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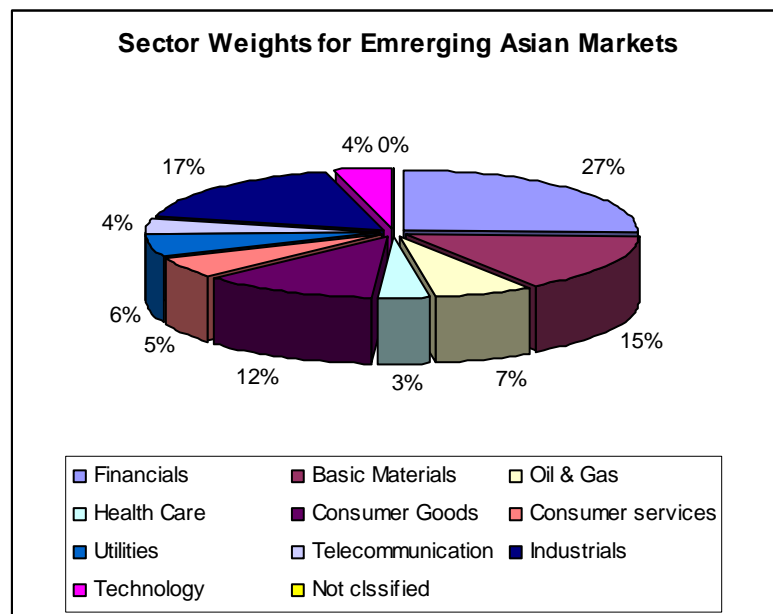
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- ❖ Asian markets are becoming a significant force in the global financial markets. Developed Asia Pacific markets contribute a 21.87% to the global markets and Emerging Asia Pacific markets contribute 8.82 %.



- ❖ FTSE Group, the award-winning global index provider, announced the launch of the new FTSE Asian Sectors Index Series, designed to support thematic Asian investment strategies. Through consultation with market participants, FTSE Asia Research has developed a series offering investors a transparent and cost efficient exposure to Asian sector index strategies.
- ❖ In this report we have highlighted the sector outlook for various sectors in Asia. We have analyzed the crisis impact for 2008 and the potential factors which will impact growth for 2009.



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I. Agriculture

Agriculture employs about 60% of the labor force on an average and contributes approximately 22% of the regional GDP.

Demand for lower value traditional crops like wheat and rice is slowing. However, the demand for higher value products, spurred by a rapidly growing upper and middle class, and export opportunities, offers new avenues to revitalize the agriculture sector through diversification and value-addition. These higher value products include fruits, vegetables, meat, dairy and fish.

While the transition to nontraditional products and markets is already underway, a number of obstacles need to be addressed if the sector is to reach its full potential:

- ⇒ In several countries (e.g. India and Sri Lanka), subsidies for grain, food, power, irrigation and fertilizers encourage the farmers to stay in traditional crops and crowd out public spending on more productivity-enhancing items e.g., technology, market support services and rural infrastructure. These subsidies also threaten sustainable productivity growth by inadvertently causing nutrient imbalances, over-extraction of groundwater, and water-logging and salinity in potential irrigated areas.
- ⇒ Government over-regulation of domestic trade, agro-processing, enterprise size, and land and credit markets discourage private investments in rural areas.
- ⇒ Weakened agricultural technology and innovation systems hamper the adoption of improved technologies and practices
- ⇒ Deteriorating irrigation systems need rehabilitation and institutional reform.

Asian countries have made massive investments in the development of agricultural water resources over the past four decades. The water induced agricultural growth has made tremendous contribution to increasing aggregate food grain production. For example, cereal production in the region has more than doubled to nearly 800 million tones between 1970 and 2000. Most

countries in the region achieved to a large extent their initial objective of attaining self-sufficiency in food grains. While growth in aggregate production and national level self-sufficiency in food grains have impressively contributed to reducing hunger and abject food poverty, overall outcomes in terms of distribution of benefits of growth and income-poverty reduction have been mixed. There is still mass scale poverty prevailing in most rural areas, particularly those in South Asia. For example, the incidence of income poverty in irrigation systems in the upper Indus basin in Pakistan is as high as 40 to 65 percent. In general, South Asian countries have only partially benefited from past investments in water sector compared to, for example, Southeast Asian countries and China.

