

EmiratesREVIEW

Getting down to business

DYNAMIC DAMAN

How Daman Insurance has revolutionised UAE health care

- 16 | **SMALL IS BEAUTIFUL**
SMEs are the backbone of the UAE economy
- 22 | **WHY SUKUK IS SWEET**
Using Sukuk to fund developments or raise capital
- 26 | **TABREED**
Keeps you cool
- 32 | **THE NEED FOR SPEED**
Team Abu Dhabi by Black Falcon race to glory



Custom built coverage



AIG is the perfect fit for owners of high end homes. Look to our Private Client Group for sound insurance protection, resources to lessen the chance of property damage and stellar claims service — all custom-tailored for you. AIG can provide coverage that aligns with your lifestyle, as follows:

- **Comprehensive Cover** – protecting your home and its contents for incidents such as fire, water damage from burst pipes, accidental damage, theft, along with many other types of loss.
- **Specialist cover for art and antiques** – provides wide cover for your treasured art and antique collections, including 'loss in value' cover following damage.
- **Worldwide Coverage** – no matter where you take your home contents, personal effects or jewellery, we provide worldwide coverage against all risks of loss or damage, including accidental loss and mysterious disappearance.
- **Alternative Accommodation** – if you must vacate your home due to a claim such as a fire, we will provide you with temporary accommodation in keeping with your lifestyle, for up to 12 months, or until such time as your home is repaired and inhabitable.
- **Protection for secondary properties** – if you own secondary properties that are rented out to others, or used as holiday accommodation, we can provide cover under the same policy as your main home. If your tenant is unable to occupy your rental property due to a claim, we will compensate you with the rent lost on that property for up to 12 months.

PRIVATE CLIENT GROUP

Exceptional Insurance for Extraordinary Assets



American Home Assurance Company
JW Marriott, Office Block A, 5th Floor
P.O. Box 40569, Dubai, UAE
Tel: +971 4 214-3330, Fax: +971 4 214-2018
www.aig.com

AIG is the marketing name for the worldwide property casualty and general insurance operation of AIG Inc. The products and services are brought to you by American Home Assurance Company, a wholly owned subsidiary of AIG Inc. The information and descriptions contained herein are not complete descriptions, but are for general informational purposes only. Please refer to the actual policy wording for complete details of the terms and conditions. Certain names, words, titles, phrases, logos, icons, graphics or designs may constitute trade names, registered or unregistered trade-marks ("Trade-marks") of AIG Inc. used under license by AIG Inc.

EmiratesREVIEW

getting down to business

CPI Financial

P.O. Box 502491
Dubai Media City, U.A.E.
Tel: +971 4 392 4681
Fax: +971 4 390 9576
www.cpifinancial.net

For CPI Financial

Managing Editor

Robin Amlôt
robin@cpifinancial.net
Tel: +971 4 391 3723

Director - Client Services

Fred Dubery
fred@cpifinancial.net
Tel: +971 4 391 3717

Chief Designer

Buenaventura R. Jaluag Jr.
jun@cpifinancial.net
Tel: +971 4 391 3719



Produced on behalf
of Finance House

Printed by

UPP Abu Dhabi, U.A.E.

This Magazine is published for information purposes only and shall not be construed to be valid, correct and/or accurate at any point of time. The publishers regret they cannot accept liability for error or omissions contained in this Magazine, however caused. Opinions and views contained in this Magazine are not necessarily those of the publishers. Ownership of trademarks is acknowledged. No part of this Magazine may be reproduced, stored in a retrieval system or transmitted in any form without the prior written permission of the publishers.

© 2013

EmiratesREVIEW

getting down to business



10



14



26



28



5

Welcome to Emirates Review!

6

Business Outlook

Merger of Aldar and Sorouh
Smarter ID cards mooted
Central Bank moves on mortgages
Terry Fox charity run
Rolls-Royce Abu Dhabi
Finance House 2012 net profit up by 20.4%
Insurance House records profit in its first year
More secure UAE banknotes
M&A in the UAE

8

Economic Outlook

High Net Worth families
Fragile global economy
Less oil volatility in 2013
Low global interest rates
UAE CEOs confident
Gold price trends

10

In Focus – Damani Insurance

How Damani Insurance revolutionised UAE health care

14

Cloud Computing

You've heard of it but what is it?

16

SME Finance

SMEs are the backbone of the UAE economy

18

Market Wrap

GCC market update

20

Investment

Margin trading explained

22

Islamic Finance

Using Sukuk to fund developments or raise capital

24

Insurance

Home insurance – if the worst happens, are you fully insured?

26

Real estate

Tabreed keeps things cool in the UAE

28

Law Matters

What you need to know about FATCA

30

Arts & Culture

Wrap – the Emirati business taking gift wrapping to a luxury level

32

Lifestyle

The need for speed – Team Abu Dhabi by Black Falcon race to glory

35

Events Diary

What's on from April to June 2013

36

The Lighter Side

Recent offbeat news to end things with a smile

When everything else seems like a blur...
Rest assured, we've got you covered.



دار التأمين
INSURANCE HOUSE
ش.م.ع. - P.S.C.



Insurance House offers you a host of comprehensive products and services designed to provide insurance solutions to institutions as well as individuals.

For more information
call **8004441**
or visit www.insurancehouse.ae

REST ASSURED

Welcome to Emirates Review!

Welcome to the latest issue of Emirates Review magazine, your guide to business, finance and lifestyle in the UAE.

Hot off the press in this issue, we take a look at the string of amazing successes pulled off by Daman Insurance since operations launched in 2006. In just six years, the company has gone on to spearhead a revolution in the UAE's health care service. Read about the fast-paced growth of this pioneering local entity on page 10.

Another fast-paced growth industry is cloud computing. It's the buzz word doing the rounds in IT circles but what does it mean to you? A lot, as it happens. Find out why on page 14.

We also take a look at the UAE's vital Small and Medium Enterprises (SME) sector in this issue. Around the world, SMEs are the backbone of local economies and the UAE is no different. The last 18 months has seen many new SME funding initiatives launch in the Emirates, see page 16.

Speaking of the local economy, don't miss our GCC market wrap on page 18 as well as our simple guide to margin trading on page 20. It's actually not as complicated as you've been led to believe.

Still on the subject of financing, we investigate the rise of Sukuk. The sector saw its best year ever in the GCC in 2012. Why are Sukuk so sweet? See page 22.

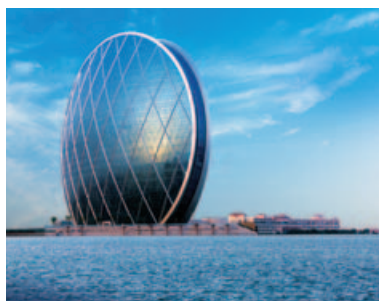
Something that's not sweet is losing your home or valuables in the event of unexpected misfortune – be it flood, fire or theft – and discovering your insurance doesn't cover it. On page 24, Insurance House experts reveal the secrets for ensuring you'll still be smiling if disaster, God Forbid, does come knocking.

With the temperatures starting to rise again in the UAE, we investigate the people working hard to keep us all cool. Tabreed is a local district cooling company that has quietly been getting on with doing a sterling job, read about it on page 26.

The other 'need to know' story in this issue is our focus on FATCA, also known as the Foreign Account Tax Compliance Act (FATCA). What it means is that US tax payers need to be ever more diligent in declaring their global assets. The laws on tax evasion are about to get tighter and the effects will be felt around the world, see page 28.

On a lighter note! We are very happy to showcase some awesome Emiratis in this issue. On page 30, we feature a local business woman who has launched a high-end gift-wrapping service, aptly called Wrapt. While on page 32 we feature the Emirati driver Khaled Al Qubaisi who led his endurance racing team, Abu Dhabi by Black Falcon, to victory in the Dunlop 24 Hour Dubai race recently.

We hope you enjoy this issue of Emirates Review magazine! We welcome your comments and suggestions so if you'd like to get in touch, feel free to drop us a line at emiratesreview@cpifinancial.net EmiratesREVIEW



Aldar, Sorouh merger creates regional property giant

The merger of Aldar Properties and Sorouh Real Estate is expected to be completed by 30 June, creating, according to the two companies, the third largest real estate firm in the Middle East.

The merged entity, Aldar Sorouh Properties, will have a paid capital of around AED 7.8 billion and assets of nearly AED 47 billion. The proposed Board will be chaired by H.E. Abubaker Seddiq Al Khoori (Managing Director of Sorouh) with Ali Eid Al Mheiri (Chairman of Aldar) as Vice Chairman. Al Mheiri is also the Head of Mubadala subsidiary Mubadala Infrastructure. Mubadala will be Aldar Sorouh's largest shareholder with a 19.15 per cent stake.

Dealings in Aldar and Sorouh shares will be suspended on 23 June. New shares will be issued to Sorouh shareholders at the rate of 1.288 Aldar shares for every Sorouh share held.

Central Bank, ID Authority discuss smart card applications

The Central Bank of the UAE (CBUAE) and the Emirates Identity Authority (EIDA) are discussing ways to implement 'smart' financial applications on the Emirates ID card. The CBUAE's draft strategic and operational plan 2014-2016 includes an initiative for creating an e-wallet system using the ID card that would replace cash. The e-wallet allows payment for purchases either through the points of sale or online.

Separately, EIDA announced that expatriate residents' ID cards would, in future, be called 'Resident Identity Cards'. Expat ID cardholders will not be required to get the new cards until their current ID card expires.



Central Bank moves on mortgages

The Central Bank of the UAE is expected to introduce new rules on home loans later this year. The CBUAE has sent a questionnaire to all the banks in the country asking for their comments on mortgage caps that would prevent homebuyers from over-extending themselves.

The Emirates Banks Association has already proposed a maximum loans-to-value (LTV) ratio of 75 per cent for the first property purchase by an expat and 60 per cent for second and subsequent properties. Properties under construction would be subject to a 50 percent LTV limit. The cap for Emiratis would be 80 per cent for the first property purchased and 65 per cent for the second and subsequent properties. An upper limit on the size of home loans or home finance may also be imposed.



