

## A NEW ERA FOR AIRPORTS

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53 airlines, 85 destinations in 49 countries

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THE ART OF FINANCE



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Getting down to business

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www.gemseducation.com

## A long term commitment to quality education



For over 50 years, GEMS Education has provided high quality education to hundreds of thousands of children around the world.

GEMS has a global network of award winning international schools which provide high quality holistic education to more than 110,000 students from 151 countries. It employs over 10,000 education professionals, specialists and staff. GEMS has a world class leadership team that combines business and education expertise from around the globe.

Our belief is that every GEMS school should be a centre of excellence which focuses not only on academic performance but also on the development of a student's character, creativity and all-round capability so that they reach their full potential as human beings and lifelong learners. We believe that a quality education is more than learning to read and write, it is about 'preparing for life'!

### Achievements

In the last ten years, GEMS students have won over 300 international and regional awards for academics, sports and the arts.

### Universities

Over the last 3 years GEMS students have been accepted into 590 universities in 41 countries. They go to some of the most prestigious universities and colleges around the world.

### Some of our schools in the UAE

**Abu Dhabi:** GEMS American Academy, GEMS World Academy

**Dubai:** GEMS Wellington Academy, GEMS Royal Dubai School, GEMS World Academy, GEMS Wellington Primary School, Dubai American Academy, Jumeirah College, Dubai Modern High School, Cambridge International School

**Sharjah:** GEMS Millennium School

For more information and enrolments please visit [www.gemseducation.com](http://www.gemseducation.com)



The Varkey GEMS Foundation is a not for profit education Foundation. Its goal is to impact one hundred underprivileged children for every child enrolled in a GEMS school. 10 million will be impacted globally.





# Welcome to Emirates Review!

A very warm welcome to the first edition of our brand new magazine, *Emirates Review*! The magazine is being published twice a year and each issue will bring you features and analysis about issues that will be of interest to you both in business and at home. We'll be reviewing industry sectors, interviewing major industry players, summarizing economic forecasts and even, as you'll see on page 16, offering a few investment hints and tips to help you personally.

In this issue we take off with Abu Dhabi Airports Company, build a better future with Architectural Consulting Group, highlight financing solutions for importers and ensure you know what to insure. And these are just some of the features you'll read in the pages of this edition. *Emirates Review* aims to offer you business analysis you can use and profit from.

But we also know that all work and no play makes for a dull life! So as well as bringing you what we like to think of as intelligent business analysis for intelligent business people we also aim to keep you in touch with the best in arts, culture, luxury, lifestyle and entertainment that's available to you in the UAE.

Join us in this issue to marvel at the timeless beauty of the Arabian horse and see what a couple of enterprising young Emiratis are doing to ensure the continuation of part of the unique culture that makes up the UAE, take a look at the lighter side of business life, and check our diary to ensure that you won't miss any upcoming major event.

Enjoy the magazine! We welcome your comments and suggestions. We want *Emirates Review* to be a magazine for you, so why not tell us what you would like to see in it? We'll make sure we provide you with the stories you want to read and the analysis you want to have. We look forward to hearing from you. EmiratesREVIEW

## Gulf aluminium production to rise 40 per cent in three years

The 'big five' Gulf-based aluminium smelters – Alba (Bahrain), Dubal (UAE), Emal (UAE), Sohar (Oman) and Qatalum (Qatar) – recorded significant developments and achievements last year, jointly producing some 3.6 million tonnes of aluminium in 2011. Aluminium production in the Gulf is expected to increase to five million tonnes by the end of 2014, when the Emal Phase II expansion and other smelter projects are completed.

Total world aluminium demand is expected to keep rising by an average six per cent a year to more than 70 million tonnes by 2020. Saeed Fadhel Al Mazrooei, President and Chief Executive Officer of EMAL, said, "Almost 80 per cent of the aluminium produced in the Gulf is exported to different parts of the world, firmly placing the Gulf in a prominent position to meet both local and world demand."



### ALUMINIUM BY THE NUMBERS

- \$40 billion** - value of investment in aluminium industry in the Gulf
- 3.6 million tonnes** - current annual production
- 11,000** - direct employment by the smelters
- 30,000** - indirect employment created by the industry
- 4-12 per cent** - annual contribution to GDP of each GCC country

Source: Gulf Aluminium Council



## Talking happy talk

The UAE was ranked as the 'happiest' country in the Gulf, according to the United Nation's first *World Happiness Report*. The research behind the report reflects a new demand for more attention to happiness and absence of misery as criteria for government policy around the world. While it is true that happier countries tend to be richer countries, it is not just a matter of money. More important for happiness than income are social factors like the strength of social support, the absence of corruption and the degree of personal freedom. At work, job security and good relationships do more for job satisfaction than high pay and convenient hours.

## Healthy appetite

There is an increasing appetite for healthcare in the GCC. A report by Alpen Capital forecasts annual growth of 11 per cent to \$43.9 billion over the five years to 2015. The UAE itself is the second largest healthcare services market in the GCC, valued at \$3.9 billion in 2009, although expenditure as a percentage of gross domestic product is the lowest in the GCC, per capita spending on health is actually the second highest, after Qatar.

The UAE is also the 'medical tourism' hub of the GCC, attracting patients from other GCC countries as well as other Arab nations.

Improved healthcare in the UAE has had a marked impact. Life expectancy at birth has risen from 51.6 years in 1960 to 76.4 years in 2009 in the country. Over 2010–2015, the market is expected to expand at a compound annual rate of 12.1 per cent to \$8 billion while the number of hospital beds will rise to more than 10,500.

The healthcare sector is a major part of ongoing real estate construction with projects worth \$5.7 billion announced or in progress.



### UAE HEALTHCARE BY THE NUMBERS

	2010E	2011E	2013E	2015E
Total Market (\$bn)	4.5	5.1	6.4	8.0
Inpatient Market (\$bn)	1.1	1.3	1.6	2.0
Outpatient Market (\$bn)	3.4	3.8	4.8	6.0
Number of beds	9,574	9,785	10,182	10,562

Source: Alpen Capital





The Finance House team celebrate their wins!

## Finance House a two-time winner!

Finance House picked up two awards at the prestigious *Banker Middle East* Industry Awards in front of an audience of 400 top bankers and financiers from around the region. Mohammed Abdulla Alqubaisi, Chairman of Finance House, said, "It's an honour that Finance House has been chosen for these elite awards. Being awarded as the Best Business Finance Company in the Middle East, and also as the Best Retail Finance Company in the Middle East for the second consecutive year, shows the indelible mark that we have built in the region's banking industry."

"I would like to thank our professional team who have redefined the meaning of the words 'experience' and 'commitment', and also to our clients for the trust placed in us," concluded Alqubaisi.

## Insurance House a rising star...

Insurance House turned in net profit of AED 6.33 million for the first half of the year and net profit of AED 3.64 million for the second quarter – showing quarter on quarter growth of 35.34 per cent.

Insurance House has achieved operating break-even in less than 12 months, more than a year ahead of schedule. Mohammed Abdulla Alqubaisi, Chairman of Insurance House said, "This is a remarkable achievement for a start-up company that operates in the fiercely competitive and extremely challenging UAE insurance market." He attributed the firm's success to 'dedicated teamwork' and 'a customer-centric philosophy'.

Gross written premium (GWP) from date of commencement of operations until 30 June 2012 totalled an impressive AED 41.7 million. Net underwriting profit over the same period was AED 4.86 million. Total assets at end-June were AED 335 million, up 35 per cent from AED 264 million at end-December 2011.

## Keeping it in the family?

A recent research study by CTPartners says that regional family-owned businesses, which constitute at least 75 per cent of the private sector economy and employ some 70 per cent of the labour force, need to ensure their sustainability. However, reports from both PricewaterhouseCoopers and Booz & Company suggest that regional conglomerates are ahead of their western counterparts when it comes to succession planning.

The CTPartners' study, *Succession Planning at Family-Owned Businesses*, notes that while most family conglomerates would prefer to 'keep things within the family', it is becoming increasingly harder to convince shareholders that the founder's son, daughter or relative will be a successful CEO or chairman as the original founder. There has been a trend already within family businesses in the UAE to apply tight succession policy and standards. Successors are bound to complete training outside their businesses before coming on board to work for their family, which will happen only if they prove to be capable.



Premchand Kurup, Paramount CEO (on right) receives the Mohammed Bin Rashid Al Maktoum Business Award from Dubai Crown Prince and Chairman of the Dubai Executive Council, Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum.

## Paramount top in Trade!

Paramount Computer Systems, a leading regional provider of technology and security for information assets, won the Mohammed Bin Rashid Al Maktoum Business Award for excellence in the Trade category at the sixth cycle of the awards. Paramount is an ISO 9001:2008 and ISO 27001:2005 certified company and was rated ninth in the recent Dubai SME 100. With offices in Dubai, Abu Dhabi, Kuwait, Bahrain, Qatar and Oman, Paramount is the only company in this space with a geographic footprint across the region. A new operation in Saudi Arabia is planned for launch in 2012.

## IMF gloomy but not about MENA!

The International Monetary Fund (IMF) has updated its economic forecasts for 2012 with a gloomier global outlook than that presented in April but its outlook for the MENA region has improved sharply. The IMF now expects the MENA region to grow at a rate of 5.5 per cent in 2012, en-par with the average for emerging economies. This is up 1.3 per cent on its April forecast of just 4.3 per cent, and by far the largest positive revision for any region or country.