Agriculture and Financial crisis

The financial crisis that originated in 2007 took a significant crippling toll on agriculture too. Commodity prices have fallen almost 50% from the record high made in June 2007. The situation in agriculture industry could become even more worse if credits to the farmers dry up which will give them less liquidity to buy seeds leading to a greater global food shortage. In June, governments and donors pledged US\$12.3 billion for the food crisis. So far, only US\$1 billion has actually been disbursed. The concern here is, since food crisis has not been on headlines, it could be assumed that there is no problem and the grants would be spent in other activities leaving with very less investments for agriculture.

Some factors contributing to the food crisis have ebbed. Oil prices have fallen from the high of \$147.91 a barrel to \$50 today. Governments like Vietnam, china and India who feared food shortage, have now eased the supply bringing the grain prices down. But this does not end the crisis. For farmers it costs more money for them to grow, but they receive a lower price for their products at market, making growing food a risky venture.

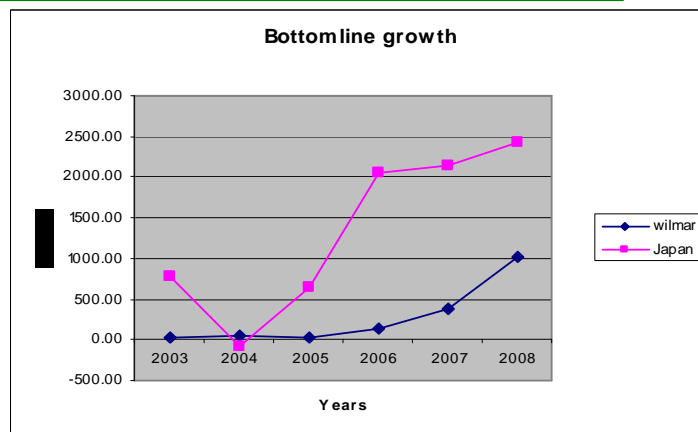
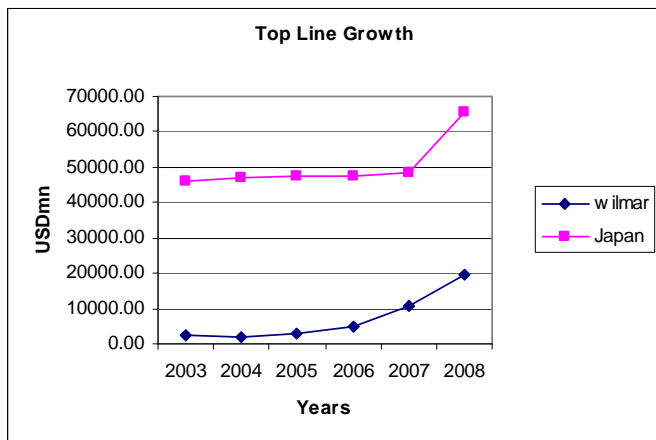
Agricultural Outlook for 2009

The sector witnessed low profitability compared to others in 1Q09, yet agricultural shares performed well on a broader market driven by the government stimulus announced. Decline in food demand for 2Q09 led to moderate inventory growth. With US government increasing dollar liquidity, key nations will inevitably increase money supply. When demand for food increases and liquidity available, the market will absorb inventories and masses of capital will be evident in the



commodities market pushing the commodity prices once again in an uptrend.

Comparative Analysis for selected companies



Given below are the financials for 2008 for companies with highest market capitalization in Asia listed on their respective stock exchanges. Japan tobacco which is the highest in market capitalization is also the highest revenue generator. The lowest revenue among the below, being Golden Agri from Singapore.

Above is the top line growth for the two companies having the highest top line growth and market capitalization in Asia. Japan Tobacco being the highest reporting a revenue of \$65,418 million and secondly Wilmar with \$19,370.72 millions. Other relative Bottom line growth for the same companies are factored above with Japan Tobacco \$2,436 millions and Wilmar International \$1,017 millions. Companies having marginally lower revenues are not represented in the graph.