UAE deal values overtake 2012 in one month!

Analysts at *mergermarket* say merger and acquisition (M&A) deal values in January 2013 surpassed the value of deals registered in the whole of 2012. Eight deals last year with a cumulative value of AED 1.05 billion showed the lowest total value for domestic transactions since 2006. However, in January 2013 that figure has rocketed to more than AED 8 billion, led by the planned merger of Aldar and Sorouh.



Finance House staff takes part in the 18th Abu Dhabi Terry Fox Run

Finance House staff pulled on their running shoes and took part in the 18th Abu Dhabi Terry Fox Run to raise money for cancer research in the UAE. Held in Abu Dhabi on 22 February 2013, the Terry Fox Run is an annual non-competitive charity event that takes place in numerous regions around the world in commemoration of Canadian cancer activist Terry Fox and his Marathon of Hope. Finance House takes part in the run every year as part of its responsibility and commitment to the wellbeing of the local community and society at large. The money raised will be used to fund cancer research being conducted in the UAE.

Abu Dhabi helps Rolls-Royce to record sales

Rolls-Royce Motor Cars sold a total of 3,575 cars in 2012, its highest annual sales in the whole 108-year history of the company. The year also marked another record for the Rolls-Royce Bespoke personalisation programme. It should come as no surprise to know that the firm's Abu Dhabi dealership ranked number two in the world for the year, behind only Beijing. Nearly all of the Rolls-Royce cars sold in the UAE



had at least some element of Bespoke personalisation, making each car as individual as its owner. 2013 is likely to be another record year for Rolls-Royce in Abu Dhabi with the revival of the 'Wraith' – the new model debuted at the Geneva Motor Show.

Added security features for UAE banknotes

The Central Bank of the UAE (CBUAE) has issued new AED 100 and AED 1,000 banknotes with added security features, including the replacement of the metallic ink surrounding the UAE emblem by a multi-coloured ink on the upper half of the front side of the two banknotes. The notes also feature a new security thread. The old silver security thread has been replaced by a 3mm-wide multi-coloured security thread on the front side of the AED 100 note with 'UAE 100' printed on it. A similar thread now appears on the back of the AED 1,000 note with 'UAE 1000' printed on it. The general design and other specifications of the two banknotes have not changed. The new notes entered circulation on 2 February 2013.



Finance House 2012 net profit up by 20.4%

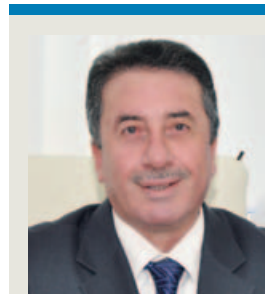


Mohammed Abdulla Alqubaisi,
Chairman of Finance House.

Finance House P.J.S.C (FH) has reported a consolidated FH Group net profit of AED 72.2 million for the year ended 31 December 2012, which is 20.4 per cent higher than the net profit of AED 60 million achieved in the previous year. Total Assets grew to AED 3.72 billion, registering a steady increase of 6 per cent over AED 3.51 billion as at 31 December 2011. The Board has approved a cash dividend of

12 per cent. During the year, customer deposits grew by a robust 16.5 per cent to reach AED 1.80 billion compared to AED 1.55 billion as at the end of the previous year.

Commenting on the results, Mohammed Abdulla Alqubaisi, Chairman of Finance House said: "I am extremely proud of this wonderful result as it is due to the combined efforts of our diligent team and our supportive shareholders and, of course, it would not be possible without the trust of our valued clients. I would like to thank everyone who has played a part in making 2012 such a successful year for Finance House. I have no doubt that together we will go on to even greater successes."



Mohammed Othman, General
Manager of Insurance House.

Insurance House records profit in its first year

In its first year of operations, Insurance House P.S.C (IH) has registered a net profit of AED 7.54 million – a huge difference from the projected loss of AED 7.46 million as per the IPO

Prospectus and a remarkable achievement for a start-up enterprise in the UAE insurance sector, especially in its very first year of operations. Total Assets grew by a whopping 140 per cent to AED 302.6 million as of 31 December 2012 compared to AED 125.8 million as of 11 April 2011. The Board is initiating a Share Buyback Program for up to 10 per cent of the company's shares, subject to regulatory approvals. IH General Manager Mohammed Othman said: "I am delighted at this exceptional result, especially given the challenging conditions experienced by the UAE insurance industry. Our success is in part due to the in-depth UAE experience of our top caliber insurance professionals, of whom 14 per cent are UAE nationals."

High net worth...

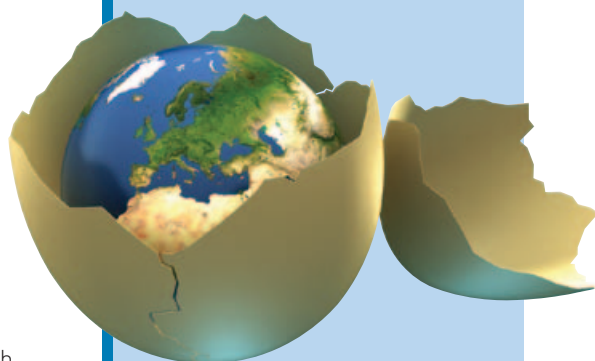


One million wealthy families in the GCC own investment assets worth \$1.2 trillion (AED 4.4 trillion), according to a report by KFH-Research. The number of High Net Worth Individuals (HNWIs) in the Middle East is estimated at around 450,000.

KFH-Research said, "There are around one million wealthy households in the GCC region, with

total investable assets of \$1-1.2 trillion. Of these around 260,000 to 280,000 households have total assets of more than \$1 million in each household.

"By country, Saudi Arabia has the most number of wealthy households, estimated between 600,000 and 625,000, followed by the UAE (200,000-220,000) and Kuwait (120,000-130,000). Naturally, Saudi Arabia also has the highest total investable assets in the region, estimated at \$500-550 billion, followed by the UAE (\$260-280 billion) and Kuwait (\$140-150 billion).



Global economy - 'fragile and timid'

There are fewer risks to the global economic outlook for 2013 than there were a year ago. The world's economy will grow by a modest 3.5 per cent in 2013, Christine Lagarde, Managing Director of the International Monetary Fund said to an audience at the Davos World Economic Forum in January. However, she went on to describe the recovery as "fragile and timid" because, most notably, the Euro zone remains prone to political crisis and slow decision-making processes.

Among the bright spots, the IMF has revised upwards growth for the African continent to 5.7 per cent while China's economy is no longer slowing and is expected to grow by 8 per cent for the year. The outlook for emerging markets and low-income countries is much higher, at 5.5 per cent, than for the developed nations, at 1.5 per cent. But any notion of a decoupling is misguided. "We now live in a globalised world," Yi Gang, Deputy Governor, People's Bank of China, told the WEF. "What happens in Europe and the United States will affect China, Asia, Africa and other economies.

Less volatility in oil for 2013

Oil prices inched up to \$105/barrel in 2012 (2011: \$104), with most of the volatility concentrated in the first half of the year. RAM Ratings said the run-up in prices in the first few months of 2012 reflected strong economic activity in the US and China. However, oil prices declined substantially in Q2 2012 amid heightened risk aversion against European assets. Prices stabilised in H2 2012 thanks to aggressive monetary policies and a revival in global economic activity.

This year, oil prices are expected to be influenced by the gradual economic recovery of the advanced economies and also the still-robust industrial activity in large, emerging markets. OPEC member nations believe that current supply and price levels are consistent with sustainable global economic growth. Thus, RAM Ratings is expecting oil prices to average \$100-105/barrel for 2013 ('oil prices' are defined as the simple average of West Texas Intermediate, Brent and Dubai Fateh petroleum prices).



Source: Bloomberg and RAM

Global interest rates to remain low



Monetary policy around the world is expected to remain extremely accommodative throughout 2013. The Federal Reserve, the US Central Bank, has committed to keeping its rates between 0-0.25 per cent until US unemployment falls below 6.5 per cent and/or inflation rises above 2.5 per cent. Neither outcome seems likely this year. Alongside standard monetary policy measures, Central Banks continue to use inventive policy measures to support global growth. The most common is quantitative easing whereby they expand the money supply by buying longer dated government bonds.

JPMorgan Private Bank notes improving outlooks for

the US and China and reduced risk in Europe, with European Central Bank Governor Mario Draghi's commitment to do 'whatever it takes'. This positive outlook will effect currencies in three major ways, namely: investors will continue to look for yield; they will be more comfortable in taking risks; and a currency's fundamental economic background will matter more.

Among the major currencies, the dollar looks attractive against both the euro (EUR) and sterling (GBP). JP Morgan expects the EUR to outperform GBP – but not by much! The UK's weak fundamentals have already seen its sovereign credit rating cut by Moody's in February, a fate that was just avoided in 2012.

UAE CEOs more confident of the future

UAE confidence levels remain fairly steady and optimism continues to climb. A survey by Oliver Wyman/Zogby Research Services at the end of last year showed CEOs and senior executives in the UAE more confident than any of their Gulf neighbours – the 80 per cent rating is not only higher than anywhere else in the region but also the highest rating since the surveys began.

Elsewhere, Saudi confidence levels, while still high at 61 per cent, continued to drop back and that is the lowest rating registered in Saudi Arabia since 2009, when the survey began. Furthermore, at 63 per cent, the number of Saudi executives who are 'satisfied with their government's handling of economic challenges' is also a new low. Only 15 per cent are 'very satisfied.' One note of caution for business in the UAE – the survey did find that more than two-thirds of senior executives admitted that their firms' risk management processes were either 'mixed' (different parts of the firm having their own processes) or even non-existent!

Gold price on the up again?



Thomson Reuters GFMS reports gold investment swelled to record levels in dollar terms last year at about \$87 billion with official sector purchases at 50-year highs and jewellery demand resilient, falling 'only' 4 per cent. Despite market speculation that the decade-long bull run for gold could be over, GFMS is forecasting gold to average an all-time high over the first half of 2013 and to recover back well into the \$1,800s.

