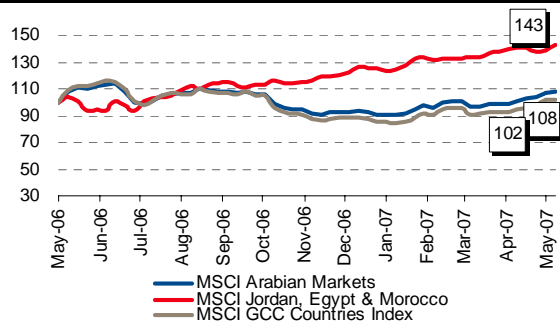
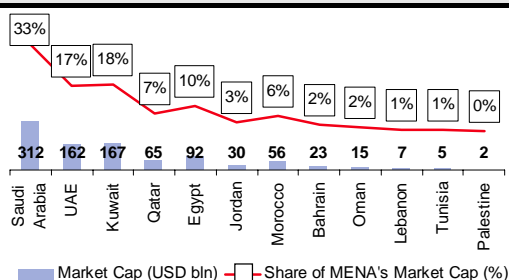


## REBASED PERFORMANCE OF REGIONAL INDEXES



## MENA MARKET CAPS



## INSIDE THIS ISSUE

### In Focus 1—Levant Telecom: A Great Potential

The mobile market in the Levant is characterized by its competitive environment and penetration rate, the latter of which grew from 11% in 2003 to 34% in 1Q2007. Total subscribers in the Levant increased from 3.5 million in 2003 to 10.7 million in 2006.

The Levant's mobile sector is expected to grow even more, fueled by increased liberalization, low penetration rates, and fewer government interventions.

### In Focus 2—Diversification: The Only Free Lunch

The stock markets in the MENA region have passed through turbulent times since the end of 2005. Many lessons could be drawn from the crash of some of the regional stock markets. One of the most important of those lessons pertains to diversification, which emerges as a powerful and indispensable risk-reducing tool.

## SUMMARY PERFORMANCE OF MENA INDEXES

INDEX [RIC]	52-Week Low	Closing Price		52-Week High	Change Over			3-Year or Since Inception		PE
		As of 31-May-07			2-Week Period	1-Year Period	3-Year Period	Return Volatility	Sharpe Ratio	
<b>REGIONAL</b>										
MSCI Arabian Markets [.dMSIRB0000GUS]	591	-----	728	776	+ 4.1%	- 0.6%	n/a	36.5%	-0.21	15.3
MSCI GCC Countries Index [.dMSIGC0000GUS]	536	-----	660	762	+ 4.2%	- 6.5%	n/a	43.8%	-0.27	14.8
MSCI Jordan, Egypt & Morocco [.dMSIJE0000GUS]	907	-----	1,423	1,423	+ 4.1%	+ 38.3%	n/a	26.8%	1.08	21.8
<b>GCC</b>										
BAHRAIN: Bahrain All Shares [.BAX]	1,997	-----	2,311	2,319	+ 5.4%	+ 14.2%	n/a	12.1%	0.97	10.5
KUWAIT: KSE General [.KWSE]	9,164	-----	11,489	11,489	+ 3.6%	+ 15.8%	+ 117.5%	14.8%	1.71	15.1
OMAN: MSM-30 [.MSI]	4,657	-----	6,202	6,202	+ 3.4%	+ 26.1%	+ 93.3%	15.2%	1.29	12.7
QATAR: DSM [.QSI]	5,826	-----	7,308	8,277	- 0.7%	- 4.9%	+ 31.3%	30.9%	0.24	16.9
SAUDI ARABIA: Tadawul All Shares [.SASI]	6,917	-----	7,493	13,509	- 0.9%	- 35.5%	+ 32.3%	35.9%	0.22	15.1
MSCI UAE [.dMSIAE0000GUS]	440	-----	548	611	+ 9.8%	- 4.9%	n/a	27.8%	1.51	13.9
<b>OTHER MENA</b>										
EGYPT: Hermes Financial Index [.HRMS]	41,965	-----	69,473	69,473	+ 4.7%	+ 43.6%	+ 385.6%	29.3%	2.40	19.0
JORDAN: Amman Main [.AMMAN]	5,267	-----	5,831	6,821	- 0.9%	- 14.0%	+ 114.8%	21.1%	2.51	19.7
LEBANON: BLOM [.BLSI]	1,168	-----	1,230	1,551	- 1.5%	- 20.6%	+ 124.3%	27.1%	0.83	n/a
MOROCCO: CASA All Shares [.MASI]	6,563	-----	11,865	12,723	+ 2.5%	+ 63.4%	+ 161.1%	20.8%	1.75	30.3
PALESTINE: PLE [.PLE]	484	-----	504	674	- 0.7%	- 11.0%	+ 192.2%	37.3%	1.04	n/a
TUNISIA: Tunis All Shares [.TUN]	1,296	-----	1,940	2,011	- 2.1%	+ 38.7%	+ 93.2%	12.2%	1.65	n/a

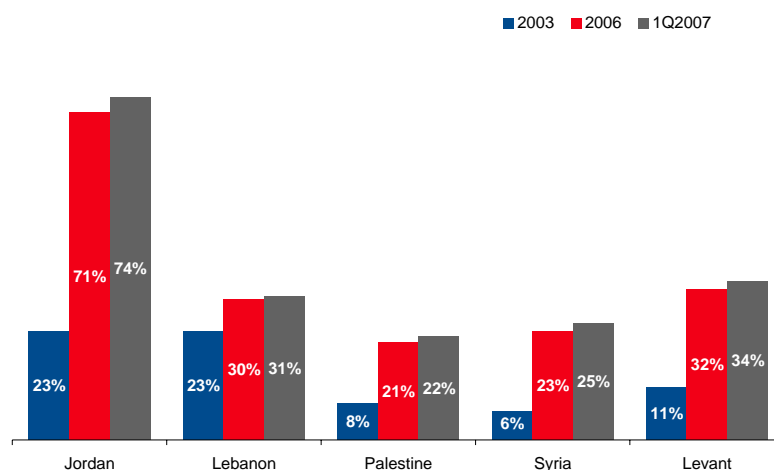
**IN FOCUS 1      LEVANT TELECOM: A GREAT POTENTIAL**

In our previous issues, we mainly focused on the characteristics and future outlook of the mobile market in the GCC and the North Africa region. To fully cover the MENA region, we decided in this issue to address the mobile market in the Levant. The mobile market in the Levant differs in terms of the level of competition across that region's different countries. However, all countries in the Levant share common criteria, which is a low penetration rate compared with the GCC region. As a matter of fact, the penetration rate in the Levant region grew from 11% in 2003 to only 34% in 1Q2007, whereas in the GCC, the penetration rate was around 90% at the end of 1Q2007.

Jordan's mobile market, with its four mobile operators, is the most competitive in the Levant region. It witnessed the highest growth in penetration rate, as compared with Lebanon, Palestine, and Syria, growing from 23% in 2003 to 74% at the end of 1Q2007 (Figure 1-1).