Name	Country	Mkt Cap in USD	Rev USD mn	NI USD	EPS 08	PE 08	BV 08	ROE	ROA	Lev
JAPAN TOBACCO	JAPAN	24,697	65,359	2,434	24,916.51	13.17	185,738.20	7.25	2.98	2.09
WILMAR INTERNATIONAL	SINGAPORE	15,321	19,371	1,018	0.24	10.09	1.50	11.37	6.88	1.91
ITC LTD	INDIA	14,128	2,919	629	8.39	23.04	32.61	25.58	18.14	1.45
KT&G CORP	SOUTH KOREA	7,527	1,962	663	6,872.00	10.40	27,504.76	23.81	19.79	1.25
HEILONGJIANG-A	CHINA	3,623	821	86	0.36	36.31	2.82	13.80	14.80	2.33
GOLDEN AGRI-RESO	SINGAPORE	2,517	1,985	919	0.13	1.36	0.45	6.26	4.87	1.50



II. Real Estate

The Asia Pacific property market is as diverse today as its culture with reference to opportunities, risks, capital markets, economics, demographics and business cycles. The fact that more businesses learn and recognize the diversity and variations is clearly another step towards market maturity. As a result, capital inflow is increasing into Asia Pacific real estate markets and real barrier for investors to overcome will lie in locating the right properties against the backdrop of yield compression and scrutiny by regional governments and tax authorities. Many are eager to buy or hold properties in the top three Asian destinations viz. Shanghai, Singapore and Tokyo, rather than selling properties, an indication of strong investment interest. Tighter liquidity in the Asian markets is encouraging companies to defer their property bookings.

Ho Chi Minh City of Vietnam is another major development market followed by Shanghai, Singapore, Bangalore, Mumbai and New Delhi. These are hot destinations for Investing in hotel, office buildings and retail properties. There is also a drive for diversification of retail concepts viz. trendy malls, big box, factory outlets, and specialty retailing. One needs to take into consideration many other local factors before investing in risk-prone emerging markets, or results may not be as good.

Real Estate and Financial crisis

After having seen a five year bull run ending in 2007, the Asian real estate sector is now faced with a tough market with sales flagging and debt unavailable. Several developers have been seeking private equity funds, but deals have been few and far between over the last six months. There are a number of foreign and domestic funds sitting on cash, but no one is willing to invest immediately. All funds have slipped into wait and watch mode as global economic situation worsened. PE players are seeking higher returns and are willing to wait for valuations to come down. Some of them are even exploring distressed assets. Lately, fund raising has become a big challenge for private equity players as limited partners or actual investors seek more time following the global economic turmoil which has eroded their wealth and made them cautious of investing. This has delayed the final closure of some major funds. Much of the funds in 2008 were closed by August, after which

the global economic scenario deteriorated sharply. Only two funds amounting \$533 million were closed in September, while just one \$2.7 billion Merrill Lynch Asia fund was closed in October.



Given is the Real Estate index for Japanese markets, which got a terrible blow from the US housing crisis. By March 2009 the Real Estate market has dropped to the levels attained in 2003.

India may benefit from the increased fund allocation to Asian real estate sector by global investors. Even as total amount raised by Real Estate private equity real estate funds between January and November 2008 fell by a third to \$57 billion from a year ago, the allocation towards Asian markets increased to 28% from 19%. As a result, the funds available for investment in Asia has increased marginally from \$15.9 billion last year to \$16.2 billion.

Outlook 2009

This year could see the first signs of recovery in property markets in Asia, according to the advisory board of one of the biggest real estate investment events in the region.

Asia has managed to avoid the toxic debts that have brought some western banks to their knees but it has not been immune to the global economic downturn, say the organizers of Cityscape Asia.

They predict that 2009 could be a good year to begin picking up potentially undervalued property assets ahead of regional economies emerging from the global financial crisis.