Certainly Central Banks are still buying gold. This so-called 'official sector' activity is estimated to have risen 17 per cent in 2012 and is now at levels not seen for almost 50 years.





Caring for the nation's health

Daman has been pivotal in revolutionising the face of health and health care in the UAE.

The formation of National Health Insurance Company - Daman in 2005 marked a major milestone in the history of UAE health care. Daman, as the first specialised health insurer, has been central to the Emirate of Abu

Dhabi's efforts to dramatically increase access to healthcare for both nationals and its large expatriate population.

Just a few years ago, few people in Abu Dhabi had health insurance. The Emirate's 1.5 million expatriates, who



“ BY ITS 5TH ANNIVERSARY IN MAY 2011, DAMAN HAD 2.1 MILLION MEMBERS; MAINTAINING AVERAGE GROWTH OF 20 PER CENT SINCE IT BEGAN OPERATIONS ”

make up around three-quarters of the population, had to pay for healthcare while nationals had access to free healthcare in public hospitals.

Then, in 2005, the Abu Dhabi Government began a programme to bring affordable access to essential healthcare for expatriates, improve the Emirates' healthcare system and reduce the need for public subsidies. The programme concluded with a law that made it compulsory for employers and business owners in Abu Dhabi to provide health insurance for their expatriate employees.

Daman was established that same year to implement the law and began operations in 2006. It started by offering a government-subsidised plan to low-income expatriates, while offering the rest of the expatriate community a suite of full-featured health insurance schemes with varying options.

With low awareness of health insurance amongst residents, employers and healthcare providers, Daman embarked on a major marketing campaign to publicise common conditions such as diabetes, breast and prostate cancer, and to encourage healthier lifestyles.



MORE THAN JUST HEALTH INSURANCE

Building on its philosophy of offering holistic, best-in-class health-related services, Daman puts great emphasis on health awareness, prevention and case management as well as on providing practical advice and assistance. It is the only insurer that offers a range of disease and case management programmes for their members. Under its 'Health Support' banner, Daman offers lifestyle coaching and support to members with diabetes, asthma, breast cancer and pregnancy.

Earlier in 2012, Daman introduced Activelife, a programme where members get special discounts at various health, wellness and entertainment retail outlets to support them in leading a balanced and healthy lifestyle.

The company is also active in curbing medical insurance fraud and abuse and has a dedicated team that audits hospitals and clinics to ensure members' cards are not abused and misused; a practice that can cause a member's premiums to increase unnecessarily.



Under its 'Health Support' banner, Daman offers lifestyle coaching and support for families and pregnant women.

Going strong

The success of the company's operations gave Daman another opportunity. In 2007, the Abu Dhabi Government announced a fully subsidised health insurance programme for UAE nationals, named Thiqa, and appointed Daman as the programme's exclusive manager.

The speed of take-up has been remarkable. By its 5th anniversary in May 2011, Daman had 2.1 million members; maintaining an average growth rate of 20 per cent since it began operations.

Daman is now well positioned to support the Abu Dhabi 2030 economic vision to grow the healthcare sector through predictable government and an employer-funded insurance revenue stream.

Today, backed by the strong and reliable support of the Abu Dhabi government, Daman offers a wide range of health insurance plans with added benefits, extended policy limits and wider geographical coverage through a broad global provider network. Daman has nominated Munich Re, one of the world's leading re-insurers, as a strategic partner. It has since developed a renowned range

“UNDER ITS 'HEALTH SUPPORT' BANNER, DAMAN OFFERS LIFESTYLE COACHING AND SUPPORT TO MEMBERS WITH DIABETES, ASTHMA, BREAST CANCER AND PREGNANCY.”

of competencies in the region's health insurance industry.

Other governments in the Gulf region and beyond are now considering this model of integrated healthcare, as they seek to establish a broader funding base for their health systems and create efficient treatment and payment processes. EmiratesREVIEW

DAMAN IN A NUTSHELL

Founded: 2005

Type: Public Joint Stock Company

Industry: Insurance

Headquarters: Abu Dhabi, UAE

Products: Health insurance

For more information, go to www.damanhealth.ae



Unique to Daman is the free coverage of new born babies under their mother's plan.

DAMAN PLANS

Daman offers a number of customisable health insurance plans with coverage options within different geographies. Unique to Daman is the coverage of new born babies for free under their mother's health insurance plans and the availability of programmes to support members with chronic health conditions such as diabetes.

DAMAN MILESTONES

- 2005** – Daman was established to implement a new health care system for expatriates
- 2006** – Daman launched operations
- 2007** – Daman appointed exclusive manager of Thiqa, a fully subsidised health insurance scheme for UAE nationals
- 2008** – The Thiqa Program for UAE nationals commenced operations in April 2008
- 2009** – Crossed the 1.5 million member threshold
- 2009** – Launched Daman's online services – still unmatched after three years
- 2009** – Daman introduced a disease management programme (DMP) offering diabetic members a lifestyle and health coaching service
- 2010** – Crossed the 2 million member threshold
- 2011** – Celebrated its 5th anniversary with 2.1 million members.
- 2012** – More than 630,000 UAE nationals were enrolled in the Thiqa program
- 2012** – Launched Daman Health Insurance Qatar partnership with Munich Health as its first international operation
- 2013** – Daman membership grew by 10 per cent to 2.3 million

go deal

Effectively manage your day-to-day business expenses with the Visa Business Card.

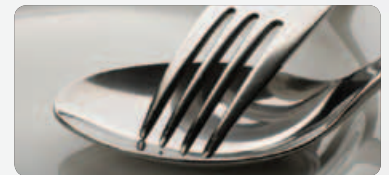
Exclusive savings for Visa Business Card Holders:



Automotive: Discounts on car rental and car servicing.



Insurance: Discount on selected insurance products.



Dining: Special discounts at restaurants perfect for doing business.



Travel: Hotel discounts and other travel deals for when you travel or host out-of-town guests.



Office & Technology: Discounts on shipping, stationery, company cell phones, and business electronics.



Medical Assistance: Discount on full Clinical Laboratory and Health Services.



To see a list of Visa Business issuing banks please click on www.visacemea.com/ww/get_card.jsp

more people around the world go with Visa.
visit visacemea.com/ww/get_card.jsp



UAE: Star Metropolis • Dynatrade Auto Service • Al Reyami Interiors • Arab Orient Insurance Company • Coral Hotels & Resorts and Corp Executive Hotels • Rotana Hotels and Resorts • CompuMe and I2 **Egypt:** Coral Hotels & Resorts • Al Khodeir Stationary • Misr October Industrial Co. • TNT **KSA:** Coral Hotels & Resorts • GroundLink **Kuwait:** Safir International Hotel **Qatar:** Doha Golf Club • DHL Express • Coral Hotels & Resorts **Lebanon:** FedEx Kinko's • FedEx Express • LebHotels.com • Advanced Car Rental



Head in the clouds

Cloud computing is the new buzz word doing the rounds in corporate circles but what does it actually mean? In reality, not many people understand. That's what **Tarek Soubra**, Finance House Chief Information Officer, is going to explain...

Whether you know it or not, you've probably used cloud computing. It's a user-friendly technology that almost all of us have used, perhaps without realising. In simple terms, cloud computing entails running computer/network applications that are on other

people's computing infrastructure or servers via the internet. This includes Facebook, Yahoo email, and iCloud.

Silver linings

But let's take a step back. In the early days of networking, way before

Google or Yahoo were born, companies ran email as an application where all the data, such as messages and attachments, was stored in-house on the company's premises.

Then, in the 1990s, companies like Google turned up and email was revolutionised. On his website www.cloudtweaks.com, Gregory Musungu explains how these companies stored email information for you on their servers, free of charge. "However, to access that data, you had to use their applications like Gmail, Yahoo Mail, and so on," Essentially, this is cloud computing – using other people's servers to run applications for your organisation, remotely.

Into the 21st Century, the concept of the cloud is the same but it has grown into quite a monster! Businesses are now using big cloud applications, such as Salesforce.com, to power their business goals and are extending the use of the cloud to cover their own private applications and systems. For example, with cloud computing, a business can run all its computer networks and programs as a whole on somebody else's infrastructure without buying an extra piece of hardware or maybe software. All the business has to arrange is a fair remote connectivity (usually internet connection) to access such programs. So, saving money is one of the main reasons for cloud technology's popularity.

NIST, the US National Institute of Standards and Technology, defines cloud computing as, "A model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction." I like this definition as it defines cloud computing clearly while highlighting the benefits of cloud computing.

Seasonal change

Ok, things get a little more complicated now because there are actually three types of clouds in cloud computing, namely:

- **Public Clouds (or external):** Like for Salesforce.com or Yahoo mail, the owner of the cloud is a third party and the customers of that cloud are different entities, other than the owner. The customers usually access the cloud over the internet without knowledge of, expertise with, or control over the technology infrastructure used. Using a public cloud achieves significant savings for customers.
- **Private Clouds (or internal):** Private clouds are built by an organisation for its own users, subsidiaries, or departments and everything is delivered within the organisation's network. Private clouds are better suited where data security is an important issue. The main benefits that a large organisation would get when adopting a Private Cloud could be summarised as follows: sharing a common optimised and easily scalable IT infrastructure by all the organisation's departments or subsidiaries worldwide, the improved Time-to-Market for launching new programs, and the relatively lower number of technical staff needed to run the organisation's IT infrastructure
- **Hybrid Clouds (a mixture of external and internal):** A mixture use of the previous two models, hybrid clouds enable the balance between cost, security and performance.

Dark clouds

Cloud computing promises a lot of benefits and values, however, it also raises many concerns and challenges, these include:

- **Top secret concerns:** Confidentiality of data stored or passing through the provider's infrastructure represents a major challenge, especially for industries like banking and financial services.