### What the Euro zone crisis may mean

Euro zone financial institutions are reducing their assets to meet new capital requirements, a process that will only accelerate if the sovereign debt crisis gets worse. Most of the European exposure to the GCC comes from UK banks but these are themselves heavily exposed to the Euro zone.

The potential withdrawal of European banks presents both a challenge and an opportunity to local institutions – the opportunity to grow their business and the challenge of providing necessary credit to local economies and ensuring there is credit available for new businesses.

Happily, UAE banks are now less dependent on foreign bank borrowing than they were in 2008 but the prospect of a freezing up of the interbank market could lead some other regional banks to have to seek funding elsewhere, or at least pay a premium to receive it.

The impact of a downturn in Europe would primarily come through trade flows. There may be little direct impact but a slump in Europe would affect the region's major trading partners, China and India, potentially dampening demand for the region's exports to these key markets.

## Emirates NBD: UAE growth revised up, inflation revised down

Emirates NBD's economic analysts have revised up their 2012 growth forecast for the UAE to 3.0 per cent from 2.5 per cent, helped by higher than expected oil production in the first half of the year.

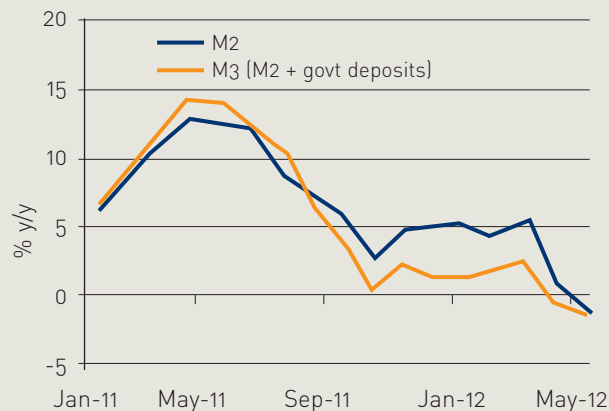
The opening of a new oil pipeline via Fujairah that could allow up to 1.8mn bpd of UAE oil exports to bypass the Straits of Hormuz is a positive development that could ultimately lead to higher oil production and exports from the UAE.

However, the forecast for non-oil economic growth remains flat although some sectors of the economy, including international trade, tourism and some services are performing well.

Money supply growth turned negative in the first half of the year for the first time ever and bank lending overall remaining weak. Emirates NBD does not expect a recovery in private sector credit growth for the second half of the year and this is one of the reasons it has left its non-oil GDP growth estimate unchanged.

The outlook for inflation is subdued. In the first half inflation averaged just 0.6 per cent and the bank has revised its average inflation forecast for the year down to 0.9 per cent from 1.3 per

### UAE: MONEY SUPPLY AND BANK LOAN GROWTH



Source: Haver Analytics, Emirates NBD Research

cent previously, helped by declining housing costs in Abu Dhabi and imported inflation remaining contained.



## Oil price under pressure

Increased pessimism over the outlook for the global economy has translated into expectations for muted oil demand growth in 2013. Crude oil prices recovered slightly in July from a three-month long slide which saw the price fall by almost a third. Brent crude hovered close to \$100/barrel in early July, having fallen to a low of \$88 in June. West Texas Intermediate (WTI) – the main US benchmark crude – fell as low as \$78 before recovering to \$87.

According to NBK Economic Research, a combination of strong OPEC supplies and fears over the weakness of the world economy – including the US and China – has driven falls in prices across the commodity asset class. On the supply side, it appears Iranian production may have fallen to below three million barrels per day (mbpd) for the first time since 1990 as sanctions imposed by the EU came into effect.

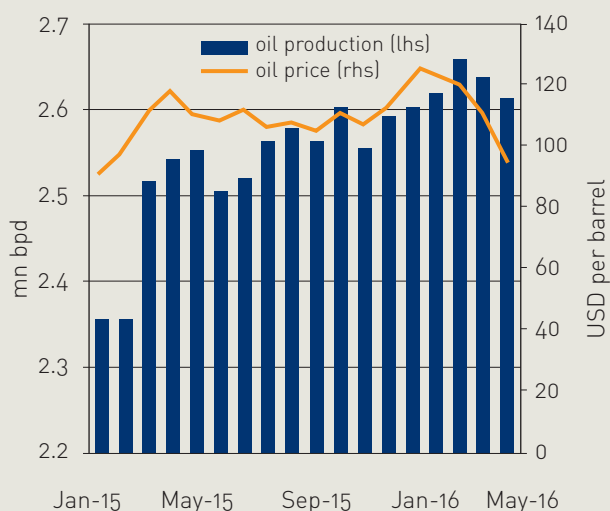
Oil demand growth could weaken if the ongoing Euro zone undermines growth in export-led developing countries. This could cause a rise in global stock levels and a sharp plunge in price although this would certainly prompt OPEC members to make deep output cuts before the end of the year. On the other hand, the impact of sanctions on Iranian oil exports could mean that any fall in the price could be limited by reduced growth in OPEC supplies. A broad price range for end-2012 of \$80-100/barrel seems the likely outcome.



## UAE Central Bank issues new AED 50 note

The Central Bank of the United Arab Emirates (CBAUE) has issued a new AED 50 note, with improved security features, replacing the silver metallic thread on the front of the note with a broader (3mm) colour shifting thread reading 'UAE 50'. The CBAUE said the overall design and other specifications of the note will remain the same. The amended note went into circulation as legal tender along with notes currently in circulation with effect from Monday 30 July 2012.

## UAE: OIL PRODUCTION



Source: Bloomberg, Emirates NBD Research

## MENA – a safe haven for investment

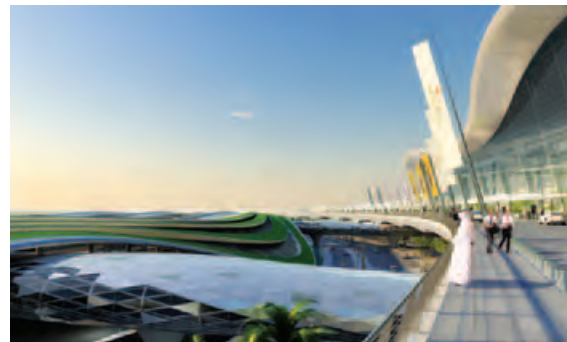
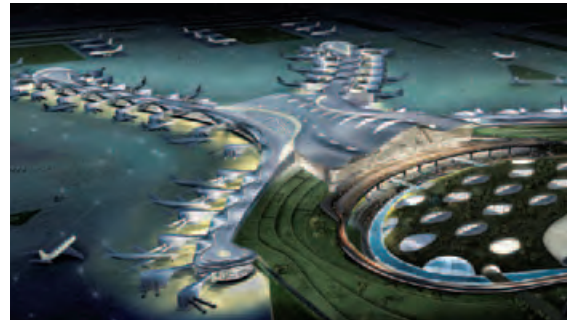
The MENA region is looking more and more like a viable and safe investment destination, according to Al Masah Capital. The region has weathered the storms of the great financial crisis and of the 'Arab awakening', it responded with a slew of incentive packages. The UAE itself stayed on course with a steady expansionary fiscal policy stressing infrastructure and social sector development – human resource development accounted for around a quarter of the allocation towards social projects, leading to an increase in employment opportunities.

Key areas in the current resurgence include construction, education, and healthcare sectors primarily due to the strong emphasis laid by MENA governments in their budgets on these aspects. Al Masah says the coming 12 months will see an ever higher spike in across the board investments. Indeed, the firm's analysts suggest that the region may be well placed to lead the world out of economic malaise.



# A new era for airports

Set for take-off, ADAC reaches for the sky.



Since its inception in 2006, Abu Dhabi Airports Company (ADAC) is gearing up to deliver an effective aviation infrastructure and services that can cater to the needs of Abu Dhabi and the region. ADAC is a public joint-stock company and the largest operator of airports in the UAE. It was created on 4 March 2006 to spearhead the redevelopment of the Emirate's aviation infrastructure and is an integral partner in the Government of Abu Dhabi's Plan 2030. ADAC is wholly owned by the Abu Dhabi Government, and operates five airports in the Emirate of Abu Dhabi: Abu Dhabi International Airport, Al Ain International Airport, Al Bateen Executive Airport, Delma Island Airport and Sir Bani Yas Island Airport, with a vision to be the world's leading airport group.

In support of its mandate to drive the development of the aviation industry in the Emirate, ADAC also includes in its portfolio seven subsidiaries that cover a full range of aviation-related services within their diversified activities.

Having chosen a diversification strategy for its portfolio of assets, ADAC is also developing a series of commercial districts including an airport business and logistics park under its Property Management and Abu Dhabi Airport Free Zones division, and has nurtured and developed a number of subsidiaries and brands that provide necessary services to sustain ADAC's growth plans. These include Abu Dhabi Airport Services (ADAS), Abu Dhabi Cargo Company (ADCC), Abu Dhabi In-Flight Catering (ADIFC),





“ABU DHABI INTERNATIONAL AIRPORT IS ONE OF THE MOST SOPHISTICATED AIRPORTS IN THE REGION”

Abu Dhabi Duty Free (ADDF), Abu Dhabi Hospitality Company (ADHC), Gulf Centre for Aviation Studies (GCAS), and various consumer brands such as Skypark.