**Figure 1-1      Evolution of Penetration Rates from 2003 to 1Q2007**

*Penetration rate in Jordan reached 74% in 1Q2007, which is the highest in comparison to other Levant countries*



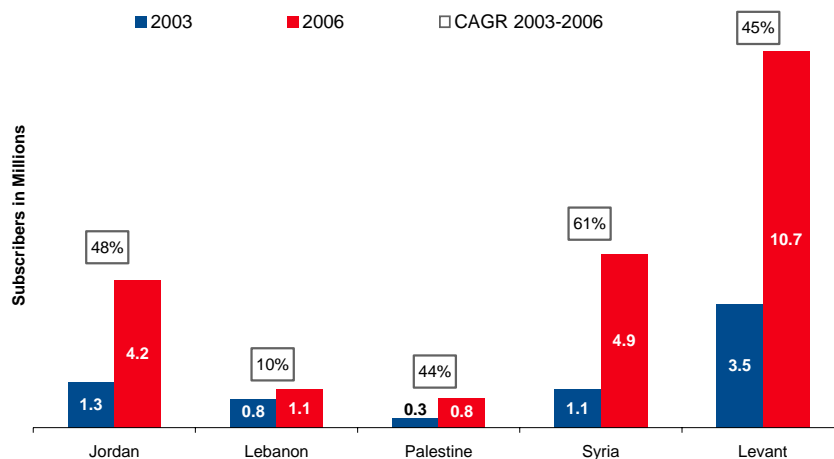
Sources: Informa database and MENA Equity Research

The total number of mobile subscribers in the Levant increased from 3.5 million in 2003, at a compounded annual growth rate (CAGR) of 45%, to 10.7 million in 2006 (Figure 1-2). This growth was mainly fueled by the following two factors:

- Increased competition among mobile operators: Regional players, such as MTC group in Lebanon (MTC Touch) and in Jordan (Fastlink) became key players in the Levant. In addition, Wataniya recently entered Palestine via the acquisition of the second mobile license in 2006 (Wataniya Palestine Mobile Telecommunications Company). The new competitive landscape has significantly reduced connection fees, which were highly inflated in several countries in the Levant, especially Syria and Lebanon. When the mobile service was introduced in Lebanon, for example, the connection fees amounted to USD 500. As of today, these fees have dropped to USD 75.
- Targeting low-income customers through attractive prepaid packages.

**Figure 1-2 Growth of Subscribers in the Levant, 2003-2006**

*Subscribers grew at a CAGR of 45% between 2003 and 2006*



Source: Informa database

Only Jordan and Lebanon have telecom regulators that are responsible for setting proper regulatory frameworks, establishing policies to enhance competition among operators, and encouraging the introduction of new technologies and services. The telecom sectors in Palestine and Syria still lack the appropriate regulatory setup and continue to be regulated by their respective ministries of communication.

In Syria and Lebanon, governments heavily interfere in the pricing and the maximum number of subscribers. Hence, the market share split between operators in these countries is relatively equal. Fastlink is the market leader in Jordan. As for Palestine, Paletel is the only mobile provider until the upcoming commercial launch of Wataniya (Figure 1-3).

**Figure 1-3 Mobile Telecom Markets in Levant Countries**

*The ratio of prepaid subscribers is the lowest in Syria*

Country	Operators	Telecom Regulator	Market Share	% of Prepaid	Penetration Rate
Jordan	Fastlink	Yes	48%	88%	74%
	Jordan Telecom		31%		
	Umniah		19%		
	Xpress		2%		
Lebanon	MTC-Touch Alpha	Yes	50% 50%	73%	31%
Palestine	Paletel Wataniya Palestine	No	100% 0%	89%	22%
Syria	Spacetel Syriatel	No	48% 52%	61%	25%

Sources: Informa database and MENA Equity Research

**Jordan**

Jordan is considered to be one of the most liberal telecom markets and the only country in the MENA region to have four mobile operators. The swift growth that Jordan’s telecom sector witnessed during the past four years was primarily due to

competition, which helped develop the sector, improve customer care, and introduce new technologies.

### *Lebanon*

Mobile subscribers in Lebanon grew by only 10% from 2003 to 2006—the lowest growth in the Levant region. This slow growth is mainly due to the instability of Lebanon's political situation. In June 2001, the Lebanese cabinet canceled the 10-year build-operate-transfer (BOT) contracts that had been awarded in 1994 to LibanCell and Cellis in order to tender two new licenses. However, in June 2004, following a public tender for management of the networks, the ministry handed the management of one network to a German firm, Detecon, under the brand name Alfa. The other network's management was awarded to MTC Group under the brand name MTC Touch. The validity of the management contract is until mid-2008. Both companies consider Lebanon to be a very strategic market with great potential. However, the activities of the operators are ruled by the government, which has full control of the prices and the development of the network. Thus, the operators cannot change the tariffs plan, cannot upgrade the network, and cannot grow the subscriber base without the government's prior consent. The privatization of the two companies was supposed to take place last year, but due to the political situation, this matter is being postponed.

### *Palestine*

Jawwal is the monopoly mobile operator in Palestine. From 2003 to 2006, the mobile subscriber grew by 44%, reaching 800,000 subscribers by the end of 2006. On September 2006, Wataniya International was awarded Palestine's second mobile license. The company paid \$355 million for an upfront license to install and operate a 2G/3G mobile telecommunications network and to establish the second Palestinian mobile operator in the West Bank and Gaza. Wataniya International will own 40% of this new company; 30% will be offered to the Palestine Investment Fund (PIF); and the other 30% will be owned by the general population through an IPO.

### *Syria*

In 2001, the Syrian government awarded two BOT contracts for a period of 15 years to Areeba and Syriatel. Since then, the growth in the mobile telecom market has been enormous. Subscribers grew at a CAGR of 61% between 2003 and 2006, the highest growth in the Levant region. The Syrian telecom market is heavily regulated by the government, which receives more than 40% in revenue sharing from each operator. The ministry of communication in Syria is contemplating issuing a third mobile license in 2008, which will increase competition and, subsequently, subscribers' growth.

In conclusion, the Levant's mobile sector is expected to grow even more, fueled by increased liberalization, low penetration rates, and fewer government interventions. In addition, increased competition will have a positive impact on the sector's development and, most important, will benefit the consumer through a reduction in airtime fees, which are considered to be the highest in the region. Moreover, higher penetration rate in the Levant will boost the economy of these countries.