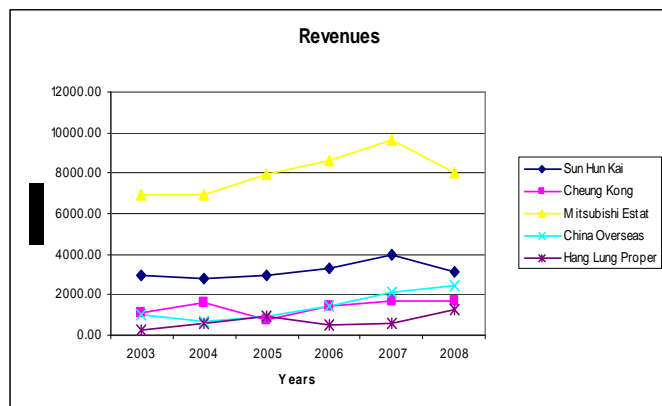
However the extent of slowdown in the US financial services sector and its impact on the developing



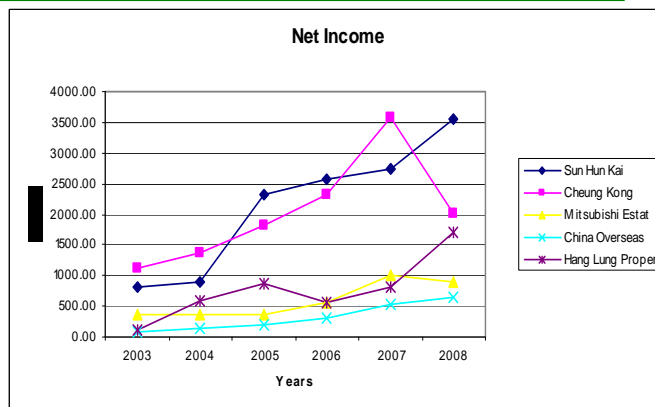
economies creating a demand slowdown in real estate still remains as a major concern.

Indeed some economists believe that government stimulus packages and interest rate cuts will turn the tide with signs of recovery possibly emerging as early as the fourth quarter of 2009.

Comparative Analysis for selected companies in the sector



We have analyzed top line growth for the companies with largest market capitalization in the sector. Highest in 2008 being Mitsubishi Estate posting \$8038.91 million and lowest among above being Hang Lung Proper posting \$1300.63 millions. Revenues have seen a drastic downturn compared to 2007 led by the Housing Crisis. Hang Lung Proper and china overseas are the only company among above reporting positive growth YOY (year on Year). Both the companies are based in Hong Kong.



Bottom line growth in the same companies are shown above. Sun Hun Kai Properties has the highest bottom line growth with \$3561 millions for 2008 and the lowest figures were reported by China Overseas \$651.44 millions. These companies could also effectively keep their uptrend intact despite the global crisis. Hang Lung Properties was also able to continue its run upside in 2008.

Given Below are financial highlights for 2008 for most companies with the largest market capital in Asia pacific.

Name	Country	Mkt Cap in USDm	Rev USD	NI USD	EPS	PE	BV	ROE	ROA	Lev
SUN HUNG KAI PRO	HONG KONG	28,340.0	3,157.5	3,561.5	10.87	13.38	83.49	4.74	3.28	1.38
CHEUNG KONG	HONG KONG	23,699.6	1,658.8	2,002.3	6.70	11.28	99.81	5.42	4.44	1.23
MITSUBISHI ESTAT	JAPAN	18,241.9	8,031.5	886.7	62.99	19.71	881.62	3.52	2.14	3.15
CHINA OVERSEAS	HONG KONG	13,674.6	2,437.7	651.4	0.65	20.25	4.23	16.49	6.66	2.52
HANG LUNG PROPER	HONG KONG	11,767.3	1,300.6	1,697.9	3.18	11.64	15.84	6.05	4.70	1.27
MITSUI FUDOSAN	JAPAN	11,387.4	13,867.9	891.0	99.40	12.52	1,107.74	6.93	3.41	3.62
HENDERSON LAND D	HONG KONG	10,332.1	1,740.9	1,996.4	7.54	9.77	56.00	4.10	2.80	1.44
POLY REAL ESTA-A	CHINA	8,737.1	2,046.3	327.8	0.91	25.44	5.74	18.00	5.07	3.64
DLF LIMITED	INDIA	7,900.4	1,744.0	1,555.4	51.51	4.46	109.92	23.95	12.29	2.7



