

**LEBANON IN BRIEF - WEEKLY EQUITY MARKETS REPORT**

*December 26-29, 2006*

**Local Equities Market**

|                              | Stock / Fund                       | Closing (\$) | Weekly Change (%) | YTD (%) | Weekly Volume (thousands of shares) | PER 06 E      | PBR 06 E | Dividend Yield % | Market Cap. (\$mil.) |          |
|------------------------------|------------------------------------|--------------|-------------------|---------|-------------------------------------|---------------|----------|------------------|----------------------|----------|
|                              |                                    |              |                   |         |                                     |               |          |                  |                      |          |
| <b>Beirut Stock Exchange</b> | Solidere A                         | ↔            | 16.00             | 0.0%    | -11.0%                              | 196.2         | 15.53    | 1.26             | 3.75%                | 2,640.00 |
|                              | Solidere B                         | ▲            | 16.00             | 0.6%    | -11.0%                              | 61.5          | 15.53    | 1.26             | 3.75%                |          |
|                              | BLC Bank                           | ↔            | 10.00             | 0.0%    | 42.7%                               | 0.0           | 20.68    | 8.33             | 0.00%                | 403.20   |
|                              | Banque Audi - Listed               | ↔            | 59.00             | 0.0%    | 0.0%                                | 0.0           | 11.40    | 1.54             | 2.43%                | 1,833.27 |
|                              | Banque Audi GDR                    | ▲            | 55.95             | 1.9%    | -6.5%                               | 29.7          | 10.81    | 1.46             | 2.56%                |          |
|                              | Bank of Beirut - Listed shares     | ↔            | 12.80             | 0.0%    | 29.3%                               | 0.0           | 14.65    | 2.25             | 1.55%                | 519.68   |
|                              | Bank of Beirut - Preferred class B | ▼            | 11.50             | -1.7%   | -5.0%                               | 10.0          | NA       | NA               | 0.00%                | 34.50    |
|                              | Bank of Beirut - Preferred class C | ↔            | 25.00             | 0.0%    | 0.0%                                | 3.0           | NA       | NA               | 0.00%                | 73.00    |
|                              | Byblos Listed                      | ▲            | 1.81              | 0.6%    | -23.3%                              | 80.4          | 11.03    | 1.29             | 5.52%                | 744.00   |
|                              | Byblos Priority                    | ▼            | 1.81              | -1.1%   | -21.3%                              | 45.2          | 11.03    | 1.29             | 0.00%                |          |
|                              | Byblos Bank- Preferred shares      | ▲            | 102.10            | 0.1%    | -8.0%                               | 0.1           | NA       | NA               | 11.17%               | 102.10   |
|                              | BEMO Bank-Listed                   | ↔            | 4.00              | 0.0%    | 14.3%                               | 2.0           | 8.26     | 1.21             | 3.00%                | 64.00    |
|                              | BLOM Bank GDR                      | ▼            | 57.65             | -0.3%   | -13.3%                              | 7.1           | 6.99     | 1.24             | 4.62%                | 1,266.28 |
|                              | BLOM Bank Listed                   | ↔            | 59.55             | 0.0%    | 0.0%                                | 0.0           | 7.22     | 1.28             | 4.48%                |          |
|                              | Rymco                              | ↔            | 1.00              | 0.0%    | -10.7%                              | 0.0           | 16.67    | 0.66             | 0.00%                | 25.00    |
|                              | Holcim Liban                       | ▼            | 1.78              | -0.6%   | -1.1%                               | 14.5          | 18.22    | 1.85             | 6.74%                | 416.86   |
|                              | Ciments Blancs Bearer              | ↔            | 2.00              | 0.0%    | 60.0%                               | 0.0           | 4.43     | 1.94             | 0.00%                | 18.00    |
|                              | Ciments Blancs Nominal             | ↔            | 1.30              | 0.0%    | -13.3%                              | 0.0           | 2.88     | 1.26             | 0.00%                | 11.70    |
|                              | Uniceramic Nominal A               | ↔            | 0.95              | 0.0%    | -32.1%                              | 0.0           | 16.11    | 1.51             | 0.00%                | 12.23    |
|                              | Uniceramic Bearer C                | ↔            | 1.75              | 0.0%    | 0.0%                                | 0.0           | 29.67    | 2.78             | 0.00%                | 22.52    |
|                              | Beirut Interbank Fund              | ↔            | 103.00            | 0.0%    | -3.7%                               | 0.0           | NA       | NA               | NA                   | 20.60    |
|                              | Beirut Global Income Fund          | ↔            | 100.00            | 0.0%    | -4.9%                               | 0.0           | NA       | NA               | NA                   | 34.00    |
|                              | Beirut Lira Fund                   | ↔            | 104,500.00        | 0.0%    | -3.7%                               | 0.0           | NA       | NA               | NA                   | 28,737.5 |
|                              | Beirut Golden Income               | ↔            | 107,000.00        | 0.0%    | -4.2%                               | 0.0           | NA       | NA               | NA                   | 43,870.0 |
|                              | <b>Total</b>                       |              |                   |         |                                     | <b>449.58</b> |          |                  |                      |          |