**IN FOCUS 2      DIVERSIFICATION: THE ONLY FREE LUNCH**

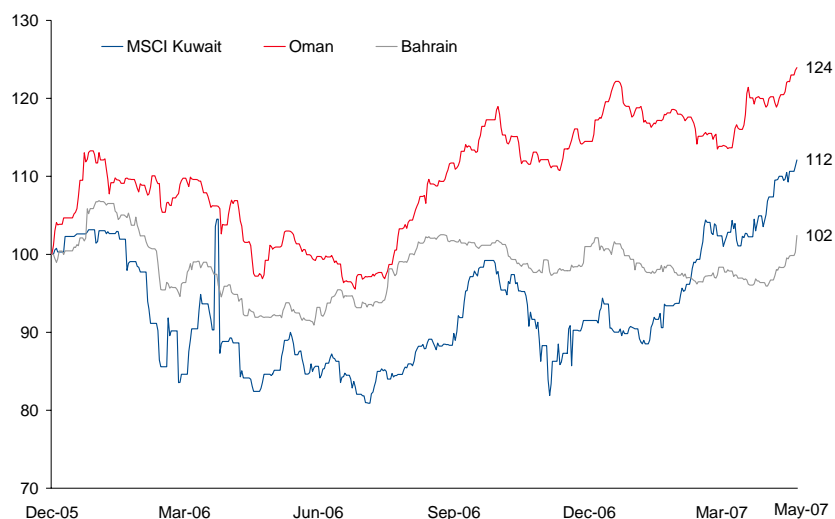
Since the end of 2005, the stock markets in the MENA region have passed through turbulent times. Performance varied widely, with some markets, such as Saudi Arabia, losing as much as 53% during 2006, while other markets, including Morocco (+71%), rose considerably during that year.

Many lessons can be drawn from the crash of some of those regional stock markets. First, the belief that stock prices should, by nature, increase steadily during all times was realized to be a misconception. Second, with many “good companies” sustaining severe share price declines, investors realized that a “good company” is not identical to a “good stock.” In fact, in the short term and in generally inefficient markets like our regional markets, the two concepts can actually be unrelated. Third—and maybe less apparent when compared with the two previous points—the benefits of diversification emerged. In a perfect world where investors own a crystal ball, and hence have foresight as to which markets and which stocks will fare well, diversification is useless. In reality, however, given the limited ability to pick winners, diversification comes out as a powerful and indispensable risk-reducing tool.

For a closer look at the benefits of diversification, we start by comparing stock market performance in the GCC region. Figure 2-1 shows the rebased performance of the Oman, Kuwait, and Bahrain markets from the end of 2005 to May 2007. These three markets gained 24%, 12%, and 2%, respectively, at a time when the Saudi, Dubai, Abu Dhabi, and Qatar markets dipped 53%, 44%, 36%, and 32%, respectively. Investors who restricted their portfolios to the latter markets would have lessened their losses significantly if they had allocated portions of their portfolios to the Omani, Kuwaiti, and Bahraini markets.

**Figure 2-1      Performance of the Kuwait, Oman, and Bahrain Indexes Since the End of 2005**

*Unlike the other GCC markets, the stock markets of Oman, Kuwait, and Bahrain rose*



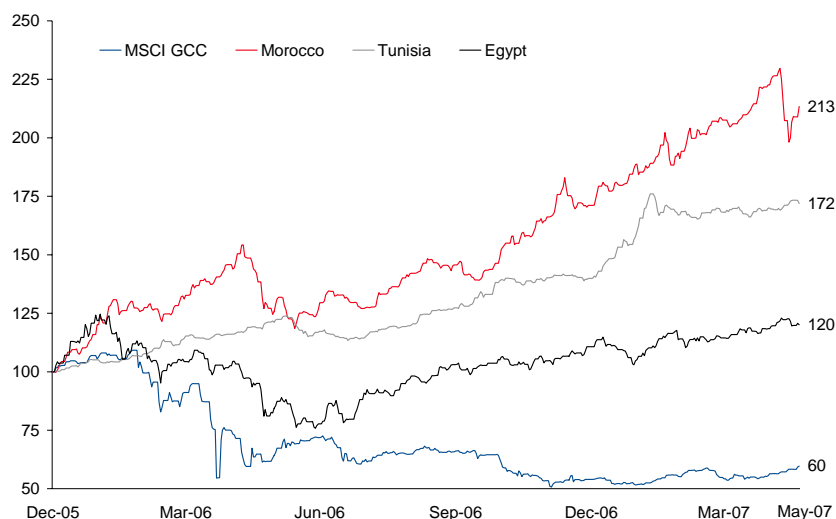
Sources: Reuters, MSCI, and MENA Equity Research

If we look beyond the GCC and incorporate the North African stock markets, the benefits of diversification become even more apparent. Figure 2-2 shows the

rebased performance of the MSCI GCC Index and the three markets of Egypt, Tunisia, and Morocco from the end of 2005 to May 2007.

**Figure 2-2 Performance of the GCC Index and the Three North African Markets Since the End of 2005**

*The North African stock markets rose considerably, while the GCC Index plummeted*



Sources: Reuters, MSCI, and MENA Equity Research

While the GCC Index shed 40%, the other three markets rose by 20%, 72%, and 113%. Certainly, a portfolio with a given allocation to the North African markets would have outperformed a pure GCC one.

A counterargument could be that we are measuring returns in a specific, historical time period in which only a handful of markets are examined—hence, a generalization is not warranted and is premature. Although this counterargument might not necessarily be wrong, looking at returns alone shows only half the picture.

At a minimum, the riskiness of a given portfolio should be incorporated into the overall analysis of performance. When it comes to assessing the riskiness of investment performance, there is no unanimously agreed-upon and undisputed measure of risk, but there are many yardsticks. Still, the volatility of a given portfolio as measured by the standard deviation of returns in a given time period is the most commonly used criterion to measure risk. Here, it is assumed that the average investor is risk-averse, aiming at minimizing risk (i.e. volatility) for a given expected return or maximizing expected return at a given level of risk.

We calculated the annual standard deviation of daily returns for hypothetical portfolios in the period from May 2006 to May 2007. Results are summarized in Figure 2-3.

**Figure 2-3 Return and Volatility of Portfolios with Different Constituent Markets**

Portfolio	Constituent Markets	Weight of Each Market	Return of Portfolio	Volatility of Portfolio
1	Saudi Arabia	100.0%	-23.3%	36.1%
2	Saudi Arabia + UAE	33.3%	-13.4%	16.2%
3	Saudi Arabia + UAE + Qatar	25.0%	-10.6%	13.6%
4	Saudi Arabia + UAE + Qatar + Kuwait	20.0%	-4.8%	11.7%
5	Saudi Arabia + UAE + Qatar + Kuwait + Oman	16.7%	0.5%	10.1%
6	All GCC	14.3%	2.0%	9.0%
7	All GCC + Egypt	12.5%	6.5%	8.9%
8	All GCC + Egypt + Tunisia	11.1%	10.8%	8.0%
9	All GCC + Egypt + Tunisia + Morocco	10.0%	16.0%	7.6%

*As markets are added to the portfolio, the risk of the portfolio consistently drops*

*Source: Reuters and MENA Equity Research*

The first portfolio is 100% invested in Saudi Arabia. The second portfolio is invested in Saudi Arabia and the UAE. Similarly, one market is added at a time as an extra constituent of the preceding portfolio. Portfolio 9, for example, is invested in the seven GCC stock markets and in the three North African stock markets. For simplicity, we assume that markets have equal weights in the respective portfolios. This is not a very realistic assumption given the very different sizes of the markets, but the theme of the argument is the same. It is very apparent how portfolio risk diminishes gradually as more markets are added to the portfolio. For example, adding only the two markets of Dubai and Abu Dhabi slashes the volatility of the portfolio by more than 50%—from 36% down to 16%. As expected, Portfolio 9 has the lowest volatility, standing at 7.6%.