Founded in 1969, Abu Dhabi International Airport was historically based in Al Bateen. Abu Dhabi International Airport began operations at its current location, 38 km outside the city of Abu Dhabi, in 1982.

At its opening, Terminal 1 covered 5,200 square metres and catered for three million passengers per year, which was later increased to five million passengers per year when Terminal 1A was opened. Since then,

a growing number of airlines have since established operations at Abu Dhabi International Airport, notably the UAE's national carrier, Etihad Airways. Terminal 2 opened in 2005 with a passenger capacity of two million passengers per year. Four years later in 2009, Terminal 3 was delivered, providing Etihad Airways with a dedicated terminal and a handling capacity of an additional five million passengers per year.

**Service in style, with style**

ADAC provides a range of world class services at the capital's airport through a variety of lounges and self-check-in kiosks. Abu Dhabi International Airport is one of the most sophisticated airports in the region with its award winning lounges, including the Al Dar Lounge, Al Dhabi Lounge, Al Reem Lounge, Al Ghazal Lounge, Six Senses Spa, a dedicated children's play area and the Airport Hotel. ADAC announced recently the groundbreaking of the 300-room Premier Inn Hotel at Abu Dhabi International Airport which will include various shopping outlets, lounges, restaurants and convenient stores to enhance the passenger shopping experience whilst travelling from the capital's airport.

Abu Dhabi International Airport also offers lounge customers access to other activities during their visit,



including use of the Al Ghazal Golf Club, which is only a few minutes away from the airport.

Being up-to-date with the latest technology available is one key factor that distinguishes Abu Dhabi International Airport. The capital's airport provides remote check-in facilities for passengers, making travel easy and convenient. ADAC owns three check-in facilities: Abu Dhabi International Airport City Check-in, in the heart of the city; Park Rotana Abu Dhabi Self Check-in; and the airport Expo Check-in at Abu Dhabi National Exhibition Centre.

Commenting on the latest technology services, Eng Ahmed Al Haddabi, Chief Operating Officer of ADAC said, "ADAC continuously seeks opportunities to develop its services and provide state of the art facilities to all passengers. We aim to continue offering the latest technologies and innovation services to our customers, and we hope to provide an even easier travelling experience for our customers from Abu Dhabi International Airport that is unique every step of the way."

**Executive action**

In 2008, ADAC took on the development and management of Al Bateen Executive Airport and turned the facility from a military-based operation to a VIP business aviation hub for the region. Later on the company launched "DhabiJet" as the Fixed Based Operator (FBO) service provider at Al Bateen

Executive Airport and, within less than a year of its operation, DhabiJet entered the ranks of best FBOs in the prestigious *European Business Air News* FBO Survey 2012. The magazine's aircraft owner readers, voting online and via a printed questionnaire, put Al Bateen's DhabiJet FBO at number four, making it the highest ranked FBO in the Middle East - one of just two FBOs in the Middle East to make the top 20 and ahead of many bigger long-established international brands. Al Bateen Executive's DhabiJet serves all the requirements of its dedicated business aviation clientele under the management and co-ordination of a single, highly trained DhabiJet customer service team. Its range of services include meet and greet, fuel, cabin cleaning, catering and limousine services. A modern two-storey crew lounge, inaugurated in November, is now fully operational.

"ADAC is focusing on maintaining the double digit percentage increase in passenger numbers at the capital's airport in the coming years through its close cooperation with existing airlines and stakeholders and following an effective airline marketing strategy to attract new airlines to the airport," commented Al Haddabi.

"ADAC will also continue promoting the business aviation sector for Al Bateen and develop its related services such as MRO (maintenance, repair and operations), executive in-flight catering and further hangars and infrastructural developments. Abu Dhabi Airport Free Zones will be further developed at ADAC's 3 international airports to attract business and investment to the capital and encourages effective Public Private Partnership (PPP)."

ADAC caters to 53 international airlines connecting Abu Dhabi with more than 85 destinations in over 49 countries globally. ADAC's ongoing investment in improving the airport

**“ADAC CATERS TO 53 INTERNATIONAL AIRLINES CONNECTING ABU DHABI WITH MORE THAN 85 DESTINATIONS IN OVER 49 COUNTRIES GLOBALLY”**

facilities and its comprehensive airline marketing strategy have attracted new airlines and encouraged existing airlines to expand their services to Abu Dhabi. In the past two years leading airline companies added Abu Dhabi to their network, including Air Berlin, Seychelles Airlines, Cathay Pacific, Virgin Australia, and Czech Airlines, which increased the airport's reach to new destinations, thus expanding further its connectivity. The airport also enjoyed the addition of nine new destinations via new and existing airline



partnerships, adding Hong Kong, Prague, Seychelles, Male, Dusseldorf, Bangalore, Chittagong-Dhaka, Chengdu and Aleppo to its network.

### Future developments

With passengers transiting through Abu Dhabi International Airport alone expected to double in the coming years, the commitment and ability to meet these capacity demands is a natural priority for ADAC. To support this goal, a large-scale development programme has been set in motion to transform Abu Dhabi's airports into world-class facilities. The centrepiece of ADAC's multi-billion investment programme is the Midfield Terminal Building (MTB), which will provide a comprehensive state-of-the-art passenger terminal, cargo facilities, duty free shops and restaurants to accommodate the expected increase in traffic.

Overall, ADAC will continue developing its infrastructure and services to exceed needs and expectations, whilst maintaining high efficiency and quality of service to reach its vision to be the world's leading airports group. EmiratesREVIEW

## PASSENGER TRAFFIC HIGHLIGHTS

- in 2012, Abu Dhabi International Airport celebrated its 30th anniversary, having welcomed over 126 million passengers since 1982;
- by the end of 2011, ADAC welcomed 12.4 million travellers and recorded an increase in traffic of 13.9% compared to 2010;
- cargo traffic by end of 2011 was also on the rise recording 481,500 tonnes, an increase of 10% in comparison to 2010;
- at the end of 2011 Al Bateen Executive Airport reported 8,775 commercial movements, which was an 11% increase in overall commercial aviation movements compared to 2010;
- in early December 2010, Abu Dhabi International Airport hit the 10 million passenger number in one year for the first time;
- Abu Dhabi International Airport ended 2010 with 12.2% increase in Passenger Traffic;
- Al Bateen Executive Airport saw a 36% increase in commercial aviation movements at the end of 2010 compared to 2009.



# TECHNOLOGY MADE IN THE UAE



**ADCOM SYSTEMS** is a large business group of companies, engaged in diversified business activities which include but not limited to manufacturing of Unmanned Aerial Vehicles (UAVs), aerial targets, air traffic control radar systems (ATCRS) and advanced communication systems.

**ADCOM SYSTEMS** was founded 20 years ago, and since then it has grown into a group of more than 20 leading companies in the region.

**ADCOM SYSTEMS** takes great pride in its accomplishments and its government encouraging “made in the UAE” technology and products.

Abu Dhabi, United Arab Emirates  
[www.adcom-systems.com](http://www.adcom-systems.com)



# Financing your import business

The UAE is a nation of traders, here's how you can play your part.

**T**he United Arab Emirates is a significant trading nation. According to the Ministry of Economy, the UAE's top trading partners for imports are India, China, the US, Germany and Japan. Key export markets are India, Switzerland, Qatar, Saudi Arabia and Iran while top re-export markets are Iran, India, Iraq, Saudi Arabia and Qatar.

At a meeting in April in Geneva, Switzerland, the World Trade Organisation [WTO] praised the UAE's open trade regime, which applies low tariffs that have not exceeded 4.9 per cent in 2011, enabling the UAE to "successfully weather the global crisis without backsliding on trade liberalisation".

The UAE was commended "for its open and liberal trading regime [which is] characterised by a simple tariff structure, low applied tariffs and few non-tariff barriers". At the same time the UAE's "business friendly environment and free trade zones have been applauded as a successful model for investment promotion".

But the Federal Government and the individual Emirates can only do much. Here in the UAE, a low-cost framework for business success is in broadly in place. But the success

of your business relies on more. It obviously relies on you but it also relies on you making your money work as hard as possible. As a trading company, tying up your cashflow can be a recipe for disaster but there are many ways in which you may avail of cost-effective commercial finance solutions that can help grow a profitable business. In this first part of a series of articles on financial tools for traders, we review some of the basic options available to importers.



## Letter of Credit

A 'letter of credit' (also referred to by a variety of abbreviations, including LC, L/C and LOC) is as good as money in the bank, which it, in fact, is. Take a look at your wallet. You will likely have a collection of pieces of paper in it. These pieces of paper are bank notes issued in the UAE by the United Arab Emirates Central Bank. They are just like letters of credit or to put it the other way round, a letter of credit is similar to a bank note – it is a promise to pay.

Letters of credit are commonly used in international trade. The bank issuing the letter of credit is an unbiased third party in the transaction between buyer and seller. Using a letter of credit protects both the importer's and the exporter's interests.

For the seller (exporter) the letter of credit acts as a guarantee that he will receive payment provided he performs his part of the deal. For the buyer (importer) it means he has not handed over payment upfront and will, therefore, not be out of pocket in case of non-delivery of goods. You might almost look on it as a form of insurance for the transaction.