- **International law:** Regulatory constraints must be considered. Regulations in some countries require the data to be stored in the same country.
- **Vendor lock-in:** With the lack of standards to govern the cloud computing business, every provider offers his own APIs (Application Programming Interface) to access



Tarek Soubra, Finance House Chief Information Officer.

On the horizon

There are many challenges to general adoption of cloud computing. One flavour of public cloud that may emerge in the near future and potentially make adoption easier is industry-specific clouds that take into account any regulatory and technological constraint specific to that industry. For example, a 'finance-only' public cloud or even a 'UAE-finance-only' public cloud could appeal to finance corporations in the UAE, because they would solve challenges specific to their industry while still providing the advantages of cloud architectures at a reasonable scale.

The Information Technology (IT) Department at Finance House has been closely monitoring the different cloud options and preparing Finance House's infrastructure for the Private Cloud journey by converting the majority of its non critical systems to run on virtual servers.

Despite several opportunities on public clouds, Finance House remains

“ESSENTIALLY, THIS IS CLOUD COMPUTING – USING OTHER PEOPLE'S SERVERS TO RUN APPLICATIONS FOR YOUR ORGANISATION, REMOTELY”

the cloud that may differ from other providers. Hence, changing the provider in the future would require a major change in the customer's setup and applications.

- **Global cover:** The full dependency on internet availability in the country of the customer and the need for a high bandwidth connection.
- **Young players:** Many business applications are not yet ready to run on the cloud.
- **Virtualisation maturity:** Cloud computing fully depends on virtualisation, knowing that running some critical applications, with low latency, on a virtual environment is still not recommended.

cautious and is so far unwilling to fully embrace cloud, mainly due to security, compliance, and data confidentiality concerns.

As a leading finance company in the UAE, Finance House puts protecting the data and interests of its customers' security as its top priority. In line with that, Finance House's IT Department is certified for ISO27001, the world class benchmark for Information Security Management Systems. Finance House is committed to maintaining the quality of its services and products to all customers as well as to delivering first-rate services to a world class standard. EmiratesREVIEW



Growing small businesses in the UAE

Size does matter but big is not always better when it comes to business in the UAE, writes **Andy Scott**, Editor of Finance Middle East, a magazine that focuses on SME finance in the GCC.

Remember when the world seemed to be dominated by massive companies like Ford, Microsoft, Sony and General Electric? Mostly, it still is. But, nowadays governments have seen the benefits of the small and medium-sized enterprises. That's SMEs to you and me and here's why SME is the new buzzword in government departments responsible for growing the economy and creating jobs.

SMEs are important to almost all economies in the world, but especially to those in developing countries because SMEs contribute to output and to the creation of 'decent' jobs - which are defined as jobs that provide adequate wages; acceptable working conditions, and other positive features important to the employee.

According to the Organisation for Economic Cooperation and Development (OECD), SMEs contribute to 55 per cent of the Gross Domestic Product (GDP) and 65 per cent of total employment in high-income countries.

The OECD figures state that SMEs and informal enterprises account for 60 per cent of GDP and 70 per cent of total employment in low-income countries, while they contribute 95 per cent of total employment and about 7 per cent of GDP in middle-income countries.

On the dynamic front they are a nursery for the larger firms of the future as well as the next (and important) step on the ladder for expanding micro enterprises.

SMES in the UAE

Over the past few years there has been a steady rise in the number of SMEs launching new ventures in the UAE and this segment has emerged as a vital part of the country's economy. According to official statistics, the UAE has more than 230,000 small and medium-sized companies that

contribute about 40 per cent of the country's GDP as well as employ in excess of 42 per cent of its workforce.

Although Dubai has emerged as the premiere hub for small and medium-sized companies in the region, entrepreneurs still face many challenges when they are looking to start a business in the emirate.



For Emirati nationals, there are several loans and funds to call on that help start-ups iron out those kinks-in-the-road but for expat residents the road is not so smooth. New start-ups face AED18,000 to AED 30,000 in licensing and visa fees, plus an average of AED 50,000 per annum towards rent for commercial office space.

Money talks

While SMEs constitute 90 per cent of all businesses in Dubai and contribute 40 per cent of the UAE's GDP, they receive less than 4 per cent of total bank loans issued across the Emirates. This is higher than most GCC countries, but low when compared to developed countries where SME loans are at over 15 per cent of total bank loans. One often hears that banks are fully supportive of SME initiatives but the reality is that this is more talk than action. Potential SME financiers consider some commercial ideas as too risky, which leads to punitive interest rates on loans, some in excess of 20 per cent.

It has been argued that the best way for the government to kick start the SME sector would be to set up an industrial

bank. One such example is in the UK which runs an enterprise investment scheme where entrepreneurs who put in £100 get £40 of that back in tax relief. In the event that the company fails, they get half the difference back, so out of one hundred pounds, they are only putting thirty pounds at risk. In the UAE's income-tax-free system, the government would have to do matched-funding to see acceleration in the sectors that are beyond retail, travel and tourism.

Governmental action

However, in a further spur to the sector, the UAE cabinet has endorsed a federal law that aims to support SMEs. This new law states that government bodies and GREs (Government Related Entities) must allocate 5 per cent of their budget for goods and services provided by SMEs or entrepreneurs.

It also calls for establishing an SME board under the chairmanship of the Economy Minister and constituting representatives of concerned bodies.

The UAE would seem to be making a concerted attempt to bring SMEs into the ecosystem of big government but

without a similar concerted attempt from the banks and credit companies then SMEs are unlikely to take the next step and become part of the top tier. EmiratesREVIEW

DO YOU WANT TO GROW YOUR BUSINESS? ARE YOU SEEKING A LOAN?

Finance House PJSC offers a range of corporate finance options for business owners who need a helping hand getting to the next level of growth and expansion, this could be anything from the purchase of a new piece of machinery or financing expansion into new markets. Contact Finance House for details on the wide range of services that can be catered to your specific business needs with the aim of opening new doors for continuing your journey on the road to growth and success.

For queries on corporate financing, please call **80034** or visit www.fh.ae



Small and medium-sized businesses are the backbone of the UAE's economy.



Market wrap

Equity markets globally and regionally record a strong start to the year.

Growing optimism about the economic outlook and a string of upbeat earnings has put global equity markets on a strong footing at the start of the year. The S&P 500 stock index crossed the key 1,500 level logging its longest winning streak since 2004, boosted by a batch of upbeat corporate earnings reports. Similarly, The Dow Jones Industrial Average crossed the 14,000 level, its highest level in more than five years. Elsewhere in the world, European stocks gained about 3 per cent in the first month, while Japan's Nikkei stock index climbed to a 32-month peak above the 11,000 level.

Closer to home, regional markets continued last year's rally, registering strong positive performance from the start of the year, with UAE markets outperforming peers led by Dubai. The DFM index led the gainers with gains of 18 per cent followed by the ADX index which posted gains of 15 per cent. The main support to the DFM index Emaar led the pack up 40 per cent and registering a new multiyear high. The recent launch of a new residential project in Downtown coupled with increasing appetite for Dubai debt is playing in Emaar's favour.

Saudi, Qatar and Kuwait were no

exception with markets registered gains in the first month of the year ranging from 4 per cent to 8 per cent.

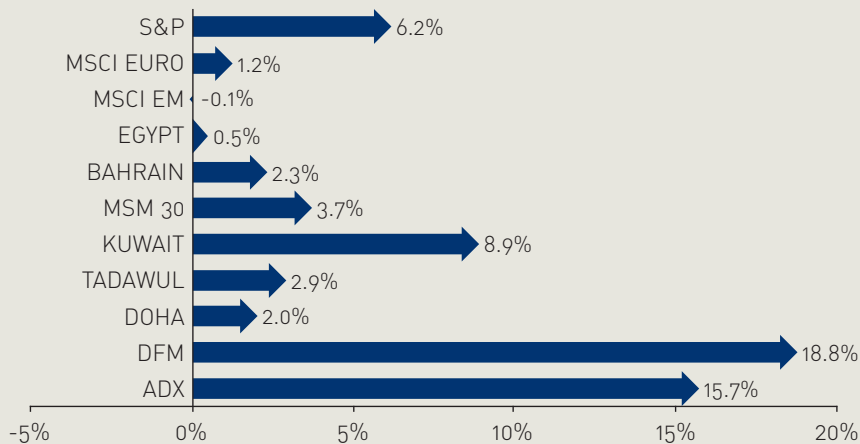
All in all, a reduction in global economic tail risks and a wave of optimism supported by better-than-estimated earnings from blue-chip names, is setting the stage for another good year for equities in general, with local markets continuing to outperform their global and regional peers. EmiratesREVIEW



FH CAPITAL

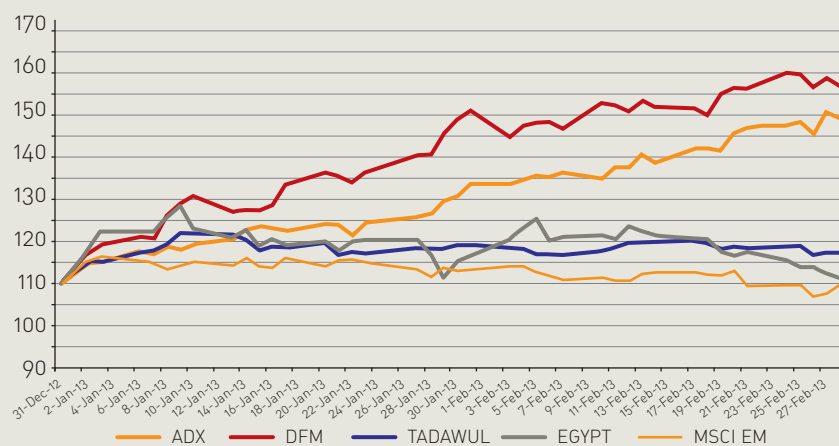
FH Capital Limited is a DIFC registered investment, corporate advisory, and asset management firm.

YTD PERFORMANCE OF GCC AND KEY GLOBAL INDICES*



* As of end of February 2013.