In conclusion, adding more markets to the portfolio results in lower volatility—hence lower risk and, therefore, higher risk-adjusted returns. Diversification, on its own, adds value, as its benefit is unrelated to the ability to forecast future returns of stock markets. All of this is true because of one overriding theme—regional stock markets are weakly correlated, and the lower their correlation, the greater the benefits of diversification will be.

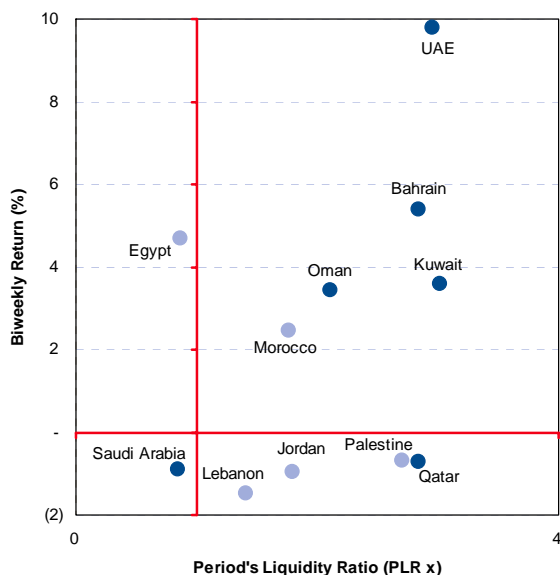
## IN FOCUS 3

## MENA NEWS STREAMS

- **Saudi Arabia—June 02:** Standard & Poor's said Thursday that Saudi Arabia's banking system is the strongest in the Persian Gulf, backed by banks' strong performance, ample liquidity, high capitalization, and strict authority supervision. In a report on the kingdom's banking sector, S&P rated the Saudi banking system A+ and said it is the Gulf's most profitable. "The profitability of Saudi banks is among the strongest worldwide, owing to high levels of non-remunerated deposits, good cost control, and a focus on profitable consumer banking activities," said S&P credit analyst Anouar Hassoune. "In addition, commercial banks tend to be deposit rich and highly liquid." The report said that these strengths are partly offset "by the risks of operating in an economy sensitive to oil-price fluctuations and government spending," among other factors. However, Hassoune said overall "the Saudi banking system is a net placer of funds in the international capital markets." The report said the capitalization of Saudi banks is solid, adding that banks "demonstrated their ability to weather the effects of the crash in local equity prices in 2006." **Source: Zawya.**
  
- **UAE—June 01:** U.K.-based emerging market banking specialist Standard Chartered PLC (STAN.LN), said Friday it plans to move up to 100 employees from its London headquarters to its new hub in the Dubai International Financial Centre (DIFC), to capitalize on growth in the Gulf Cooperation Council member countries. Employees scheduled for transfer are the bank's Africa specialists, currency and interest rate traders, and loan monitoring teams. In May Standard Chartered said it wanted to develop its Dubai office into a regional hub. The bank set up its first office in the UAE in 1958 and joins a growing number of banks setting up or expanding GCC operations, including Barclays Capital, Deutsche Bank, Mellon Financial, Goldman Sachs Group and Merrill Lynch & Co. Having residence at the DIFC means the company won't pay any taxes. "The creation of the DIFC is a positive development for the region's growing financial and capital markets, and creating a hub in the DIFC enables us to enhance both our capabilities and our commitment to the region," Peter Sands, group chief executive of Standard Chartered, said in a statement. Standard Chartered has more than 60,000 employees worldwide. It earned 64% of its 2006 operating revenue from Asia Pacific, with 22% from the Middle East and South Asia excluding India. **Source: Zawya.**
  
- **Egypt—May 28:** Egypt's National Investment Bank said Monday it plans to privatize the country's Arab Investment Bank, in which it has a 70% stake, by the third quarter of 2007. **Source: Zawya.**

**IN FOCUS 4 STATISTICAL APPENDIX**

**BIWEEKLY PERFORMANCE & PLR RATIO**



Note: PLR is the average daily trading volume for the past 14 days over average trading volume for the past 200 days.

**SUMMARY STATISTICS**

Country	Market Cap to GDP Ratio (x)	Avg. Daily Trading Value (USD mln)	Turnover Ratio
Saudi Arabia	1.0	2,361	2.0
UAE	1.3	880	1.4
Kuwait	2.1	734	1.1
Egypt	1.0	109	0.3
Jordan	2.3	47	0.4
Qatar	1.6	236	0.9
Morocco	1.0	53	0.2
Lebanon	0.3	5	0.2
Oman	0.5	16	0.3
Palestine	0.5	6	0.9
Bahrain	1.7	8	0.1
Tunisia	0.2	-	-
<b>Total</b>	<b>1.1</b>	<b>4,456</b>	<b>1.2</b>

Note: Average daily trading value is the average daily trading value over the past two weeks.

**CORRELATION COEFFICIENT OF MENA EQUITY INDEXES**

	Bahrain [BAX]	Kuwait [KWSE]	Oman [MSI]	Qatar [QSI]	Saudi [SASI]	UAE [SCUAE]	Egypt [HRMS]	Jordan [AMMAN]	Lebanon [BLSI]	Morocco [MASI]	Palestine [PLE]	Tunisia [TUN]	GCC [SCGCC]	N. Africa [SCNAF]	Levant [SCLEV]
Bahrain [BAX]		0.29	0.39	0.40	0.18	0.44	0.25	0.12	0.26	(0.11)	0.07	(0.22)	0.37	0.04	0.16
Kuwait [KWSE]	0.29		0.44	0.39	0.33	0.30	(0.25)	0.02	0.15	(0.35)	(0.28)	(0.11)	0.53	(0.42)	0.05
Oman [MSI]	0.39	0.44		0.15	0.19	0.65	(0.01)	0.16	0.42	(0.08)	(0.07)	0.01	0.41	(0.12)	0.19
Qatar [QSI]	0.40	0.39	0.15		0.02	0.32	0.12	0.12	(0.04)	(0.19)	(0.22)	(0.28)	0.24	0.03	0.18
Saudi [SASI]	0.18	0.33	0.19	0.02		0.10	(0.17)	0.06	0.21	(0.07)	0.03	(0.04)	0.90	(0.17)	0.12
UAE [SCUAE]	0.44	0.30	0.65	0.32	0.10		(0.02)	0.26	0.29	(0.13)	(0.15)	0.02	0.46	(0.12)	0.23
Egypt [HRMS]	0.25	(0.25)	(0.01)	0.12	(0.17)	(0.02)		0.10	(0.15)	0.35	0.30	0.05	(0.17)	0.78	(0.02)
Jordan [AMMAN]	0.12	0.02	0.16	0.12	0.06	0.26	0.10		0.17	0.09	0.42	0.30	0.13	0.10	0.92
Lebanon [BLSI]	0.26	0.15	0.42	(0.04)	0.21	0.29	(0.15)	0.17		(0.02)	0.20	0.11	0.28	(0.15)	0.32
Morocco [MASI]	(0.11)	(0.35)	(0.08)	(0.19)	(0.07)	(0.13)	0.35	0.09	(0.02)		0.39	0.16	(0.17)	0.78	0.11
Palestine [PLE]	0.07	(0.28)	(0.07)	(0.22)	0.03	(0.15)	0.30	0.42	0.20	0.39		0.22	(0.05)	0.39	0.39
Tunisia [TUN]	(0.22)	(0.11)	0.01	(0.28)	(0.04)	0.02	0.05	0.30	0.11	0.16	0.22		(0.07)	0.14	0.27
GCC [SCGCC]	0.37	0.53	0.41	0.24	0.90	0.46	(0.17)	0.13	0.28	(0.17)	(0.05)	(0.07)		(0.25)	0.17
N. Africa [SCNAF]	0.04	(0.42)	(0.12)	0.03	(0.17)	(0.12)	0.78	0.10	(0.15)	0.78	0.39	0.14	(0.25)		0.12
Levant [SCLEV]	0.16	0.05	0.19	0.18	0.12	0.23	(0.02)	0.92	0.32	0.11	0.39	0.27	0.17	0.12	