Do bear in mind, however, that use of a letter of credit does not provide any guarantee towards the quality or security of the goods – it merely ensures that the goods be delivered as stipulated before payment is made. To pay out on a letter of credit, a financier will simply review documents proving that a seller performed his required actions. The quality of the goods and any other issues that may be important to buyer and seller are of no concern.

Financial institutions will, of course, only issue letters of credit if they know the buyer is in a position to pay them. As the purchaser of a letter of credit you may be required to deposit equivalent funds with the institution in question or you may be able to use a



The Dhow - traditional trading vessel of the UAE.

line of credit to do so. What's in it for the bank or finance house? Obviously, there's a fee involved and, if you are using a credit facility to fund the letter of credit as well there will be extra charges there too.

### Bill for Collection

Import bills for collection are a lower cost, simpler alternative to letters of credit but one would expect them to be used in situations where a trading relationship has been established for some time and large degree of 'trust' exists between the importer and exporter. Using bills for collection allows you to trade internationally and receive goods before making payment.

After shipping your goods the exporter presents the shipping documents, together with their instructions, to their bank. The exporter's bank forwards these documents on to your bank or finance house for payment, which then acts on behalf of the exporter's bank to collect payment from you, or a promise that you will pay at a later date if you have agreed this with the exporter. This

“A LETTER OF CREDIT IS SIMILAR TO A BANK NOTE – IT IS A PROMISE TO PAY”

promise to pay will normally involve the importer (that's you) in accepting a Bill of Exchange under which the financial institution will not release shipping documents until payment or acceptance has been made.

As you build a relationship with an exporter, the advantages to you in using a bill of collection are that you pay for goods only when you are happy that the shipping documents are correct; they are easy and quick to set up and are thus suitable for opportunistic transactions that need to take place speedily; and, as already mentioned they are going to be cheaper than other financial documentation. Bear in mind that for both parties, importer and exporter, to be willing to go down this route, it is likely that you will have to have established a trading track record with each other that offers comfort and trust to both parties.

### Shipping Guarantee

A shipping guarantee will allow you to take possession of goods from a shipping company when the goods arrive at port before the Negotiable Bill of Lading is received. The Guarantee is a written indemnity by your bank or finance house to the shipping company, signed by you and countersigned by your finance provider.

The guarantee stipulates that you are the owner of the goods in question and promised to indemnify the shipping company should the bill of lading not be presented at a later date. In effect, a shipping guarantee allows you, as importer, to get at your goods more quickly, helping you to avoid any unnecessary port and warehousing charges that you may otherwise incur caused by delays in clearing goods. Once you have the bill of lading in your possession it should be passed on to the shipper who would then return the shipping guarantee physically to your financier for cancellation.

### Trust Receipt Financing

Let us suppose you have arranged a letter of credit for a shipment that has now arrived. The time has come to settle up. What happens if, for whatever cashflow reason, you are not in a position to pay the letter of credit? Trust receipt financing for import offers a solution here. It is a credit line you may apply for from your financier (assuming they offer the product, of course) to assist you in paying for your purchases.

The financial institution pays for your imported goods on your behalf and entrusts the cargo to you. In return for this you undertake to sell the goods, using the sale proceeds to repay the trust receipt financing. The remaining money, after you have sold the goods, is your profit on the transaction.

In the second part of this series we will review the trade finance products designed for exporters. EmiratesREVIEW





# Stock markets for beginners

## Stocks and shares and why you should be investing in them...

**D**epressed housing rents and lower food prices kept UAE inflation under one per cent in 2011 and while it is likely to rise in 2012, most forecasters do not expect it to increase to more than two per cent. Unfortunately, if you are trying to grow your savings it is unlikely that you will be able to do a great deal better in a conventional savings account than keep pace with inflation.

If you are serious about building your capital you need to understand how the stock market works and why you should consider investing in stocks and shares, whether you are looking only at the Abu Dhabi Securities Exchange and Dubai Financial Market or whether you are looking at stock markets around the world.

Shares are exactly what the name suggests – if you own 'shares' you own a

share of the business. As a shareholder you are a part-owner of the company and you may expect to share in its profits but should also be aware that you could end up sharing in its losses!

Investing in shares offers you the potential for greater returns than those available by leaving your money in a deposit account with a financial institution. But you should never forget that this prospect of a greater return comes at a price – you are also taking a greater risk. Share investment is risk investment.

**Learning about investment doesn't have to be like this...**



How much of your funds should you put in the stock market? Highly paid wealth managers will give you highly complicated answers but you could start with a simple rule of percentages. Subtract your age from 100 and the remaining figure is the percentage of your portfolio that should be invested in stocks and shares or related collective investment schemes (funds). Thus at age 30, 70 per cent of your portfolio should be in stocks and shares and at age 60, 40 per cent should be in stocks and shares.

This is a very simplistic rule that takes no account of your attitude towards investment risk but as a basic starting point it has some merit, allowing you to think about your investments and about the kind of risks you may or may not be prepared to take with them.

### Know what you want

Before you decide to commit any money to investing in the stock market you need to know what kind of return you expect from your investment. Are you looking for growth or income? That is to say, are you expecting the price of the shares you invest in to rise significantly, giving you a capital increase? Or, are you looking to invest in shares that may not rise in price so much but are likely to provide a steady income stream in the form of good dividend payouts to shareholders from business earnings? Which is it to be? Very few stock market investments offer the opportunity of both strong capital gain and good steady income.

### Understand the risk you are taking

The price of share may go down as well as up and the income they offer may go down as well as up. Past performance is not a guide to future performance. You only need to look back at what's happened to the local markets in recent years to see what a roller-coaster ride you could be on – without ever visiting Ferrari World!

There is an old joke on Wall Street (that's where you'll find the New York

Stock Exchange) that describes a stockbroker as someone who takes a client's money and then invests it until it has all gone! Why invest in shares at all if the risks are high? The simple answer is that investing in the stock market, either through direct share purchases or via investment funds is simply part of the range of savings and investment options open to you. The same adage applies to all of them – the more attractive the return, the bigger the risk to the capital you invest.

Before you buy a single share you must decide what level of risk you are prepared to take.

### Understand how your money is made

Whether you invest for growth or income both come on the back of profits earned by the company you have

invested in – the share price may rise because other investors want to buy into a success story while good profits may be distributed to shareholders in the form of larger dividends. Where does the money come from?

The more you understand about the companies you are thinking of investing in the better informed you will be and you will be able to make better investing decisions – not just in knowing what and when to buy but, equally as important, knowing what and when to sell.

You should also find out what you can about the management of the company. Remember that as a shareholder you will own a piece of the business. It is important, as an owner, to know who is managing your business. It is, after all, your investment, your money that you are trusting them with! EmiratesREVIEW



## WHAT IS A STOCK MARKET FOR?

Whether you are thinking about the ADX and DFM or about the New York or London Stock Exchanges, quite simply the primary reason for any stock market to exist is as a market-place for companies to raise money by selling part-ownerships in the business to fund themselves rather than by taking on debt. For there to be a market for such 'new' shares to be sold there has to be a ready market for 'second-hand' shares to be sold as well. Would you be willing to buy shares you could never sell in the future? Nobody would invest in shares they could not sell whenever they desired to do so.

In fact, most of the turnover in the world's share markets is secondary trading – the buying and selling of shares previously held by one or more investors in the past. To be attractive to companies a stock market has to be attractive to investors.



# Raising Shari'ah-compliant funds for your business

Sukuk are becoming an increasingly popular alternative to conventional corporate debt.

**C**ompanies in the UAE issued \$1.9 billion in Sukuk in the first quarter of 2012. Among a number of 'firsts', Tamweel, First Gulf Bank and Emirates Islamic Bank sold Sukuk for the first time. They were followed by Majid Al Futtaim Group's first foray into bond issuance in the form of Sukuk. And Abu Dhabi National Energy Company sold its first Sukuk in Malaysia. In fact, around

the world, Sukuk issuance in the first quarter was up 55 per cent on year-ago levels to a record \$43 billion.

Raising finance can prove a bit tricky when the most popular method – borrowing it – has been severely limited by credit conditions in the West. As Islam urges Muslims to avoid debt as much as possible, Islamic finance has been offering alternatives to debt for centuries;

Sukuk have been used by Muslims to finance businesses since the Middle Ages, and at a time when credit is scarce, it's an appealing option for both Islamic and conventional businesses.

In times such as these, it makes sense to choose a fundraising method based on what will attract the most investors. Furthermore, a strong demand and limited supply have sent yields tumbling, making now an optimum time to issue Sukuk.

## Highlighting your best assets

Although often dubbed Islamic debt, Sukuk differs significantly from the conventional bond. Both of them exist for the same purpose – to raise money



from the investor – however while a bond is proof of debt, a Sukuk is proof of ownership.

Because Islam forbids interest, Sukuk must generate a return through actual economic transactions by sharing or leasing underlying assets. Sukuk structures vary but the basic principle is the same: if your company wants to raise money through Sukuk, you must have tangible assets on the balance sheet to back it.

These assets are then pooled into a Special Purpose Vehicle (SPV) which becomes the basis of the transaction. In the case of an Ijarah Sukuk, the most popular kind, these assets are then leased back to the company and the payments shared between the Sukuk holders.