YTD MOVEMENT IN SELECT INDICES* (REBASED TO 100)



* As of end of February 2013.



Visit mastercard.ae to avail amazing offers on dining, travel, hotels, attractions and so much more.

That's MasterCard. That's Priceless.



Magnify your gains

Margin trading is a powerful way to boost your investment returns.

FH Securities, a subsidiary of Finance House PJSC, is one of the few brokerage firms in the UAE that was granted approval to offer margin trading facilities to its clients in the Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) by Emirates' Securities and Commodities Authority (SCA).

The licence, granted in January, allows clients of FH Securities to request funding to buy stocks under a Margin Account. Quite simply what this means is you may use the brokerage's fund to buy shares 'on the margin'.

Let's take a closer look at how this works. As an FH Securities' brokerage client you deposit funds into a trading account so you can buy shares. Normally, the number of shares you will be able to buy is going to be limited by the amount of money in your account.

However, that's not the case with margin trading where you are effectively borrowing the money from your broker to buy shares. When you sell the shares you pay back the money you have borrowed and simply pocket the profit you have made.

Here's a simple example, excluding any trading costs:

Example one

- Buy 1,000 shares in Certain Company at AED 5.00/share



FH SECURITIES

- Purchase at AED 5,000
- Certain Company share price rises to AED 6.00/share
- Sell at AED 6,000 and you make a profit of AED 1,000
- You make a return of 20 per cent on your investment

Now let's look at that example again but this time with the added advantage of margin trading, which allows you to 'borrow' up to 50 per cent of your investment. This is the figure we are using in our example to follow, again, to keep it simple, we'll ignore any fees involved.

Example two

- Buy 2,000 shares in Certain Company at AED 5.00/share
- Purchase at AED 5,000 plus AED 5,000 'on margin'
- Certain Company share price rise to AED 6.00/share

- Sell at AED 12,000 and you make a profit of AED 2,000
- You make 40 per cent, doubling the return on your investment!

You have doubled your return without having to double the size of your initial investment. However, do be aware that you will have to pay some extra costs to your broker in order to trade in this way. Ayman Al Khatib, General Manager of FH Securities said, "Margin trading will help us enrich our clients' experience in the equity trading market and offer them the opportunity to increase their trading volumes and profits."

Margin trading is a great way to maximise your gains but be warned it may also work against you if share prices fall. This is not a strategy for the inexperienced investor. Your FH Securities broker can explain exactly how margin trading works in more detail. EmiratesREVIEW

Ayman Al Khatib,
General Manager
of FH Securities



FH Securities
Tel: +971 [0]2 619 1911
customerservice@fhsecurities.ae
www.fhsecurities.ae



**You work hard
for your business.
Why work hard
for your loan?**

Come to RAKBANK for collateral-free Business Loans

- High Loan amounts upto AED 1.5 million
- Available to businesses that are just one year old

We also offer

- Low minimum balance, interest bearing account
- Tailor-made Trade and Working Capital solutions for SMEs

Conditions apply

Call 04 - 213 00 00 or SMS "BUSINESS LOAN" to 7011

Connect with us on:



RAKBANK
Simply Better

The National Bank of Ras Al-Khaimah (P.S.C.)

Why Sukuk is sweet

Sukuk is getting cheaper and more plentiful every year - No wonder they reached a record GCC high in 2012.

Sukuk based on profit and loss sharing. A Sukuk al-Ijarah, the most popular type of Sukuk based on a leasing structure, is a prime example of certificates that yield pre-determined returns.

On the up

Corporate and infrastructure issuers in the Gulf region may increasingly rely on Sukuk as a source of funding, said Standard & Poor's in a recent report entitled '*Sukuk Are Surpassing Conventional Bond Issuance In The Gulf Countries As Yields Tighten*'.

Yields have fallen dramatically on both conventional and Sukuk capital market issuance in the past year, says Standard & Poor's. "This trend was supported by the GCC financial system's sound liquidity, local investors' strong appetite for debt, and accommodative monetary policies around the world," it said.

"As access to capital markets widened, several corporate issuers in the region were able to successfully refinance large amounts of debt falling due, notably by tapping the Sukuk market," said Standard & Poor's Credit Analyst Tommy Trask. "We also expect the project finance sector, including real estate and transport projects, to increasingly rely on Sukuk issuance to fund transactions," said Standard & Poor's Credit Analyst Karim Nassif.

Not only did Sukuk issuance in the first nine months of 2012 surpass the total issuance for 2011, it also exceeded conventional bond issuance for the first time in the GCC. This remains at odds with Sukuk market developments globally, as Sukuk still represent less than 1 per cent of total debt issuance.

Big players

Sukuk issuers included Dubai-based property companies Majid Al Futtaim Holding and Emaar Properties, each raising \$500 million at significantly improved rates.

Lighting the way: Sukuk issuance is at an all time high as more investors see the potential.

Sukuk issuance in the GCC reached a record high in 2012, propelled by positive developments in the region's economy and capital markets. Its popularity is likely to continue in 2013, as international banks continue to deleverage and credit-hungry corporates look for alternative ways to raise capital.

Often likened to a conventional bond, Sukuk are basically investment certificates giving the holder ownership claims in a pool of assets, unlike unsecured bonds. While there are many different ways to structure a Sukuk, they essentially fall into two categories: Sukuk that yield pre-determined returns and

Abu Dhabi Islamic Bank (ADIB) issued the world's first hybrid perpetual Tier 1 Sukuk in 2012 with an initial benchmark size of \$500 million, which was 30 times oversubscribed, while property developer Nakheel began the new year by issuing the third tranche of its \$1 billion creditor Sukuk.

Government related-entities Saudi Electric Co. and Qatar Petroleum also raised \$1.75 billion and \$1 billion respectively, while Bahrain Mumtalakat Holding Co. established a Malaysian ringgit \$981 million Sukuk programme.

Sukuk have played a crucial role in the infrastructure sector over the past decade, with proceeds raised from issuances being utilised for both low and high profile projects. The very nature of Sukuk combined with their flexibility allows them to be structured

“CORPORATE AND INFRASTRUCTURE ISSUERS IN THE GULF REGION MAY INCREASINGLY RELY ON SUKUK AS A SOURCE OF FUNDING”

in various different ways which has attracted corporate and sovereign entities to choose Islamic bonds as a viable alternative financing instrument. The infrastructure sector has seen a large portion of the raised Sukuk funds directed to development projects around the globe.

“The cumulative infrastructure projects and funding needs in both the GCC and Asian regions are expected to support the Sukuk market in 2012 and 2013, given that infrastructure spending has been one of the key drivers or economic growth in the GCC over the past decade,” said KFH Research.

“An important dimension of the infrastructure investments has centered on efforts to turn the region into an internationally significant transportation hub. Large investments in airports and sea ports have gone hand in hand with new rail and road projects which are transforming the leading urban centres of the region but also creating

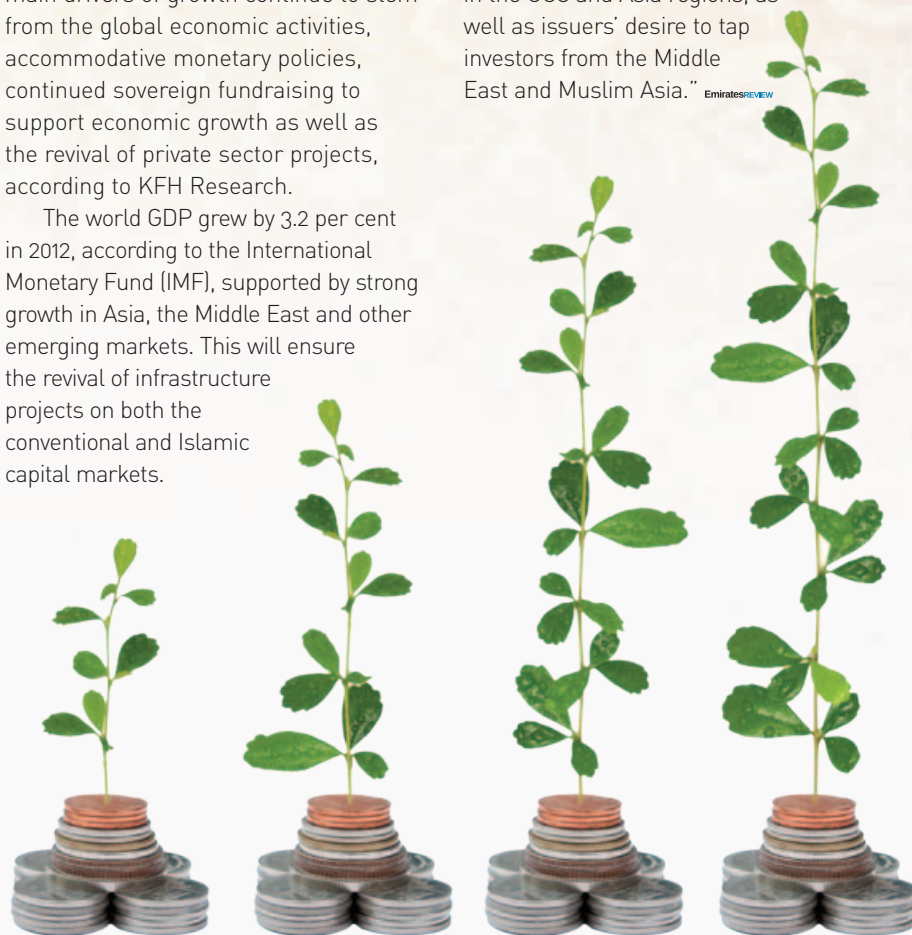
in increasingly GCC-wide network of modern surface transportation. The most ambitious expression of this is provided by the on-going efforts to establish a regional railway system within the GCC member states.”

Popularity on the rise

Based on the issuance momentum seen in 2012, the Sukuk market looks set to have another bright year ahead. The main drivers of growth continue to stem from the global economic activities, accommodative monetary policies, continued sovereign fundraising to support economic growth as well as the revival of private sector projects, according to KFH Research.