Note: This table represents the correlation of biweekly returns over a one-year period.

## BAHRAIN

## Bahrain All Shares Index [.BAX]

Change over 2-week period + 5.4%  
 % of companies trading above 200-day average 47.1  
 Advancers to decliners ratio 3.7



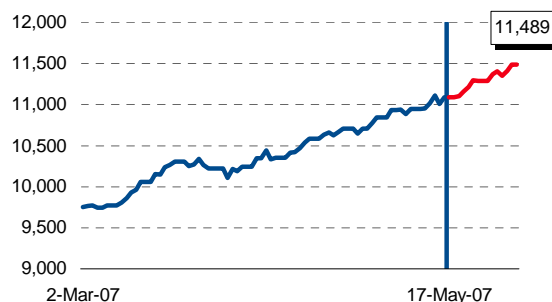
## MARKET MOVERS

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
United Gulf Ind [UGIC.BH]	0.3	36%	0.5
Bahrain Saudi Bk [BSBB.BH]	0.4	24%	0.5
Ahli United Bank [AUBB.BH]	1.3	23%	2.3
Bah Natl Holding [BNHB.BH]	1.0	17%	1.1
Bah Telecom Co [BTEL.BH]	2.6	14%	2.6
<b>Top Decliners</b>			
Shamil Bk Bah [SHAM.BH]	0.6	-9%	0.0
Gulf Fin House [GFHB.BH]	2.0	-7%	2.1
Bah Duty Free [DUTY.BH]	2.9	-6%	0.1
Al Khaleej Dev [TAMK.BH]	0.9	-5%	0.6
Arab Bnking Corp [ABCB.BH]	1.7	-4%	7.5

## KUWAIT

## KSE General Index [.KWSE]

Change over 2-week period + 3.6%  
 % of companies trading above 200-day average 54.6  
 Advancers to decliners ratio 1.8



## MARKET MOVERS

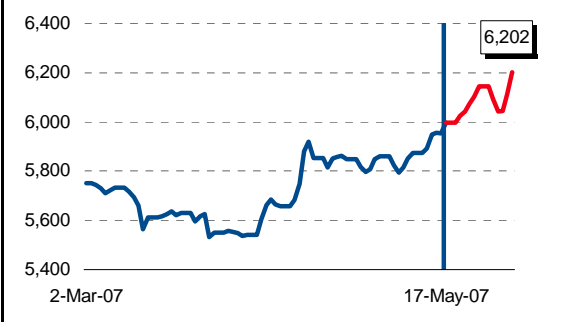
Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Al Tamdeen Inv [TAMI.KW]	1.6	58%	8.9
Coast Inv & Dev [COAS.KW]	1.2	47%	10.8
Metal & Recycling [MRCK.KW]	2.6	35%	7.2
Mabane Co [MABK.KW]	3.8	33%	2.8
Shuaiba Paper Co [PAPE.KW]	0.9	32%	3.1
<b>Top Decliners</b>			
Wethaq Takaful [WETH.KW]	0.6	-19%	0.4
Combined Group [CGCK.KW]	5.2	-15%	1.0
United Fisheries [FISH.KW]	1.2	-12%	2.1
Kwt R.E.Holding [ALAQ.KW]	0.5	-7%	1.9
Al Khaleej Dev [TAMR.KW]	0.9	-7%	0.4

INDEX [RIC]	52-Week Low	Closing Price		52-Week High	Change Over			3-Year Return Volatility
		As of 31-May-07			2-Week Period	1-Year Period	3-Year Period	
KSE Banking [.KWBNK]	8,955	-----	12,815	12,934	+2.5%	+35.1%	+165.9%	15%
KSE Services [.KWBUS]	16,772	-----	20,833	20,833	+3.9%	+19.1%	+128.3%	18%
KSE Industrial [.KWIND]	5,869	-----	7,539	7,539	+4.5%	+22.8%	+102.4%	17%
KSE Insurance [.KWINS]	2,795	-----	2,973	3,247	-2.8%	+4.6%	+54.6%	15%
KSE Investments [.KWINV]	11,247	-----	14,867	14,867	+5.7%	+15.6%	+141.8%	20%
KSE Real Estate [.KWREA]	4,426	-----	5,334	5,775	+4.0%	-1.4%	+53.3%	21%

OMAN

MSM 30 Index [.MSI]

Change over 2-week period + 3.4%  
 % of companies trading above 200-day average 44.8  
 Advancers to decliners ratio 1.1



MARKET MOVERS

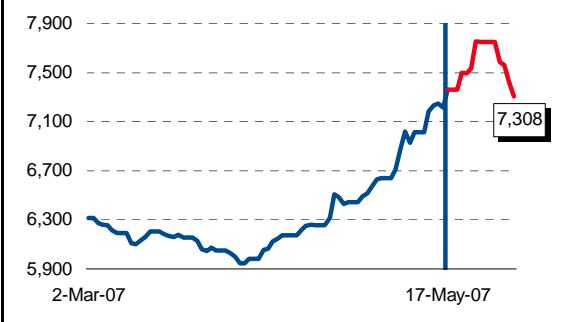
Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Ahlia Detergent [AADC.OM]	1.3	52%	0.0
Om Edu Train Inv [OETI.OM]	12.2	33%	0.1
Sweets Of Oman [SO.OM]	2.9	22%	5.0
Dhofar Univ [DHU.OM]	3.8	18%	1.6
Muscat Natl Hldg [MICO.OM]	4.8	16%	0.2
<b>Top Decliners</b>			
Oman Chem Ind Co [OCHI.OM]	0.3	-35%	0.2
Nat Securities [NSEC.OM]	2.1	-12%	1.6
Dhofar Bvgs Co [DBVG.OM]	4.2	-6%	0.1
Aes Barka [AESB.OM]	5.8	-5%	0.3
Bank Dhofar [BDOF.OM]	1.2	-4%	0.8