The basic concept of Sukuk involves the ideal of granting the investor a share in a tangible asset or business venture, and a share of the risk commensurate with such ownership. Sukuk securitisation is thus structured around investors' rights, or legal ownership, of a plot of land, building or any other asset.

Because of its structure, issuing Sukuk is obviously simpler for companies that have 'tangible' rather than 'intangible' assets. Of course, the company's assets must also be compatible with Shari'ah, which prohibits any investment in alcohol, pork, tobacco, pornography, gambling and weaponry.

If your business is looking to raise Shari'ah-compliant financing, you will only be able to do so if your business activities are deemed to be Halal and not Haram. Property holdings have proved a popular choice; however a shortage of suitable assets has been a problem among some companies hoping to tap the Islamic capital market.

### Sukuk structures

In order to appeal to as many investors as possible, it's important to choose a structure that will be smiled upon by the majority of Shari'ah boards, the approval

### “WHILE A BOND IS PROOF OF DEBT, A SUKUK IS PROOF OF OWNERSHIP”

of which is mandatory before Islamic banks may invest. The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) recognises fourteen different structures. However, due to differing interpretations in Shari'ah law some enjoy wider acceptance than others.

It is also worth bearing in mind, from the investors' point of view, that not all Sukuk are asset-backed, giving the investors direct claims on the assets in event of a default; the majority of



Sukuk issued so far are in fact asset-based, in which investors have ownership of the cashflows but not of the assets.

The key difference between Sukuk being asset-backed and asset-based lies in the ownership and sale of assets. Asset-based Sukuk allow the inclusion of assets that may not be legally recognised as being owned by the investors. The assets fulfill Shari'ah compliance in form, but they may not ensure that investors can recover capital, through sale of the asset.

In an asset-based Sukuk, holders bear the risk of the issuer's credit

worthiness, whereas risk in an asset-backed Sukuk is based on the assets that are bought by the fund. Closer to equity in structure, asset-backed Sukuk involve a true sale to Sukuk holders, where they take the risk and return of the assets.

### Complex issues

Potential confusion surrounding structures is just one of the issues any company considering raising funds through Sukuk needs to be aware of. As a 'young' market, defaults in the recent past have also raised the question of how to treat Sukuk in a bankruptcy;

however a definitive answer has yet to be reached. A relatively illiquid secondary market is another consideration, as is the limited number of Shari'ah scholars available to give their approval.

Whether you are considering Sukuk as a way of raising funds for your business or indeed as a potential investment, you may be surprised to learn that many Sukuk are subject either in part or in whole to non-Shari'ah based legal regimes. In fact, the legal documentation governing Sukuk are for the most part subject to English law although it can be the case that documentation regarding separate components of the same issuance may be subject to different legal regimes.

The complexities of issuing Sukuk may steer some businesses back to the conventional debt market. However, the continuing relative scarcity of Sukuk in the region means that unsatisfied potential investor demand is more likely to lead to a successful issuance. The low volatility that Sukuk have enjoyed over the last 12-18 months is another factor that acts to tempt potential issuers away from bonds. EmiratesREVIEW



Take  
cover!

The most common legally-required insurance that individuals must have is motor insurance. All motorists are required by law in the UAE to have insurance that is unlimited for bodily injury and that covers a maximum of AED 250,000 for material damage. The legal requirement is for basic 'third party liability' covering all sums necessary regarding bodily injuries or death to any third party, or damage of property to the latter in an accident due to the use of the insured vehicle.

Of course, you can cover more than the basics – by including comprehensive protection against the loss of or damage to your motor vehicle itself due to accident, as well as covering yourself as driver. The list of extras goes on, extending to coverage for driving outside the UAE, roadside assistance, etc. How much more cover you decide to have will depend on you, your car and your wallet.

There are other compulsory insurance policies but as an individual it is unlikely that you will be required by law to take out other insurances. However if you have or are considering

### What's compulsory, what's not... and what you really need.

**Y**ou can find an insurance policy to cover almost anything imaginable but only a handful of policies are actually ones that you need to have, whether by law or through choice. An insurance policy will cover you or your business against things that might happen but you would rather that they did not! Insurance covers events that may or may not happen. The aim of taking out any insurance policy is to compensate you following a loss so that you are in general as well off – but no better off – than you were before the loss occurred.

An insurance policy is a legal contract and your rights, whether as an individual or a business, as the holder of the policy will depend entirely on what is written in the contract and on any endorsements which may be added to it.

You **MUST** have insurance whenever the law requires you to have it and you **SHOULD** have insurance if an event could happen to you that would create a loss that you could not afford.

#### **Required by law**

Some insurance policies are compulsory and you are obliged by law to have them.

taking out a mortgage to purchase your home, your mortgage lender may require as part of its mortgage offer that you have home insurance.

Holiday insurance is important if you are travelling abroad. It will pay out if you unexpectedly have to cancel your holiday; are taken ill while away; injure somebody or damage somebody else's possessions; lose your own possessions; and so on.

However, you may be surprised to learn that you already have some insurance cover even if you have purchased no travel insurance yourself. For example if you purchase your holiday or air tickets with a credit card you may qualify for "free" travel insurance. Standard cards' protection may be limited but many "gold" or "platinum" cards provide comprehensive travel insurance.

### Business Insurance

It is important to ensure you have the right cover when it comes to your business. Likewise it's also important to choose your cover carefully as this can lead to considerable savings, by only ensuring that you have the cover you need.

Business insurance can be a minefield, particularly as the amount of cover will vary dependent upon the size and type of business you run. You will, if you are carrying on a business, be required by law to have certain insurance policies. These legal requirements do vary between Emirates and also between locally domiciled companies and the various free zones.

For example, only in Abu Dhabi do all employers have a legal obligation to arrange medical expenses insurance for their expatriate employees although a draft law to the same effect has been passed in Dubai. However, it is legally compulsory by Law no. 8 of 1980 for all employers in the UAE to cover all of their employees against loss or damages or injuries sustained or

arising out of and during the course of employment. The policy is catered to cover death or disabilities or medical expenses against loss or damages or injuries sustained or arising out of and during the course of employment subject to policy terms. The exact cover may vary from policy to policy.

You are also likely to be required to have third party liability insurance. This policy will provide cover If your business is responsible for member of the public or third party sustaining an

**“YOU MUST HAVE INSURANCE WHENEVER THE LAW REQUIRES YOU TO HAVE IT AND YOU SHOULD HAVE INSURANCE IF AN EVENT COULD HAPPEN TO YOU THAT WOULD CREATE A LOSS THAT YOU COULD NOT AFFORD”**

injury, or for any damage or destruction of their property. Public liability insurance would provide cover for any costs such as compensation payments or the actual cost of repairing damage.

Some businesses will also be required to have professional indemnity insurance. Although not every business needs this element of cover, examples of business that do require some form of cover are the likes of accountants, architects, IT consultants and personal trainers. Basically anyone who provides advice or gives a service to another business that could cause them to suffer a loss. In these circumstances, professional indemnity insurance would cover the cost of any claims made against your business for compensation. It can also cover the legal expenses involved with the case.

Of course there are many more areas of cover that apply to various types of businesses, such as tool and plant hire cover for manual works, and office equipment cover for clerical businesses, and not forgetting cover for business interruption or any

events which may see your business temporarily out of action.

### What to look for

Obviously you need to know what risks, items and/or events are going to be covered and just as important, what's not included by the insurance policy you are thinking of buying. You should also understand how much the policy will pay out if you make a claim.

Once you have a clear idea of what cover you require you need to shop around on price. The premiums you will be quoted by insurance companies may vary depending on your circumstances. It is also worth checking how cover is affected if you miss a payment. Is there a period of grace? Do you get some of your money back if you cancel the policy? Above all when the time comes to renew your insurance do check it is still good value.

You should remember that with any insurance policy no claim will be paid if you are found to be in breach of any stipulated obligations under the policy which leads on to this: when you first receive your policy - read it! Make sure it provides the cover you expect it to provide and that there are no conditions that you were not aware of. EmiratesREVIEW







Marina Mall in Abu Dhabi



Twin Towers, Qatar



ACG CEO Mounir Germany

## Building better cities

Architectural Consulting Group (ACG) is committed to building sustainable and lifestyle-enhancing cities of the future.

One of the leading design and project management consultancy firms in the Middle East, ACG has been providing Design and Construction Management services in the region since 1976.

Designing sustainable, human-friendly communities of the future that enhance the lives of the people living there is the goal at the heart of the work done by Architectural Consulting Group (ACG).

Building on their success in Abu Dhabi, ACG has successfully expanded

into neighbouring emirates including Dubai and Fujairah. They have also been servicing their clients in other Gulf countries and have had an office in Doha, Qatar since 1999.

In 2002, ACG finished Qatar's first tower block, a 28 storey high-rise that was the tallest tower in the city at the time.

ACG plans to expand in the Kingdom of Saudi Arabia to be able to serve existing as well as future Saudi Clients locally.

CEO Mounir Germany says: "ACG is

committed to the people and the city of Abu Dhabi, we have been providing design and consultancy services here since 1976. ACG will continue to participate in the development of the local communities, and serve the Emirati population.

"We do this in alignment with the guidelines, values and goals of the Abu Dhabi 2030 Master Plan. Our aim is to help grow a city that preserves the richness of its culture and fulfill the future needs of its inhabitants."