\* quoted in Lebanese Pound

The Market Capitalization and other ratios reflect all categories of outstanding ordinary shares at end of period

|             | Stock        | Latest price (\$) | Weekly Change | YTD  | PER 06 E | PBR 06 E | Dividend Yield | Market Cap. (\$mil.) |         |
|-------------|--------------|-------------------|---------------|------|----------|----------|----------------|----------------------|---------|
|             |              |                   |               |      |          |          |                |                      |         |
| <b>GDRs</b> | SOLIDERE GDR | ↔                 | 16.00         | 0.0% | -8.6%    | 15.53    | 1.26           | 3.8%                 | 2,640.0 |
|             | AUDI GDR     | ▲                 | 58.00         | 7.4% | -3.3%    | 11.21    | 1.52           | 2.5%                 | 1,900.4 |
|             | BLOM GDR     | ↔                 | 57.00         | 0.0% | -14.3%   | 6.91     | 1.23           | 4.7%                 | 1,225.5 |

| Index                         | Closing   | Weekly Change (%) | YTD (%) |
|-------------------------------|-----------|-------------------|---------|
| <b>Blom Stock Index (BSI)</b> | ▲ 1184.15 | 0.12%             | -9.56%  |

FFA shall not be responsible for any loss arising from any investment based on any information herein contained

**LOCAL STOCK MARKET COMMENTARY**

Beirut Stock Exchange ended the year with a slow activity as investors remained with their wait-and-see attitude towards the local market amid deep political crisis. Trading on the BSE this week was limited to three days due to the holidays. Thus, Blom Index remained relatively unchanged this week closing at 1184 while registering a year-to-date decline of 9.5%. Total weekly turnover reached \$5.5 million. Total value of shares traded in 2006 registered \$2.02 billion.

Real-estate giant, Solidere, remained unchanged in both classes. As such, Solidere A shares closed at \$16.00 on Friday with 196,000 shares traded weekly. Solidere B shares also closed at \$16 registering a thin increase of 0.6% with a weekly volume of 61,000 shares exchanged.

Among the banking sector, Blom GDRs closed at \$57.65 with a thin volume of 7,000 shares traded. Audi GDRs shares slightly recovered this week as the shares closed at \$55.95 registering a rise of 1.9% with 30,000 shares exchanged over the week. Byblos Bank shares ended in a mixed note: Byblos Listed slightly increased by 0.6% to close at \$1.81 with a weekly volume of 80,000; whereas Byblos Priority shares registered a 1.1% weekly decrease to close \$1.81 with a weekly volume of 45,000.

Among the cement sector, Holcim shares witnessed a 0.6% drop this week to close at \$1.78 with trading volume of 14,500 weekly exchanged.

**CORPORATE NEWS**

**TOTAL VALUE TRADED ON BSE ROSE 120% IN 2006**

The activity on the Beirut Stock Exchange (BSE) witnessed a significant improvement during 2006 despite the July war, where the total value of shares traded for the whole year reached \$2.02 billion, up 120% compared to the same period last year. For the month of December alone, the total value of shares traded was \$34 million. This large decrease in activity for the month of December is mainly attributed to the political instability and tensions in the country.

**BLC ISSUES Q3 2006 FINANCIALS**

BLC Bank issued its financials up to September 2006 showing a net income of \$8.7 million, down 14.8% from \$10.2 million for the same period in 2005. This decrease is mainly attributed to a 12.8% rise in total interest paid from \$59 million up to September 2005 to \$66.7 million for the same period in 2006. The bank's assets reached \$1.8 billion up to Q3 2006, up 9.7% year-on-year. On September 4, 2006, BLC Bank listed additional shares on the Beirut Stock Exchange, thus increased the total number of the bank's listed shares to 33,745,000.

**CIMENTS BLANCS ISSUES SEPTEMBER 2006 PROFITS**

Société Libanaise des Ciments Blancs (CB) issued financial statements up to Q3 2006, posting net profits of \$1.4 million compared to \$4.06 million for year-end 2005. Total assets reached \$17.4 million up to September 2006 while total capital reached \$13.2 million for the same period. Ciments Blancs, which is a subsidiary of Holcim Liban announced in September 06 the distribution of \$0.07 per share.

**OGER TO BUILD UAE UNIVERSITY CAMPUS**

Oger Abu Dhabi was selected by Mubadala Development Company for the construction of UAE University's new campus development worth 1.5 billion Dirham equivalent to \$408 million. Oger Abu Dhabi is part of Saudi Oger, which is owned by Lebanon's Hariri family. Al-Hikma Development Co., a subsidiary of Mubadala Development, is mandated to develop and deliver the new campus on a BOOT (build, own, operate, transfer) basis. Oger Abu Dhabi was selected following a detailed evaluation process carried out by Al-Hikma Development. Its proposal for the package was evaluated as more competitive in terms of technical and long-term commercial value than the other four bidders such as Al-Habtoor, CCC, ACC and Arabtech. The new campus will be built over a period of four years, with the first phase scheduled to be completed in mid 2008.

**MACRO RELEASES**

**CRISIS IN BEIRUT THREATENS SUCCESS OF PARIS III**

The Lebanese government is counting on the Paris III donor conference to aid Lebanon from its economic problems. A senior government source said that Siniora plans to disclose details of the new economic reform paper to the public before leaving for Paris in January 2007. According to the paper, the scenario aims to reduce the debt-to-GDP ratio from 195% to 135% over the next five years. The paper calls for raising the value added tax from 10% to 12% in 2008 and 15% in 2010. Taxes on interest paid on bank deposits would increase from 5% to 7% in 2008. The paper will also call for the privatization of the telecoms and electricity sectors, as well as the sale of the government's share in Middle East Airlines and Intra Investment Company.

**DECLINE OF BDL FOREIGN ASSETS BY MID DEC 06**

According to the BDL bi-weekly releases, gross foreign currency reserves which include deposits from commercial banks, decreased by \$353 million to reach on December 15, 2006 \$12.8 billion while increasing by \$1.6 billion from the same period in 2005. In addition, local and foreign deposits of the financial sector placed at BDL increased by \$ 148 million on a bi-weekly basis to \$22.43 billion, while those of the public sector decreased by \$268 million to \$2.2 billion.