INDEX [RIC]	52-Week Low	Closing Price As of 31-May-07		52-Week High	Change Over			3-Year Return Volatility
					2-Week Period	1-Year Period	3-Year Period	
Banking Sector [.MBNK]	6,191	-----	8,026	8,026	+1.9%	+20.1%		
Industrial Sector [.MIND]	3,320	-----	5,652	5,809	+1.0%	+68.0%		
Services & Insurance Sector [.MSVC]	1,962	-----	2,459	2,522	+0.2%	+17.0%		

QATAR

DSM General Index [.QSI]

Change over 2-week period - 0.7%  
 % of companies trading above 200-day average 55.6  
 Advancers to decliners ratio 0.9

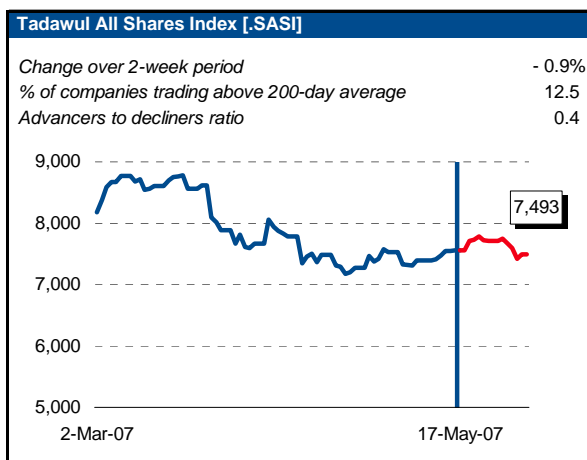


MARKET MOVERS

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Gulf Cement Co [GCCD.QA]	6.3	34%	2.9
Barwa Real Est [BRES.QA]	11.8	24%	3.1
Masraf Al Rayan [MARK.QA]	4.6	19%	2.9
Gulf Warehousing [GWCS.QA]	5.5	12%	1.5
Qa Meat&Livestk [QMLS.QA]	2.6	7%	3.4
<b>Top Decliners</b>			
Al Khaleej Ins [KINS.QA]	14.8	-16%	3.3
Qa Intl Is Bk [QIIB.QA]	27.0	-8%	3.0
Qa Islamic Bk [QISB.QA]	30.1	-6%	1.4
Doha Ins Co [DICO.QA]	8.6	-6%	2.5
Qa Shipping Co [QSHP.QA]	16.7	-5%	2.2

INDEX [RIC]	52-Week Low	Closing Price As of 31-May-07		52-Week High	Change Over			3-Year Return Volatility
					2-Week Period	1-Year Period	3-Year Period	
Banking Sector [.QBANK]	8,072	-----	10,680	12,685	-0.5%	-10.2%	+68.5%	38%
Industrial Sector [.QIND]	4,090	-----	5,659	6,052	-3.1%	+6.3%	+6.2%	38%
Insurance Sector [.QINS]	6,699	-----	8,541	10,810	+4.1%	-12.0%	+44.9%	34%
Services Sector [.QSVC]	5,096	-----	5,797	6,403	-0.5%	+2.4%	+0.5%	28%

SAUDI ARABIA

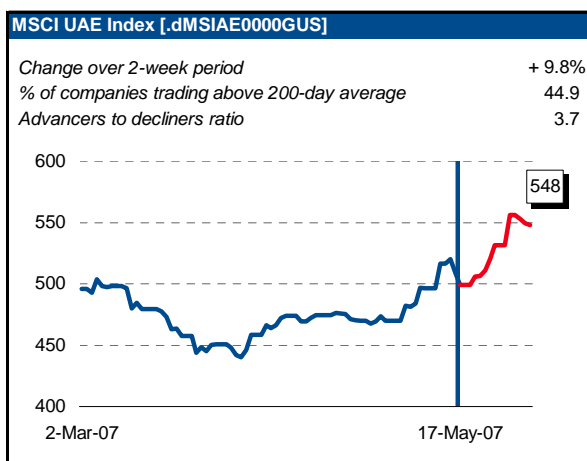


**MARKET MOVERS**

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Sa Dairy & Food [2270.SE]	14.2	17%	1.5
Arab Cement Co [3010.SE]	21.7	14%	0.6
Taibah [4090.SE]	7.0	13%	0.9
Nat Co Glass Ind [2150.SE]	13.1	13%	2.8
Alabdullatif [2340.SE]	20.1	12%	0.5
<b>Top Decliners</b>			
Al Baha [4130.SE]	10.5	-25%	0.9
Saudi Fisheries [6050.SE]	22.7	-13%	0.4
Mubarrad [4110.SE]	12.0	-13%	0.8
Sa Indust Dev [2130.SE]	5.9	-12%	0.9
Al Babtain [2320.SE]	21.7	-10%	0.4

INDEX [RIC]	52-Week Low	Closing Price As of 31-May-07	52-Week High	Change Over			3-Year Return Volatility
				2-Week Period	1-Year Period	3-Year Period	
Banking [.SABNK]	18,600	19,249	36,276	-0.4%	-40.7%	+56.2%	35%
Industrial [.SAIND]	14,550	18,398	29,848	-1.6%	-26.3%	+107.6%	46%
Cement [.SACMT]	5,062	5,354	8,802	+1.7%	-28.2%	+24.8%	42%
Power [.SAPWR]	1,197	1,197	2,622	-2.1%	-35.6%	-56.3%	53%
Telecom [.SATEL]	2,219	2,463	4,832	+1.0%	-45.1%	-20.5%	38%

UNITED ARAB EMIRATES (UAE)



**MARKET MOVERS**

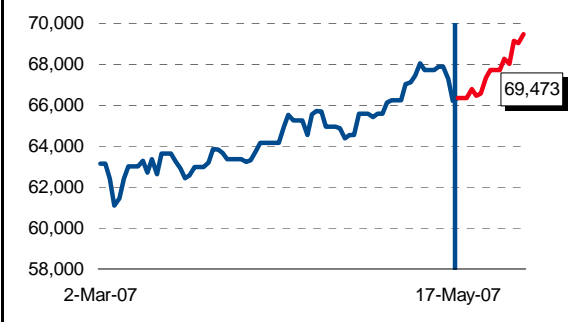
Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Ad Natl Energy [TAQA.AD]	0.8	41%	5.2
Em Foodstuff [AGTH.AD]	0.5	31%	7.2
Union Prop [UPRO.DU]	0.9	25%	4.3
Ad Natl Ins Co [ADNI.AD]	2.6	25%	0.7
Natl Tour & Htl [NCTH.AD]	1.2	25%	2.0
<b>Top Decliners</b>			
Sudan Telecom [SDTL.AD]	2.1	-20%	4.9
Emirates Ins Co [EIC.AD]	2.8	-9%	0.1
Natl Bk Fujairah [NBF.AD]	0.9	-8%	0.4
Buhaira Nat Ins [ABNI.AD]	2.0	-6%	0.2
Rak Natl Ins Co [RAKN.AD]	1.1	-6%	0.0