Finance House Corporate Headquarters



Fujairah Commercial Complex (Millennium Hotel and Mall)



Novotel and Ibis Hotels



Atlantis Tower



Al Nasr Twin Tower

“WE DO THIS IN ALIGNMENT WITH THE VALUES AND GOALS OF THE ABU DHABI VISION 2030 REPORT. OUR AIM IS TO HELP GROW A CITY THAT RESPECTS LOCAL CULTURE AND ENHANCES THE LIVES OF ITS INHABITANTS”



Etihad Headquarters



Repton School

A few of ACG's executed and future stand-out projects include the Repton School Campus and Emirates Industrial Bank Headquarters in Dubai; The Twin Towers Hotel & Service Apartments and The Tawwar Mall in Doha; Finance House Corporate Headquarters; Marina Mall; Novotel and Ibis Hotels; Etihad Airlines headquarters; Atlantis Tower in Abu Dhabi, and Fujairah Commercial Complex (Millennium Hotel and Mall) in Fujairah.

ACG have successfully executed numerous diverse projects such as urban development projects, residential projects of various scale and complexity (apartment towers, staff accommodation and recreational complexes, etc.), commercial projects (office buildings, shopping malls and entertainment centers), educational institutions and hospitality projects (hotels and resort complexes) in Abu Dhabi, Al Ain, Fujairah and Doha making a significant contribution to these communities.

The practice takes advantage of state of the art techniques in computer aided design, allowing file to factory fabrication solutions for the project. At the same time, ACG boasts unparalleled local experience with intimate knowledge of and familiarity with regional traditions. EmiratesREVIEW

For more information, go to [www.acg.ae](http://www.acg.ae)





# Better bankruptcy?

## Why making it easier to go bust could make a boom more likely...

**T**he emphasis of the new draft UAE Federal Bankruptcy Law is to create a more modern, regime, promoting a rescue or rehabilitation culture for debtors as a preferred alternative to formal insolvency procedures. The country's existing insolvency laws date back to 1993 (Volume Five of the Commercial Transaction Law, Federal Law No.18 of 1993) but you would be hard-pressed to find an example of the existing legal framework ever having been used. Effectively the law is untested and has been regarded for some time as unworkable.

Against that background, various UAE-based law firms were approached by the UAE Ministry of Finance to assist in drafting the proposed new law. The draft was completed after two years of work and is now under review before formal passage through the legislative process.

While the UAE prides itself on being business-friendly and, in 33rd place, scores well on the World Bank's 'ease of doing business' ratings, it is ranked only 151st for resolving insolvencies. According

to Elias Stephan, the Managing Partner at Law House, Advocates and Legal Consultants, the general aim of the draft law is to give particular emphasis on the rescue of a debtor's existing business or the restructuring of a debtor's liabilities where the debtor gets into financial difficulties, rather than formal liquidation or bankruptcy.

Existing insolvency provisions are to be repealed, says Mr Stephan. Bankruptcy-related provisions which can be found in other pieces of legislation, including the UAE Penal Code, UAE Civil Code and the UAE Commercial Companies Law will be superseded by the provisions of the new law to the extent that it deals with the same subject matter or issue.

### Rehabilitate and rescue

The draft law does not apply to Government entities or entities incorporated and licensed to operate in a financial free zone such as the Dubai International Financial Centre. However, the insolvency regime for traders and others carrying on business activities for profit is extended to include new streamlined rescue procedures,





comprising a 'financial re-organisation' procedure and a 'protective composition' procedure. Formal insolvency procedures (Bankruptcy Proceedings) are retained but with modification and a 'streamlined' bankruptcy process is available for 'small' bankruptcies.

For individuals who are not carrying out any business activity, the insolvency regime is extended to include:

- I. a rescue (or personal rehabilitation) procedure (Personal Over-Indebtedness Procedure) which enables individuals to compromise their debts over a defined time period under a court-led procedure; and
- II. a formal insolvency procedure involving the appointment of an office holder and liquidation of the debtor's assets.

In a number of areas, the draft law proposes to 'decriminalize' proceedings. For example, the existing criminal sanctions if a trader fails to file for bankruptcy within 30 days from date of cessation of payments is replaced by a new provision which allows the Court to impose a Financial Disqualification Order on any person who, being subject to Bankruptcy Proceedings, fails to request the commencement of those proceedings within 45 days from date of commencement of cessation of payment or over-indebtedness.

However, the criminal sanctions which deal with bounced cheques and other bankruptcy-related acts as currently set out in the UAE Penal Code are being retained, despite the views of many experts and observers, including HE Lieutenant General Dahi Khalfan Tamim, the head of Dubai Police Force; he is on record as saying that a police role in enforcing debt legislation is 'not the proper way of doing things'.

The significance of the proposed new law for business is instilling more confidence in the wider business community, allowing for an easier, speedier restructuring of businesses

## “THE CRIMINAL SANCTIONS WHICH DEAL WITH BOUNCED CHEQUES AND OTHER BANKRUPTCY-RELATED ACTS AS CURRENTLY SET OUT IN THE UAE PENAL CODE ARE BEING RETAINED”

that get into difficulties. Apart from other considerations, the existing law relates only to the activities of 'a trader' whereas the new proposals extend to those who are involved in any business activity with a view to trading for a profit – a slightly wider concept.

### Building blocks for a business boom

A modern legal apparatus could make the UAE more attractive for foreign investment as well as acting to reduce the number of expatriates who may abscond over debt obligations.

Insolvency is perceived as a 'bad thing' to be avoided at all costs. It goes right to the heart of the concept of 'loss of face' but the new proposals seek to address this, reducing the stigma and encouraging people to sort out their financial problems in a more accessible way.

The existing lack of workable insolvency legislation also has a direct impact on the ability of smaller companies to access finance to grow. Many banks remain unwilling to lend or

to expand the size of their loan books to entrepreneurs and the small and medium size enterprise (SME) segment.

It is not unusual for banks and financiers to be asked to take an equity risk when they lend to SMEs with the businesses putting up property or equipment and machinery as security. At present there is no clear formal procedure for taking possession of assets of companies in default – effectively negating the value of such security and thus reducing the likelihood of a bank being willing to lend.

The prospect of new legislation that does offer clear and efficient ways of dealing with businesses in difficulties could thus have the effect of providing a significant boost to the growth prospects of the country's SME sector, creating both new businesses and jobs! EmiratesREVIEW

Balls can bounce, cheques must not!

## WHAT IS BANKRUPTCY?

Law No.18 of 1993 does not specify a definition of bankruptcy but states in broad terms, in Article 645, "Subject to the provisions of preventive composition, any trader having suspended payment of his commercial debts, at the time of maturity due to the interruption of his financial position and the unsteadiness of his credit, may be declared bankrupt."

The generally accepted definition of 'bankruptcy' is that it encompasses legal proceedings involving a person or a business that is unable to repay outstanding debt and is thus insolvent. In theory, the ability to file for bankruptcy may benefit an overall economy by giving persons and businesses another chance and providing creditors with a measure of debt repayment.

# Coming attractions...

For over a decade Marina Mall has been Abu Dhabi's premium shopping mall and entertainment landmark... but what's planned for the future will amaze you!

Six years ago a major extension to Marina Mall added the landmark revolving restaurant tower and also expanded the mall's facilities. Now, the Mall hosted around 16 million visitors a year and the developer, National Investment Corporation, has big plans to take Marina Mall well into the future.

The proposed expansion will consist of a food island plaza, an entertainment city, food court, more department stores, an increase in retail facilities and serviced apartments and hospital towers. You'll be relieved to know that they will also be increasing car parking facilities!

This next stage development is basically divided into two parts, the south side of the Mall and the north side of the Mall. On the north side the hospital tower will be built interconnected with the existing mall. The extension to the mall's own facilities will include a fun city, a souk and department stores. On the south side, there will be a second souk, a food plaza, high-end shopping outlets and one 64-metre, 16-storey tower with Rotana serviced apartments.

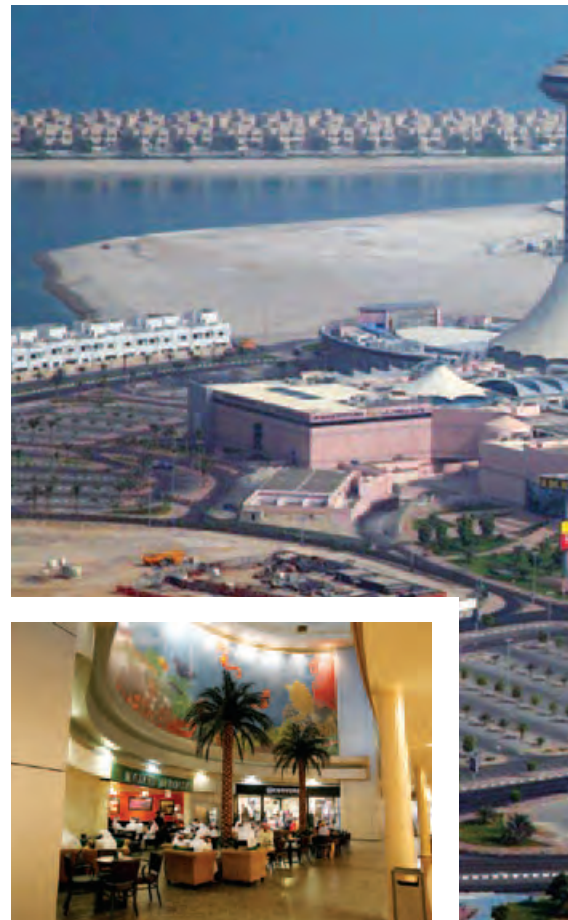
## MARINA CITY – A VISION OF THE FUTURE

In addition to further developments to Marina Mall itself, the flagship development of what will become

Marina City is the 5-star Fairmont Abu Dhabi Marina Hotel and Serviced Apartments, occupying an overall area of approximately 160,000 square metres with an extensive water frontage.