The world GDP grew by 3.2 per cent in 2012, according to the International Monetary Fund (IMF), supported by strong growth in Asia, the Middle East and other emerging markets. This will ensure the revival of infrastructure projects on both the conventional and Islamic capital markets.

“Moving into 2013, we expect governments or sovereigns to continue to drive the Sukuk issuances, encouraging corporate issuers as market conditions continue to improve,” said KFH Research. “We believe, that the growth will continue to be supported by increasing popularity of Shari’a-compliant products, governments’ support for Islamic finance, huge investment and financing requirement in the GCC and Asia regions, as well as issuers’ desire to tap investors from the Middle East and Muslim Asia.” EmiratesREVIEW



Growing your money with Sukuk.

DID YOU KNOW?

In June 2012, Finance House issued Shari’a-compliant subordinated sukuk amounting to AED 150 million and maturing in June 2017. The sukuk carries a profit rate of 6 months EIBOR plus 3.00 per cent or 6.25 per cent per annum whichever is higher, payable semi annually.



Home sweet home

Are you looking for property or contents insurance? Don't fall into an insurance trap! Business Development Manager at Insurance House **Moutaz Al-Salameh** reveals the secrets to ensuring your most precious are properly covered when the unexpected comes knocking.

Don't under insure: One of the biggest mistakes people make with home and contents insurance is underestimating the value of their assets then, when misfortune comes knocking in the guise of flooding, fire, or theft, they discover they have only enough insurance to replace half of what they've lost. Ensure you're not caught out, either get full replacement coverage or have your assets revalued every year.

Watch the small print: Be very clear that you want all risks coverage – some insurers will protect you against property damage and loss regardless of the cause but others have exceptions – the last thing you want to hear when the worst has happened is, 'oh, sorry, we cover all causes of damage except that one, what a shame!'

Newly acquired items: Ever bought something expensive only to have it damaged or broken or stained

within hours of getting it home? It's more common than you think! For this reason, some insurers, like Insurance House, have a clause in their cover that automatically gives new acquisitions immediate cover for 60 days, giving you time to have the item added to our policy – so, if next door's three-year-old brings that priceless Chinese vase that you just bought at auction crashing to the floor – it's not a complete disaster.

Worldwide coverage: Make sure your insurance policy doesn't just cover your belongings while you're safe at home. With the amount of travel business people do these days, you want to be sure you're covered no matter where you are physically located throughout the world. So, it's ok if you drop your Philippe Patek into the Ganges or your Louis Vuitton suitcase vanishes in Vienna, complete with your iPad, bespoke John Lobb shoes and the solid gold tie pin when you graduated.

Protection for unoccupied homes: Similarly, while you're off doing business in Vienna and Varanasi, who's looking after things back home? Make sure your insurance policy offers full protection for your unoccupied home. Bear in mind the condition to this will be that all security and fire protections are set and in working order.

Loss of rent: Got an investment apartment in Sydney or Mumbai that you rent out? If your tenant is unable to occupy your rental property due to a covered loss, make sure your insurance policy provides you with the lost rent on that property for up to 12 months.

Trace and access: A good insurer won't just pay for the damage caused by a leaking pipe; they'll also pay to find the leak.

Full cover for pairs and sets: Remember that priceless Chinese vase? What if it was one half of a set? Not only do you lose the value of the vase but the remaining vase's value also plummets. A good insurance policy will guarantee that if one item that is part of a pair or set (such as ear-rings) is lost or damaged, the pair will be replaced.

Guaranteed rebuilding costs: If the unexpected should happen and your home is damaged, an insurer like Insurance House will pay to have your home rebuilt or repaired to its original state and beauty - even if the costs exceed your policy limits. However, this is subject to a property appraisal.

Alternative accommodations: If, while your home is being rebuilt, you must vacate, you'll need temporary accommodation in keeping with your lifestyle for up to 12 months or until your house is habitable. Again, make sure this coverage is provided in your policy.

New for old coverage: Don't get caught out over word semantics like

'replacement value'. If you bought a one-off Alexander McQueen dress in 2005 for AED 10,000 but today that dress costs AED 20,000 - your policy should pay for today's replacement cost - irrespective of the item's age - with brand new items.

Private collections of collectibles: If you have any particularly special belongings, like a fine jewellery collection, it's worth getting a policy specifically targeted to the unique needs of these items. Again, worldwide coverage, which automatically extends to newly acquired items, should be specified. EmiratesREVIEW



دار التأمين
INSURANCE HOUSE
ش.م.ع. - P.J.S.C

INSURANCE HOUSE

Head Office - Abu Dhabi

Finance House Building, Zayed 1st Street, Khalidiya Area
PO Box 129921, Abu Dhabi
Toll free: 800 4441 within UAE
Tel: +971 2 493 4444

Dubai

Sheikh Zayed Road, Al Quoz
PO Box 117474, Dubai
Tel: +971 4 4174700

Sharjah

Al Khan Corniche Street
P.O.Box: 6099 Sharjah U.A.E
Tel: +971 6 5932400

For more information, go to
www.insurancehouse.ae or email:
customerservice@insurancehouse.ae



The proper insurance cover for your needs can be a life saver - ensure your policy goes the extra mile.

Tabreed keeps you cool



Ever present behind the scenes, Tabreed keeps things chill and moving in the UAE

Can you imagine living in the UAE without air conditioning? For most people, that would be unbearable and yet we take air conditioning for granted. Rarely thankful for it while it's working but if it ever stopped working, it would effectively shut down our cities within minutes.

Schools and universities, homes, hospitals, offices, public transport, factories, shopping malls... All normal activity would come to an abrupt halt without the comforting buzz of cool air.

Got the chills

The company at the heart of keeping the UAE running is Tabreed, a leading district cooling company providing cost effective, energy efficient and environmentally friendlier cooling solutions to government, commercial, residential and private organisations in the GCC.

Also known as National Central Cooling Company PJSC, Tabreed's core business is chilled water. More specifically, this is the production and supply of chilled water from a central plant to multiple locations for use

BENEFITS: DISTRICT COOLING VS. CONVENTIONAL COOLING

- 50 per cent less energy consumption
- Decreases initial capital investment and spreads costs over a longer period of time
- Annual maintenance costs are substantially lower
- Can store up to 30% of potential output by holding chilled water in reserve, therefore easily meeting demands in seasonal variations
- Equipment needs to be replaced only every 30 years – as compared to 15 years for traditional air conditioning
- Greater reliability due to the high standard, industrial equipment utilized and back-up chillers on stand-by
- Helps the environment by reducing CO2 emissions as a result of lower energy consumption
- Aligned with the UAE's vision of reducing its carbon footprint
- District cooling systems are remotely located and therefore enhance real estate value by freeing up space for other uses.



Dubai Metro is one of the operations relying on Tabreed to keep things cool.

in air conditioning. Tabreed owns, operates and maintains district cooling plants in the UAE and across the GCC.

As the partner of choice for major infrastructure projects in the region, Tabreed designs, builds, owns and operates custom-built district cooling plants that meet the unique requirements of the customers.

Cool assets

Listed on the Dubai Financial Market, Tabreed has a diverse shareholder base of over 23,000 shareholders, with Mubadala Development Company, a wholly owned investment vehicle of the Government of Abu Dhabi, as its single largest shareholder. With approximately 15 years of regional experience, Tabreed has the expertise to provide reliable and innovative cooling solutions to a host of different customers.

The company's portfolio now includes 59 plants across the UAE - 52 wholly owned and operated by the company and seven operated through its affiliates and subsidiaries. Tabreed also has a number of plants in Bahrain, Oman, Qatar and Saudi Arabia, which it operates through

its affiliates and subsidiaries, including the world's largest district cooling plant in The Pearl - Qatar. EmiratesREVIEW

For more information, go to www.tabreed.ae



WHAT IS A TONNE OF REFRIGERATION?

It is the amount of cooling effect that is produced by melting one tonne of pure ice in 24 hours from zero degrees Celsius (32 degrees Fahrenheit).

www.basic-mechanical.blogspot.com

TABREED'S UAE OPERATIONS

A total of 59 plants:

- 52 wholly owned and operated by Tabreed
- 7 operated through affiliates and subsidiaries
- Installed capacity of 605,325 Refrigerated Tonne
- Connected capacity of 602,444 Refrigerated Tonne

About 50 per cent of the company's capacity is contracted to government entities. Major projects include:

- Ferrari World
- Central Market
- Dubai Metro
- Etihad Towers
- Sheikh Zayed Grand Mosque
- Yas Marina Circuit
- UAE University
- Marina Mall

TABREED'S REGIONAL OPERATIONS

A total of six plants:

- Qatar: 3
- Bahrain: 1
- Oman: 1
- Saudi Arabia: 1
- Installed capacity of 161,800 Refrigerated Tonne

Major customers include:

- The Pearl - Qatar
- Bahrain Financial Harbour
- Bahrain World Trade Centre
- Knowledge Oasis Muscat
- Saudi Aramco



Yas Island, including Ferrari World and Yas Hotel, and the Grand Mosque are Tabreed clients.

What you need to know about FATCA

Heard of FATCA but not sure what it's all about? The Foreign Account Tax Compliance Act (FATCA) basically means that US citizens will no longer be able to evade tax by hiding assets offshore. **Elias Stephan**, Managing Partner of Law House explains how this might impact this region.



They're watching! The US tax man is leaving no stone unturned.

Under FATCA, certain US taxpayers holding financial assets outside the US must report those assets to the IRS. In addition, FATCA will require foreign financial institutions (FFIs) to report directly to the Inland Revenue Service (IRS) certain information about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold a substantial ownership interest.

In fact, as of 1 January 2014, any global non-US financial institution that receives any fixed or determinable annual or periodical US source interest, gains, profits, and income has to reveal it.

"The aim of FATCA is to redress historical deficiencies in reporting to the IRS that lead to non compliance with US tax regulations," says Elias Stephan, Managing Partner of Law House.