INDEX [RIC]	52-Week Low	Closing Price As of 31-May-07	52-Week High	Change Over			3-Year Return Volatility
				2-Week Period	1-Year Period	3-Year Period	
DFM General [.DFMGI]	3,658	4,476	4,985	+8.5%	-7.2%	na	35%
ADSM General [.ADI]	2,839	3,578	3,834	+8.3%	-3.2%	na	30%
Banking [.DFMBK]	2,111	2,637	3,104	+6.5%	-14.2%	na	30%
Insurance [.DFMIN]	3,896	4,205	6,110	+6.7%	-29.8%	na	66%
Real Estate & Cons. [.DFMRE]	8,728	10,477	11,962	+11.6%	+2.9%	na	53%
Materials [.DFMTR]	239	285	391	-3.0%	-19.5%	na	52%

EGYPT

Hermes Financial Index [.HRMS]

Change over 2-week period +4.7%  
 % of companies trading above 200-day average 66.7  
 Advancers to decliners ratio 1.7



MARKET MOVERS

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Arab Cotton Gin. [ACGC.CA]	1.7	13%	1.2
Orascom Constr [OCIC.CA]	65.8	9%	1.1
Alx Spin&Weavng [SPIN.CA]	0.6	8%	0.9
Efg Hermes Hold [HRHO.CA]	7.1	8%	0.7
Naeem Hold. [NAHO.CA]	2.0	7%	0.4

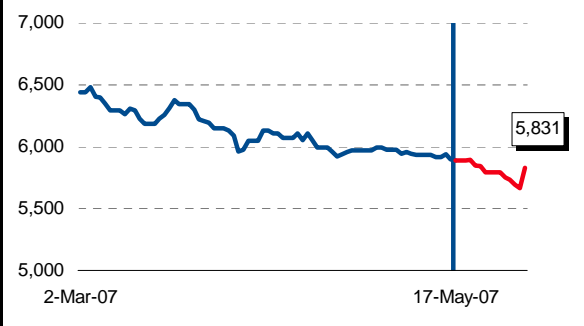
<b>Top Decliners</b>			
Egyptian Resorts [EGTS.CA]	1.5	-11%	0.6
Canal Shipping [CSAG.CA]	2.1	-10%	1.5
6Th Oct Dev Inv [OCDI.CA]	25.2	-7%	1.0
Olympic Group [OLGR.CA]	9.4	-5%	0.5
Natl Soc Gen Bnk [NSGB.CA]	7.2	-3%	0.5

INDEX [RIC]	52-Week Low	Closing Price		52-Week High	Change Over			3-Year Return Volatility
		As of 31-May-07			2-Week Period	1-Year Period	3-Year Period	
Financial Index [.CFIN]	2,133	-----	4,078	4,100	+4.6%	+67.3%	+271.1%	25%
Manufacturing Index [.CMNF]	1,923	-----	2,543	2,543	+4.6%	+22.7%	+131.2%	18%
Services Index [.CSVC]	617	-----	1,103	1,193	+6.0%	+52.2%	+360.8%	33%
Construction Index [.CCNS]	626	-----	765	789	-0.1%	+18.1%	+35.3%	16%
Transport Index [.CTRN]	595	-----	1,965	1,965	+10.6%	+76.6%	+151.8%	75%
Wholesale/ Retail Index [.CTRD]	412	-----	461	461	+1.0%	+11.4%	+15.5%	5%

JORDAN

Amman SE Main Share Index [.AMMAN]

Change over 2-week period -0.9%  
 % of companies trading above 200-day average 36.1  
 Advancers to decliners ratio 1.0



MARKET MOVERS

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Nopar Trdg & Inv [NOTI.AM]	8.9	61%	0.7
Al-Januob Filter [AJFM.AM]	4.0	59%	2.5
Spec.Inv Jor [SIJC.AM]	4.3	39%	3.7
Arab American In [ARAI.AM]	4.2	37%	2.5
Contermpro [COHO.AM]	3.1	37%	1.6

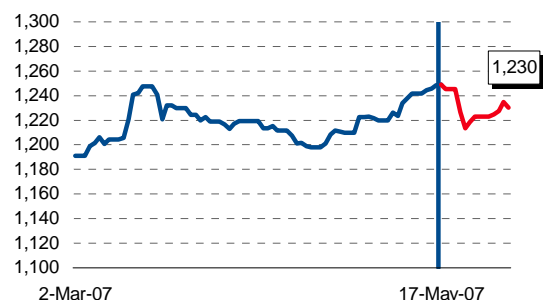
<b>Top Decliners</b>			
Jordan Dairy [JODA.AM]	2.9	-31%	1.4
Natl Alhia Ins [NAAI.AM]	1.5	-17%	0.2
Middle East Div [MEDI.AM]	4.1	-17%	0.6
Amana Agricult. [AMAN.AM]	1.2	-14%	1.8
General Arab Ins [GARI.AM]	2.1	-12%	0.0

INDEX [RIC]	52-Week Low	Closing Price		52-Week High	Change Over			3-Year Return Volatility
		As of 31-May-07			2-Week Period	1-Year Period	3-Year Period	
Banking Sector [.AMBNK]	10,141	11,129	-----	13,644	-1.3%	-17.6%	+143.1%	28%
Industrial Sector [.AMIND]	2,252	-----	2,803	2,889	-1.2%	+8.8%	+83.5%	19%
Insurance Sector [.AMINS]	4,136	4,395	-----	5,603	-1.0%	-21.6%	+77.3%	27%
Services Sector [.AMSVC]	2,224	2,424	-----	2,985	+0.6%	-18.5%	+79.6%	25%

LEBANON

**BLOM Lebanese Stock Index [.BLSI]**

Change over 2-week period - 1.5%  
 % of companies trading above 200-day average 33.3  
 Advancers to decliners ratio 0.4



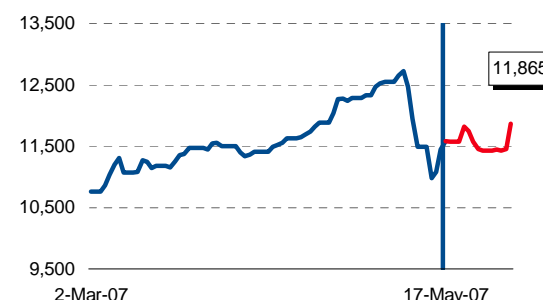
**MARKET MOVERS**

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Blom Bnk Listed [BLOM.BY]	65.0	2%	0.5
Beirut Golden In [BGLD.BY]	0.1	1%	0.2
Bank Of Beirut [BOB.BY]	13.0	1%	0.1
Bob Prf Class C [BOBPC.BY]	25.0	0%	0.1
<b>Top Decliners</b>			
Byblos Bank Prty [BYBPT.BY]	1.8	-5%	0.2
Holcim (Cim Lib) [HOL.BY]	1.9	-5%	0.5
Byblos Bank [BYB.BY]	1.8	-3%	1.1
Bank Audi Gdr [AUSR.BY]	63.3	-2%	0.2
Bank Audi [AUDI.BY]	60.0	-2%	1.3