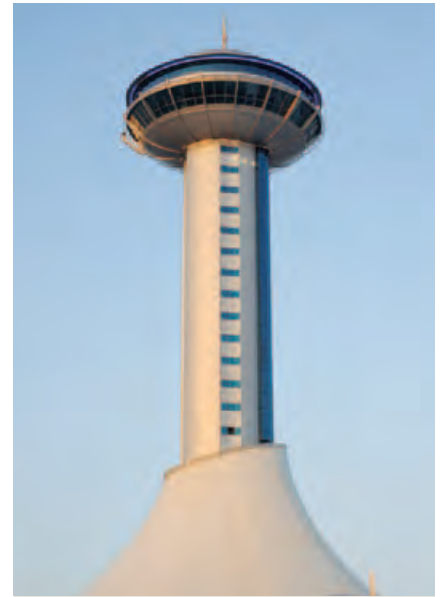
The design philosophy of the hotel is based on the development of a stunning recreation of a state-of-the-art high-rise building with regal status. Elements of Arabic ornamentation have been fused with both classic and post-modern styling in a contemporary manner to offer guest a true welcome to the Arabic world.

“MARINA MALL IS THE LARGEST SHOPPING AND ENTERTAINMENT CENTRE IN ABU DHABI, AND, WITH AMBITIOUS PLANS FOR THE FUTURE, AIMS TO RETAIN THAT POSITION”



Artist's impression of the Fairmont Abu Dhabi Marina Hotel.





## MARINA MALL – A BRIEF HISTORY

Since opening in 2001, Marina Mall has already grown in three phases. The launch or anchor phase saw the Mall management attract 'anchor' stores to come to the Mall including Carrefour, Plugins, Zara and Cinestar.

Almost three years after launch, the premium phase was completed, with world-renowned brands such as Louis Vuitton, Hugo Boss, Todd's and Chanel, it also featured new upscale cafes and restaurants, a Mercedes-Benz showroom and even an outlet for the Abu Dhabi Securities Exchange!

The third or 'landmark' phase saw the introduction of the revolving restaurant on top of a dedicated 30-storey observation tower as well as a huge range of lifestyle shops.

Marina Mall is the largest shopping and entertainment centre in Abu Dhabi. For example, you can go bowling at Emirates Bowling Village or ice-skating at the Marina Mall Ice Rink.



The interior design of the hotel will reflect this spectacular imagery with an intimate ambience that maintains the unique experience of Arabian hospitality. Most of the guestrooms will have unobstructed breathtaking views of either the Gulf or the skyline and corniche of Abu Dhabi City.

Within the Marina City development and outlined in the Abu Dhabi 2030 plan, on one side of the hotel will be a low-density high-luxury development, with 67 2-storey villas and 210 apartments. On the other side there will be a high-end self-sufficient residential development including 919 apartments and 12,000 square metres devoted to retail and restaurants, in a gated community with its own leisure and recreational facilities. EmiratesREVIEW



# The enduring appeal of the Arabian horse

Magnificent and graceful, Arabian horses are renowned the world over for their intelligence, athletic endurance and unique bond with humans.



**W**hat did Genghis Khan, Napoleon Bonaparte, Alexander the Great and George Washington have in common? They all chose Arabian horses for riding into battle.

Originating on the Arabian Peninsula, the Arabian or Arab horse is one of the oldest breeds in the world with archaeological evidence dating back 4,500 years. Prized for their high intelligence, good nature, athleticism and endurance, this venerated horse is now found across the globe and is used to improve other breeds by adding speed, refinement, endurance, and strong bone.

## Speed and strength

The Prophet Mohammed (PBUH), in the seventh century AD, was instrumental in spreading the Arabian's influence. He instructed his followers to look after Arabians and to treat them kindly. He said to pay special attention to the mares that would ensure continuity of the breed. The Prophet also said that Allah had created the Arabian horse and that those who treated the horse well would be rewarded in the afterlife.

Arabian horses lived among the desert tribes of the Arabian Peninsula, bred by the Bedouins as war mounts for long treks and quick forays into enemy camps. The severe climate required the nomads to share food and water, and at times their tents with their horses.



## USEFUL WEBSITES

### The Arabian Horse Association

With 33,000 members, AHA is a full-service breed association and registry for owners of Arabian, Half-Arabian and Anglo-Arabian horses.

[www.arabianhorses.org](http://www.arabianhorses.org)

### The Arabian Horse Network

An advertising portal for Arabian horse owners, exhibitors, breeders, trainers and horse enthusiasts.

[www.arabhorse.com](http://www.arabhorse.com)

### Arabian Horse Times and Arabian Horse World

Digital and print magazines for the Arabian horse industry and enthusiasts.

[www.ahtimes.com](http://www.ahtimes.com) and [www.ahwmagazine.com](http://www.ahwmagazine.com)



### War horse

The Bedouin practiced selective breeding for traits such as an ability to form a cooperative relationship with humans as well as the high spirit and alertness needed in a horse used for raiding and war. The result is a horse breed that is good-natured, quick to learn, and willing to please. It was also the harsh desert conditions that caused the Arabian to evolve its large lung capacity and renowned endurance.

Even today, the purebred Arabian is virtually the same as that ridden in ancient Arabia. A versatile breed, Arabians dominate the discipline of endurance riding. They are one of the top ten most popular horse breeds in the world. Emiratesreview

BEDOUIN BREEDING practices helped the Arabian horse become a prized possession throughout the world. The breed is marked by a distinctive dished profile; large, wide-set eyes on a broad forehead; small, curved ears; and large, efficient nostrils.



# What's in a word?

Thikrayat is a UAE dictionary and cultural application designed to preserve UAE traditions by bringing them into the 21st century.

If someone called you a 'barkhees' would you know what they meant? What about if they asked you to turn on the 'pankah'?

A new iPhone application called Thikrayat (at [www.appthik.co](http://www.appthik.co)) is a virtual dictionary of Emirati vocabulary in Arabic and English.

As well as being a treasure chest of Emirati words used both past and present, Thikrayat is a dictionary for translating Emirati words into both English and formal Arabic for everyone to understand and use.

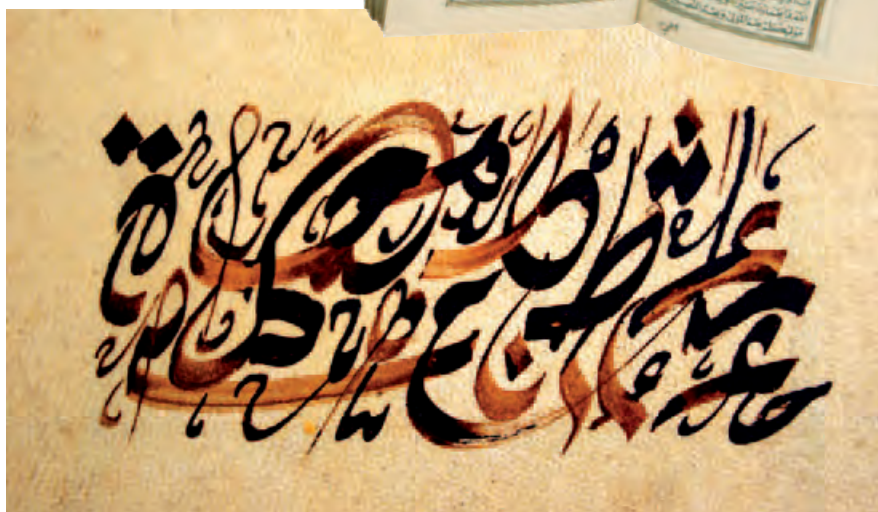
The app is the brainchild of two young Emirati men, Faisal Jassim and Thani Al Shafar, both 25, who realised much of the colourful language used by older Emiratis was being lost and forgotten.

They developed Thikrayat to keep age old Emirati words alive and well and carrying them forward for future generations to use.

"We started by accident," Al Shafar was reported in an interview in *The National* newspaper.

"We were getting to know words through the elderly in the family that we had never heard of before. We realised that we no longer used such words, so we started collecting them," Al Shafar said.

Jassim added this was, "a tragedy, because these words give flavour to the Emirati dialect".



"WE WERE GETTING TO KNOW WORDS THROUGH THE ELDERLY IN THE FAMILY THAT WE HAD NEVER HEARD OF BEFORE. WE REALISED THAT WE NO LONGER USED SUCH WORDS, SO WE STARTED COLLECTING THEM"

Among the words fading from the language are barkhees for miser; aranjous for orange juice; nomlait for lemonade; dahdeeha meaning quick, and pankah for ceiling fan.