Its proposed regulations state that FFIs that have US account holders, US proprietary instruments and /or US financial dealings must report these to the IRS or be subject to a 'withholding tax'.

FFIs must sign an agreement with the IRS by 30 June 2013 to ensure treatment as PFFIs (participating foreign financial institutions) beginning



Elias Stephan, Managing Partner of Law House.



on 1 January 2014 and avoid a 30 per cent withholding tax on all income and capital payments received by the FFIs from US sources.

FFIs will have to obtain information on each account holder of each account maintained by the FFI in order to determine if the account is a US account. They will also have to annually report information on US accounts and comply with any IRS information request.

What this means, says Stephan, is that owners of foreign held assets must report on these along with filing US tax returns, if these assets are worth more than \$50,000. A higher reporting threshold applies to overseas residents. "Account holders would be subject to a 40 per cent penalty on understatements of income, in an undisclosed foreign financial asset. FFIs are also bound to withhold and pay over to the IRS 30 per cent of any payments of US source income, as well as gross proceeds from the sale of securities that generate US source income, made to (a) non-participating FFIs, (b) individual account holders failing to provide sufficient information to determine whether or not they are a US person, or

(c) foreign entity account holders failing to provide sufficient information about the identity of its substantial US owners."

FATCA in MENA

FATCA's definition is broad and includes any non-US entity. FATCA's reach in MENA then will impact a wide range of financial institutions such as commercial banks, saving banks, credit unions, clearing organizations, trust companies, mutual funds, private equity funds, hedge funds and insurance companies which issue investment like insurance contracts or annuity contracts. The mechanism dictates that an entity that invests in the US will also have to comply with FATCA, irrespective of whether it has a branch, office or other presence. Many financial institutions have not reacted positively, with significant lobbying of key concerns

"IT IS ESSENTIAL THAT FINANCIAL INSTITUTIONS ACROSS THE REGION FULLY UNDERSTAND THE IMPACT OF FATCA IN TIME FOR THE GO LIVE DATE"

surrounding the cost of compliance implementation requiring unprecedented up front and ongoing investment into resources, training and IT process. Presently, analyses surround detailed reviews at business level to ascertain US customers and counterparties, types of payments received from the US and current procedural systems for identifying and documenting US persons. FATCA has made a number of concessions by delaying the date of implementation of its proposed regulations. In fact, reporting requirements are simplified for the calendar year 2013, withholding begins on 1 January 2014 and full implementation of FATCA starts on 31 March 2017.

Prepare for launch

While there has been less FATCA publicity in MENA, some financial institutions are already taking steps to study the

proposed regulations' impact and are putting mechanisms in place to deal with consequences. As MENA is home for many US educated and green card holders with US passports that may come under scrutiny by US residence and indicia rules – there will be substantial work by MENA FFIs to ensure readiness for FATCA requirements. Although primary legislation has been passed by the IRS last year, it is anticipated that a number of draft regulations will be released with more extensive guidelines as to how the rules will operate.

"It is essential that financial institutions across the region fully understand the impact of FATCA in time for the go live date. Non-compliance with FATCA can result in a 30 per cent withholding tax, while compliant institutions are also likely to refuse to deal with a non-FATCA registered institution," said Stephan.

FATCA's domain will grow as it evolves similar laws to apply to non-financial foreign entities (NFFE) with similar penalties, unless these organizations provide certain information regarding its US owners. EmiratesREVIEW



بيت المحاماة
LAW HOUSE

Worried about the implications of FATCA on you or your business? If you need a legal opinion or more information about FATCA, call Law House on +971 2 633 4488 or go to www.lawhouse.ae.



Totally Wrapt

An entrepreneurial Emirati has made business success out of luxury gift wrapping.

“Gift giving is an art and it’s not what you see but what you make others see,” says Aysha Buti Al Muhairi, founder and CEO of Wrapt, the UAE’s first and only designer outlet for high-end gift wrapping services and accessories.

“It’s not only what you give that matters but how you give it,” says Al Muhairi. “Wrapt service is all about best impression.”

Within three years, since the launch of her gift wrapping business in 2009, Al Muhairi, has created a niche by offering unique solutions in the gift packaging market.

“Wrapt gained its popularity through word of mouth. Good work is always admired. The Arab culture is a gift-giving culture and we like to do so in style. I want Wrapt to be the Louis Vuitton of gift wrapping!”

Fashion followers

Every year, Wrapt releases new collections inspired by the latest from the world of fashion. Products include exclusive gift paper and accessories such as sheets, ribbons, boxes, trims, bags and cards, all adorned with accessories such as sequins, pearls and gemstones in addition to Organza, silk and tulle materials for wrapping.



Wrapt is the UAE’s first and only designer outlet for high-end gift wrapping services and accessories.





The Wrapt ethos is that gift wrapping is an art in itself and presentation says as much as the gift.

"The response to our packaging solutions was very positive," said Al Muhairi. "Our endeavour to provide out-of-the-box ideas led to enquiries for gifting solutions as well, which prompted us to expand our services to providing customised gifting solutions for every occasion. We set up our corporate and retail division as the volume of corporate and retailers approaching us grew.

"It's true we are niche and premium but we aspire to become a leading name in the gift wrapping segment. Our primary goal is to make our services easily accessible to everyone."

Expansion

One aspect that sets Wrapt apart from other gift wrapping services is that it manufactures its own products. The brand has an in-house fashion and graphics design team and deals with factories in 17 countries including the US, the UK, Germany, Italy, Hong Kong, India and China. Over time, Wrapt has developed strong ties with manufacturers:

"Our good relationships and networks are what made us who we are today," said Al Muhairi.

As to the future, Al Muhairi has plans to expand across the region as



well as offer franchise partnerships. Within a year of the first successful franchise store opening in Doha, the company's Qatar partners are opening another Wrapt store in that city.

"We are looking at different locations across the UAE and I am in talks with people from neighbouring countries who want to start a Wrapt franchise. We have international brand registration and Wrapt has been appointed as buyer for some international brands needing packaging solutions or paper tissue and bags. We have also lined up workshops on basic wrapping training for retail store staff," said Al Muhairi.

"Our growth into Wrapt franchising, Wrapt corporate solutions and Wrapt training will all fall into place in good time." EmiratesREVIEW



GIFT WRAPPING TIPS

Presentation is key: A gift presented badly shouts, 'I don't really care' and devalues the gift... would you gift someone a Tiffany ring in a plastic Spinney's bag?

- Use wrapping that can be reused: Wrapping should not just disintegrate once the gift is open, give a gift in something which is reusable or serves as a memento.
- Create drama: Wrap using interesting textures, such as recycled paper, velvets, and silks. Build layers to build anticipation in the receiver.
- Care for the Earth, use recycled materials: Using recycled materials is good for the planet but it also makes your gift stand out.
- Fling the bling: A bit of bling goes a long way and gives that extra sparkle and oomph to mark it out from the crowd.

For more information, go to www.wrapt.ae



A need for speed

Emirati driver makes history with a win in the annual 24 hour Dubai endurance race.

Emirati driver Khalid Al Qubaisi secured a place in the history books when he led Team Abu Dhabi by Black Falcon to victory at the Dunlop 24 Hours Dubai endurance race on 11-12 January, 2013.

It was the second win in a row for the dynamic team who, over 24 hours, completed 600 laps of the 3.35 mile Dubai Autodrome track.

Historic victory

Last year, Al Qubaisi was the first Emirati driver to win the race. This year he made history again by being part of the first team to ever score back-to-back wins in the gruelling race.

"An incredible feeling," said Al Qubaisi, who was transported to the podium on a camel as is the tradition of the event. "This is one of the toughest races I have been through, starting on Wednesday when we had an incident with the car, right through to the very last lap," Al Qubaisi said. "There was pressure and tension throughout. I needed time to rest and be alone as everything sunk in. Still I cannot explain my feelings, which are the best I have ever had. "I must thank everyone in the team, and I dedicate this victory to Abu Dhabi because without them we would not be here," he said.

The winning squad also included DTM legend Bernd Schneider, Porsche Supercup ace Briton Sean Edwards, and the ultra-fast Jeroen Bleekemolen.

Both a sports car and touring car automobile endurance race, the extraordinary Dubai 24 Hour Race is held annually at the Dubai Autodrome. It was inaugurated in 2006.

In securing the 2013 win, the victorious Team Abu Dhabi by Black Falcon also established a new record distance for the event.



Khalid Al Qubaisi, the Emirati captain of the victorious Team Abu Dhabi by Black Falcon celebrates the win of the Dunlop 24 Hours Dubai endurance race leading a parade through cheering fans.



Images from the 2013 Dunlop 24 Hours Dubai endurance race.

Long, hard road

The eighth running of the Dunlop 24 Hour of Dubai was an emotional roller-coaster ride for the members of Team Abu Dhabi by Black Falcon.

As with any endurance event, much drama ensued. During the run-up to the race, for example, Team Abu Dhabi by Black Falcon's number 1 car was damaged during testing and couldn't be repaired in time for the start of the race.

The team decided to purchase the substitute car of another team running the SLS AMG GT3, Britain's Preci-Spark, and worked non-stop for two nights in order to prepare the car for the free training sessions and the qualifying on Thursday, prior to Saturday's start. Without a roll-out prior to the end of the qualifying, Bleekemolen achieved the fastest training time already in the third lap.

In the race, the car was in the top five for almost all of the 24 hours and



as various other contenders either lost time or retired with numerous incidents and accidents, the SLS AMG - with Jeroen Bleekemolen at the wheel - gradually moved up through the ranks.

Throughout the race there were numerous Code 60 'safety car' situations for the Team Abu Dhabi by Black Falcon. Several times, they'd just passed the pit entry before a Code 60 began. Other times they were stuck in traffic at the fuel pumps or just being behind a driver on the track driving 40kmh, which on one occasion lost the team a whole 90 seconds. The frustrations mounted as the team fought to the front and then lost positions because of the Code 60.

