000 TPD by 3rd quarter. The company is also upgrading and modernizing their packing plant. The company has received RO 7,338,828 from the government as subsidies for losses incurred on sale of imported Cement and Clinker procured under directives of the Government to provide additional cement to the customers at low prices in FY2008 and FY2009. Oman Cement is trading on an attractive PE 8.5X and PB of 1.76X.



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