"Our society has been established on an oral history and our ancestors

didn't read and write," Jassim said. "When they pass away, their history and memories will be gone as well.

"If we don't preserve them now, they'll be lost. These words are what give us a flavour. It's like our saffron, our spices." EmiratesREVIEW

Thikrayat is a UAE dictionary application that can be found on the Apple App Store, go to <http://bit.ly/vD3e8M> or [www.appthik.co](http://www.appthik.co).



## THE SPREAD OF ARABIC

Arabic is one of the Semitic languages, a group of related languages currently spoken by more than 270 million people across much of the Middle East, North Africa and the Horn of Africa. The Semitic languages constitute a branch of the Afro-Asiatic language family.

The most widely spoken Semitic languages today are Arabic (206 million native speakers), Amharic (27 million), Hebrew (about 7 million), Tigrinya (6.7 million), and Aramaic (about 2.2 million).

The religion of Islam has helped spread the Arabic language across the 22 countries stretching from Asia to North Africa in about 1,000 years.

Modern Arabic is an uncommon language because it is almost two languages: Modern Standard Arabic and colloquial Arabic.

Modern Standard Arabic is used in reading, writing, and high register speech. It is descended from the Classical language of the Holy Quran and in the view of almost all Arabs, is the 'correct' Arabic. However, Modern Standard Arabic is learned, it is no one's mother tongue. All Arabs grow up learning the second or colloquial language.

Each Arab region has its own variety of spoken Arabic, with its own accent and mix of classical and



local words. Written Arabic is usually classical, apart from poetry and letters between friends.

Of the main divisions, Levantine Arabic from the eastern Mediterranean, and Egyptian Arabic are understood by

**“THE RELIGION OF ISLAM HAS HELPED SPREAD THE ARABIC LANGUAGE ACROSS THE 22 COUNTRIES STRETCHING FROM ASIA TO NORTH AFRICA IN ABOUT 1,000 YEARS”**

most Arabs, due to the popularity of films and television produced in these two regions.

Maghrebi Arabic comes from the Moroccan and north-west African region and is considered by some to be distinct from classical Arabic due to its Berber influences and the exposure of its speakers to European languages.

Gulf Arabic or Khaleeji - again, is not a written but a spoken language. Within that, each GCC country has its own dialect but this does not prevent communication. EmiratesREVIEW

Sources: Wikipedia and Ask Ali. Go to [www.ask-ali.com](http://www.ask-ali.com) for more local knowledge on Arabic heritage, culture, history from Emirati man Ali Al Saloom.

## DID YOU KNOW?

The word 'dirham' derives from the Greek word 'drachmae', literally meaning 'handful', through Latin. Due to centuries of old trade and usage of the currency, dirham survived through the Ottoman regime.

Source: Wikipedia



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UAE

OMAN

QATAR

KUWAIT

BAHRAIN

SAUDI ARABIA

YEMEN

EGYPT

INDIA



## Events Calendar

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

**11-20 October, Abu Dhabi Film Festival**

A feast of exceptional films to engage the local community, inspire filmmakers and nurture the growth of the region's film industry.

**Venue:** Emirates Palace VOX Cinemas, Marina Mall – Abu Dhabi  
[www.abudhabifilmfestival.ae](http://www.abudhabifilmfestival.ae)

**14 October to 13 November, Yasalam 2012**

City-wide entertainment including major international musicians, TROPFEST Arabia, Cinema by the Sea, Beats on the Beach, and the Yasalam Parade.

**Venue:** Live Across the City, Live On the Corniche, Live on Yas Island  
[www.thinkflash.ae](http://www.thinkflash.ae)

**14-18 October, GITEX Technology 2012**

One of the largest trade events on Dubai's calendar, GITEX focuses on the ICT market.

**Venue:** Dubai International Convention & Exhibition Centre  
[www.gitex.com](http://www.gitex.com)

**21-23 October, 12th Forbes Global CEO Conference**

Its first time to be held in the Middle East, the 12th Forbes Global CEO conference is attended by 400 global CEOs, tycoons, entrepreneurs, capitalists and thought leaders.

**Venue:** Madinat Jumeirah (to be confirmed)  
[www.forbesasiaconferences.com](http://www.forbesasiaconferences.com)

**30 October - 2 November, International Fine Food Festival**

This year's International Fine Food Festival focuses on gourmet fine food, high-quality ingredients, new products and flavours from the UAE and beyond. Timings: 10am to 9pm.

**Telephone:** +971 4 455 8653

**Venue:** Meydan Grand Stand  
[www.iffestival.com](http://www.iffestival.com)

**2-4 November F1 Abu Dhabi Grand Prix**

On track excitement as F1 drivers prove their mettle on one of the world's most technologically advanced circuits. All F1 ticket holders have access to the three After Race Concerts at Yas Arena. Book online at

[www.yasmarinacircuit.ae](http://www.yasmarinacircuit.ae) or call 800 YAS (927)

**Venue:** Yas Marina Circuit, Abu Dhabi  
[www.yasmarinacircuit.ae](http://www.yasmarinacircuit.ae)

**11-14 November, Abu Dhabi International Petroleum Exhibition and Conference**

ADIPEC hosts over 1,500 exhibitions and attracts more than 45,000 oil and gas industry professionals to discuss core industry issues. The 2012 theme is 'Meeting the Increasing Oil and Gas Demand through Innovation.'

**Venue:** Abu Dhabi National Exhibition Centre (ADNEC)  
[www.adipec.com](http://www.adipec.com)

**12-14 November, 5th Halal Expo 2012**

The largest B2B Halal Expo in the Middle East focused on the global \$ 2.1 trillion halal market. Caters to halal producers, traders and business leaders looking to expand their business in the region.

**Admission:** Free entry for trade visitors. Telephone: +971 4 298 8144  
**Venue:** Radisson Blu Hotel, Dubai Deira Creek  
[www.worldhalalexpos.com](http://www.worldhalalexpos.com)

**29 November, Dubai Rugby Sevens**

Thrilling rugby action from 160 international teams and a 'Rugby Rock' concert to finish it off. Tickets on sale from 1 October.

**Venue:** The Sevens Stadium  
[www.dubairugby7s.com](http://www.dubairugby7s.com)

**9 to 16 December, Dubai International Film Festival**

Local and international directors, film-makers, writers and celebrities gather for the premieres of mainstream and regional films, shorts and documentaries.

**Venue:** Madinat Jumeirah  
[www.dubaifilmfest.com](http://www.dubaifilmfest.com)

## PUBLIC HOLIDAYS

**26 October, Eid Al Adha**

The second Eid celebration for 2012 is expected to begin on Friday, 26 October, pending official sighting of the new moon

**15 November, Islamic New Year 2012**

The Islamic New Year marks the migration of the Prophet Mohammad and his followers from Mecca to Medina.

**2 December, UAE National Day 2012**

Celebrate the anniversary of the UAE's formation on 2 December, 1971, when the UK's treaty expired and the separate sheikhdoms formed an independent union.



# The lighter side

It's good to end things with a smile...

## Tax fears in Italy make a Fiat better than a Ferrari

Say goodbye to the Ferraris and say hello to Fiats



Italy's crackdown on tax cheats has rich drivers spurning their hot wheels for less eye-catching cars to avoid unwelcome attention. Heavily-indebted Italy uncovered more than 50 billion euros (\$65 billion) in undeclared revenues after cracking down on tax cheats through checks on thousands of luxury car registration details, police said.

"It's unacceptable that workers have to make sacrifices while a major chunk of wealth is not taxed," said Prime Minister Mario Monti.

## Middle East luxury market to grow 15 per cent

Global luxury goods sales are defying concerns over Euro zone turmoil and fears of a cool down in emerging markets, and will exceed €200 billion in 2012.

This is according to Bain & Company's recently revealed "Luxury Goods Worldwide Market Study."

Bain revealed that the Middle East luxury market will grow by 15 per cent in 2012, leading the strong performance of the global luxury market.

But that's not all, luxury car dealers in the Middle East say their sales in the first half (H1) of 2012 are the highest ever. In 2012, Audi, BMW, Rolls-Royce and Bentley all saw the best ever first half year sales results since entering the Middle East market.



## Robin Sharma reveals the secret to success

Want to know the secret of success from the author of the best-selling book, 'The Monk who sold his Ferrari'?

The inspirational speaker shared his formula for overall success at a seminar in Dubai recently, Sharma said: "Get fit like Madonna, join the 5am club' (start your day at 5am), don't be owned by technology and leave people better than you found them."

Sharma advises eliminating distractions like checking emails, web surfing, texting and other ills of modern technology. "Don't be a slave to technology. Use the best hours of the day doing things that you are passionate about; not checking emails."

Sorry, what was the rest? You lost us at "5am".



## Ninety year old Saudi marries for first time

A 90-year-old Saudi man decided to end nearly a century of bachelorship and got married in a massive party attended by all villagers and guests invited from nearby towns.

"It was a big wedding that was held in exceptional conditions given the groom's age...it will be remembered for many years to come," said Ahmed Ibrahim al Sulami, tribal chief in the western Saudi village of Shaab.

The groom, Khalil Al Sulami, told Kabar newspaper he would spend his honeymoon at a five-star hotel in the nearby city of Qunfudah.

"I will never forget that night when I bid farewell to bachelorship," he said, refusing to specify his bride's age. No information at all was given about the "lucky woman".