MOROCCO

**Moroccan All Shares Index [.MASI]**

Change over 2-week period + 2.5%  
 % of companies trading above 200-day average 80.6  
 Advancers to decliners ratio 1.2

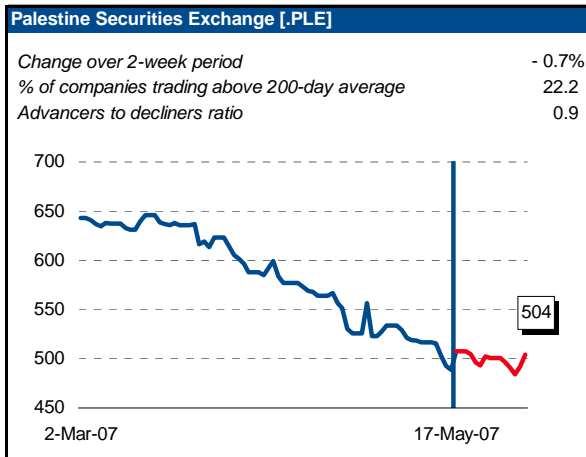


**MARKET MOVERS**

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Holcim Maroc [HOL.CS]	344.6	8%	1.4
Reba Company [REBA.CS]	52.9	7%	1.4
Ciments Du Maroc [SCM.CS]	324.4	7%	0.9
Lafarge Ciments [LAC.CS]	657.8	7%	0.6
Afriquia Gaz [AGAZ1.CS]	147.7	6%	0.3
<b>Top Decliners</b>			
Fertima [FERT.CS]	43.6	-14%	1.9
Tasliif [TSF1.CS]	100.6	-10%	2.1
Nexans Maroc [NEX.CS]	49.0	-10%	0.5
Brasseries Maroc [SBM.CS]	207.3	-7%	1.1
Oulmes [OULM.CS]	125.3	-6%	0.1

INDEX [RIC]	52-Week Low	Closing Price		52-Week High	Change Over			3-Year Return Volatility	
		As of 31-May-07			2-Week Period	1-Year Period	3-Year Period		
Financial [.FIN]	8,209	-----	-----	12,621	13,431	-0.7%	+32.6%	+141.3%	22%
Building Materials [.BMC]	12,552	-----	-----	21,662	23,718	+5.3%	+60.8%	+151.4%	22%
Insurance [.ASSUR]	1,689	-----	-----	3,051	3,385	+3.1%	+69.6%	+153.1%	25%
Mining [.MINES]	6,322	-----	-----	8,455	9,378	+1.1%	+17.1%	+21.2%	42%
Petrol and Gas [.PG]	11,532	-----	-----	15,286	17,547	+3.5%	+16.9%	+191.3%	29%
Chemicals [.CHIM]	3,720	-----	-----	6,307	7,807	-2.3%	+60.9%	+137.5%	61%

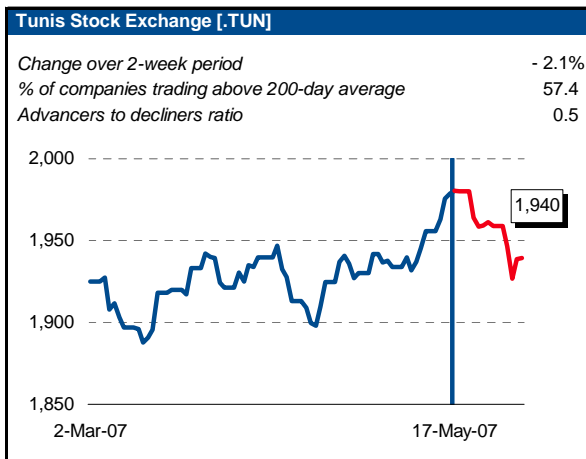
PALESTINE



MARKET MOVERS

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
Bank Of Palestin [BOP.PL]	6.1	22%	3.9
Commercial Pal Bk [CBP.PL]	1.1	12%	0.1
Arab Islamic Bk [AIB.PL]	2.0	11%	1.1
Pal Poultry [AZIZA.PL]	1.3	7%	0.1
Arab Insurance [AIE.PL]	1.9	5%	1.7
<b>Top Decliners</b>			
Pal Inv Bank [PIBC.PL]	1.9	-21%	0.0
Arab Real Estate [ARE.PL]	1.0	-21%	1.5
Union Con & Inv [UCI.PL]	1.2	-9%	0.9
Alrafah Mifn Bnk [AMB.PL]	1.0	-8%	0.5
Golden Wheat [GMC.PL]	1.3	-6%	0.8

TUNISIA



MARKET MOVERS

Company [RIC]	Closing Price (USD)	Change Over 2 Weeks	PLR (x)
<b>Top Advancers</b>			
El Mazraa [MAZ.TN]	8.1	13%	
Atel Mech Sahel [AMS.TN]	2.4	9%	
Air Liquide [AL.TN]	144.7	5%	
Carte - C.I. [CART.TN]	16.5	5%	
Stip [STIP.TN]	3.0	3%	
<b>Top Decliners</b>			
Cie Intl Leasing [CIL.TN]	10.4	-25%	
Bq De Lhabitat [BH.TN]	16.2	-15%	
Tuninvest [TINV.TN]	8.6	-12%	
Spdit (Sicaf) [SPDI.TN]	5.3	-9%	
Magazin Gneral [SMG.TN]	24.4	-8%	

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**LIST OF TERMS**

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- Correlation coefficient is a measure of the degree of co-movement of two indexes.
- Gulf Cooperation Council (GCC).
- Initial public offering (IPO).
- Kingdom of Saudi Arabia (KSA).
- Market capitalization (market cap) is a measure of the size of a listing/market, calculated by multiplying the number of outstanding shares by the closing price.
- Middle East and North Africa (MENA).
- Period's Liquidity Ratio (PLR) is the average daily trading volume for the past 14 days over average daily trading volume for the past 200 days. This ratio compares the recent turnover levels against turnover realized in the medium term, which is defined as 200 trading days. A ratio significantly above (below) 1 indicates that the stock has recently experienced above- (below-) normal liquidity.
- Price-to-earnings ratio (PE ratio) is the most recent price per share divided by the most recent 12 months' earnings. This ratio indicates the amount that investors are willing to pay for a unit of a firm's current earnings.
- Price-to-book ratio (PB ratio) is the price per share over the most recently reported equity value. This ratio indicates the amount that investors are willing to pay for a unit of an equity stake in the company.
- Reuter's Instrument Code (RIC).
- Sharpe ratio measures the excess return of a portfolio over a specified period of time per unit of risk. Excess return is the difference between the realized currency-adjusted return of the portfolio and the risk-free rate. Risk is measured by the annualized standard deviation of return. The risk-free rate used in this calculation is the average three-month US T-bill rate.
- Turnover ratio is the ratio of annualized trading value to the market capitalization of the stock or index.
- United Arab Emirates (UAE).

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