Despite all this, by the half-way mark, Team Abu Dhabi by Black Falcon number one car was in first position with its number two car just behind.

However, luck did not stay with them. Car number two sustained a number of contacts with other cars until it had to be taken into the pit garage for repair. Losing 20 laps in the pit box, dropped Car Two out of the top 10 and out of contention for a podium place. With only one hour to go, Team Abu Dhabi by Black Falcon once again took control of the race. The main competitors had gradually fallen away with problems of their own and Khaled Al Qubaisi, Bernd Schneider, Jeroen Bleekemolen and Sean Edwards took an emphatic win at 2pm on Saturday 12 January, 2013. EmiratesREVIEW

WHAT IS ABU DHABI RACING

A new company with a driving ambition

The primary objective of the recently established Abu Dhabi Racing (ADR) company is to increase Emirati participation in regional and global motorsports, including off-road and circuit-based disciplines.

The man behind the wheel of this new initiative is rally driver Sheikh Khalid Al Qassimi. Launched in December 2012, Sheikh Khalid says ADR was formed to identify Emirati drivers and prepare them for regional and international competitions, in addition to vigorously promoting the emirate of Abu Dhabi globally.

"We have some very ambitious plans to participate in international and regional motorsport events to promote local talent and also the emirate of Abu Dhabi globally," Sheikh Khalid said.

In order to achieve this end, ADR has agreed a five-year partnership with car maker Citroen to create a three-car Citroen Total Abu Dhabi World Rally Team, which will participate in the 2013 World Rally Championship season.

ADR has forged a strategic relationship with motorsport stakeholders from Abu Dhabi, such as the Abu Dhabi Motorsport Management, Yas Marina Circuit and the Abu Dhabi Tourism & Culture Authority (TCA Abu Dhabi).

The ADR board features Sheikh Khalid as Chairman, Khalid Bin Shaiban as Vice-Chairman, as well as Khalid Al Qubaisi, who was part of the four-driver 'Team Abu Dhabi by Black Falcon' which won this year's Dubai 24 Hour race.

The ninth running of the Dunlop 24 hours of Dubai is scheduled to take place from 9 to 11 January, 2014, at Dubai Autodrome. For more information, go to www.24hdubai.com



TAKING YOUR
WORKFORCE
POTENTIAL
TO NEWER HEIGHTS

OIL
&
GAS

FMCG

FINANCE

CONSTRUCTION

BANKING

SALES

INSURANCE

YOUR SEARCH IS OVER.

Meet the best in the industry for all your HR requirements.

Reliance offers professional and bespoke contingency and retained search services to all sectors of the market. Service quality is guaranteed, thanks to a particular focus on flexibility and integrity. Reliance was the first international search and selection business to establish Dubai as its base. After fifteen years in the region Reliance has grown into the largest and most diverse recruiter in the Middle East.

Email: baji.ravindran@reliance recruiters.com | Tel: +971 4 3544244

www.reliance recruiters.com



DUBAI | BAHRAIN | INDIA

Events Calendar

Upcoming events in the UAE to put in your diary...

**2 to 6 April, Abu Dhabi Electronics Shopper & IT 2013**

ADE Shopper 2013 showcases the hottest gadgets and the latest technology, communication and entertainment products that the electronics world has to offer.

Venue: Hall 8, ADNEC

www.adeshopper.ae

**3 to 4 April, Arab Media Forum (AMF)**

AMF is a flagship project of Dubai Press Club to foster dialogue among Arab media professionals on subjects relevant to the region.

Venue: Grand Hyatt

www.arabmediaforum.ae

3 to 6 April, GITEX Shopper 2013 - Spring Edition

The region's biggest consumer electronics retail platform is now happening twice a year. GITEX Shopper 2013 will offer a double bonanza of tech opportunity with this new Spring edition, followed by the traditional year-end event from 5 to 12 October.

Venue: Dubai World Trade Centre.

www.gitexshopperdubai.com

**5 to 6 April, Middle East Film and Comic Con 2013**

Trekkies unite! MEFC is the only consumer event for fans of cult entertainment and popular culture in the Middle East. AED 75 one day, AED 135 two days, AED 500 VIP.

Venue: Dubai International Marine Club

www.mefcc.com

10 April, 10th Leading CEO Conference

Regional and global experts discuss the wide range of issues concerning today's CEOs, including growth and success strategies and how to address the emerging business challenges and opportunities.

Venue: Burj Al Arab, Dubai

www.datamatrixgroup.com

**24 to 29 April, Abu Dhabi International Book Fair**

Abu Dhabi International Book Fair and KITAB continue to develop the book and publishing industry and promote reading in the Arab World.

Venue: ADNEC Halls 8 - 11 & Abu Dhabi Hall.

www.adbookfair.com

27 April, Dubai Desert Road Run

A running event for both the social and experienced runner.

Venue: The Sevens Stadium

www.dubairunning.com

**30 April to 2 May, Careers UAE 2013**

Careers UAE unites leading employers with skilled Emirati job seeking talent to support and fulfill the UAE's Emiratization strategy.

Venue: Dubai International Convention & Exhibition Centre

www.careersuae.ae

**6 to 9 May, Arabian Travel Market 2013**

The most popular annual travel and tourism event in the region.

Venue: Dubai International Convention & Exhibition Centre

www.arabiantravelmarket.com

**14 to 15 May, The Mobile Show 2013**

Learn about the latest trends in mobile technology, mobile apps and solutions at The Mobile Show. Meet the world's leaders of the mobile ecosystem and discover new business models and partnerships to develop business.

Venue: Madinat Jumeirah

www.terrapinn.com/exhibition/the-mobile-show

**14 to 16 May, Airport Show 2013**

The Airport Show is devoted to airport construction, operations, technology and services. Free admission.

Venue: Dubai International Convention & Exhibition Centre

www.theairportshow.com

28 to 30 May, China Sourcing Fair 2013

For importers, volume buyers and purchasing managers in the Middle East who want to source directly from competitive suppliers from China, Hong Kong and Taiwan.

Venue: Dubai International Convention & Exhibition Centre

www.globalsources.com

**28 to 30 May, Beautyworld Middle East 2013**

The largest international trade fair for beauty products, hair fragrances and wellbeing in the Middle East.

Venue: Dubai International Convention & Exhibition Centre

www.beautyworldme.com

**30 May to 8 June, Shams Festival 2013**

Abu Dhabi's popular Shams Festival 2013 offers a range of shopping bargains under one roof. Enjoy summer shopping in a relaxed cool atmosphere.

Venue: ADNEC

www.adnec.ae

PUBLIC HOLIDAYS

6 June, Leilat al Israa & Miaraj

Also known as The Prophet's Ascension (PBUH), Leilat al Israa & Miaraj is observed on the 27th day of the month of Rajab, the seventh month in the Islamic calendar. It marks the night that Allah took Prophet Mohammad on a journey from Mecca to Jerusalem and then to heaven.

The lighter side

It's good to end things with a smile.

Boy, 13, takes dad's Mercedes across Europe



"Hey Dad, just taking the Merc for a spin, ok?"

A 13-year-old boy who lives in Italy with his adoptive parents took his father's Mercedes and drove more than 800 km (500 miles) through Europe in an attempt to reach his birth family in Poland.

Italian police said the boy set off from the small town of Pederobba in northern Italy with 200 Euros in his pocket and drove the high-powered automatic car for almost 24 hours before being stopped by German police on a motorway near Leipzig.

"The boy's sister and natural parents are in Poland and it seems he was going there to meet his sister," said an Italian police spokeswoman. The boy took the car after having an argument with his adoptive mother but has since apologised and headed back to Italy. According to reports the boy loved cars and was an expert go-kart driver.

Sisters meet after 72 years through Facebook

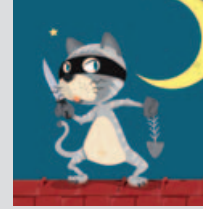
facebook

Two Bosnian sisters who lost track of each other almost 72 years ago met for the first time with the help of Facebook although they lived only 200 kilometres (125 miles) apart.

Tanija Delic, 88, and Hedija Talic, 82, had not seen each other since 1941. Talic was separated from her family at age 11 while they were fleeing their village at the start of World War II. She ended up in an orphanage and decades later moved to a northeastern Bosnian town unaware her sister lived in northwestern Bosnia. They met again after Talic's son researched his family tree and contacted his aunt's daughter through Facebook.

The sisters related "tears and disbelief" over the emotional reunion, saying they shared memories of "the smallest events from childhood".

Prisoners train a cat for jail break



A cat trained by prisoners to deliver cell phones and tools to dig tunnels was caught at a jail in Brazil after sneaking in with

forbidden items strapped to its body.

"An agent saw the cat and went to look at it closely because something about it seemed wrong," a prison guard told a local newspaper.

The agent found a bag tied to the animal's body filled with saw blades and drill parts for concrete drilling and digging tunnels, along with a cell phone, battery and charger.

The cat had often been seen coming in and out of the Alagoas jail. Prison officer Luiz de Oliveira Souza said prisoners had raised the cat and that relatives would often take it home after a prison visit. "We were very surprised by this new tactic of prisoners," he said.



Giant tuna sells for record AED 6.6 million in Japan

A monster bluefin tuna has sold for a record-breaking AED 6.6 million (JPY 155.4 million) at Japan's Tsukiji fish market, nearly three times the previous high set in 2012.

The proud buyer of the 222kg fish was Kiyoshi Kimura, president of the popular Sushi-Zanmai chain. Kimura plans to sell the pricey fish at a huge loss, for AED 16 (JPY 398) per portion.

Hong Kong's Haunted Real Estate King



Hong Kong's real estate boom has been good for most investors, but not for a man who specialises in buying the city's haunted properties when a resident dies an unnatural death.

The death discount knocked off 15-30 per cent enabling him to sell them for a healthy profit or rent to expatriates, who were less superstitious than locals.

But rising demand is driving house prices up and now the haunted discount is only around 5 per cent the Hong Kong investor said.