III. Banking

Bankers in Asia are not immune to the global financial crisis, but the layoff in the banking sector had taken sizable toll. Japan and Hong Kong came into the glitches of recession towards the third quarter of 2008. A sharp fall in the equity markets dragged the Japanese banks significantly. Most of the Asia based jobs of Lehman brothers were saved since Nomura took over its Asian operations and 2600 employees. Job losses arising from Bear Sterns also were limited since they only had 500 employees in Asia.

To overcome the crisis, China cut its interest rate for the first time since 2002. Indonesia reduced its overnight repo rate, the Reserve Bank of Australia injected nearly \$1.5 billion into the banking system, and the 2008 Chinese economic stimulus plan is a RMB¥ 4 trillion (\$586 billion) stimulus package announced by the central government of the People's Republic of China. On the 28th of November, China Ministry of Finance and the State Administration of Taxation jointly announced a rise in export tax rebate rates on some labor-intensive goods. This initiative by china in order to boost the economy was encouraged by world leaders and analysts, as by boosting its own economy, it can help to stabilize the global economy.

The BOJ will increase its outright purchases of Japanese government bonds by 4.8 trillion yen to 21.6 trillion yen (\$219 billion) per year, effective from this month. The bond purchases are for maturities ranging up to 30 years.

Bangladesh in particular benefited tremendously from the growth in remittances. Pakistan and Sri Lanka have been facing balance of payments pressures from expansionary fiscal and monetary policies; the terms of trade shocks accelerated the deterioration.

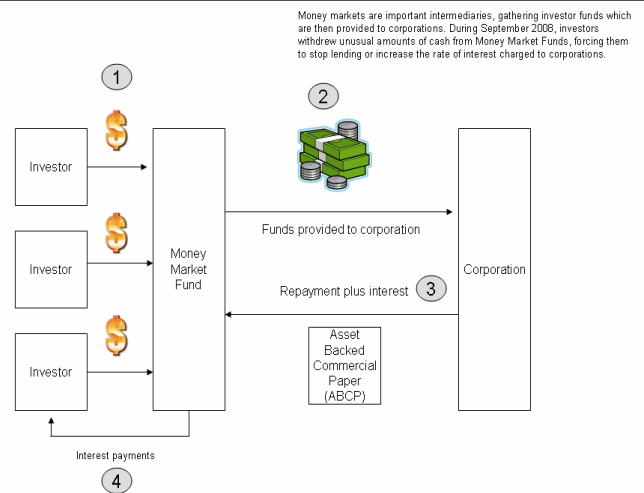
Islamic Finance

Islamic Finance has grown rapidly across the world in the recent years. The global Islamic financial sector is estimated to value about US\$700bn with a double digit growth per annum. HK Chief Executive Donald Tsang has identified the development of Islamic finance as a key policy initiative to consolidate Hong Kong's position as an international financial centre. In this regard, Hong Kong has signed the Memoranda of Understanding with Dubai. Some Islamic financial products have already been launched in the local market though the scale is

comparatively small. Hong Kong intends to tap China and overseas Muslim population as well as conventional investors. After all, Islamic funds are not confined to Muslims only. It is open to the public and conventional investors. Islamic finance practices are in general prudent and conservative. Under the present financial turmoil, Islamic finance products may sound more appealing to investors than before. On the other hand, Hong Kong can serve as a platform for Islamic investors interested in investing into China. By investing in the Mainland China through Hong Kong, investors can capture the investment opportunities in an emerging market, while enjoying the services and investor protection of a developed market. Islamic finance is based on Islamic law. Different regions and countries have different interpretations. Some panel speakers at the forum admitted that a lack of standardization of rules might cause confusion. It was one of the hurdles for Islamic finance to move deeper into mainstream global finance.

A precise understanding of Money Market

Understanding the Money Market Funding Engine



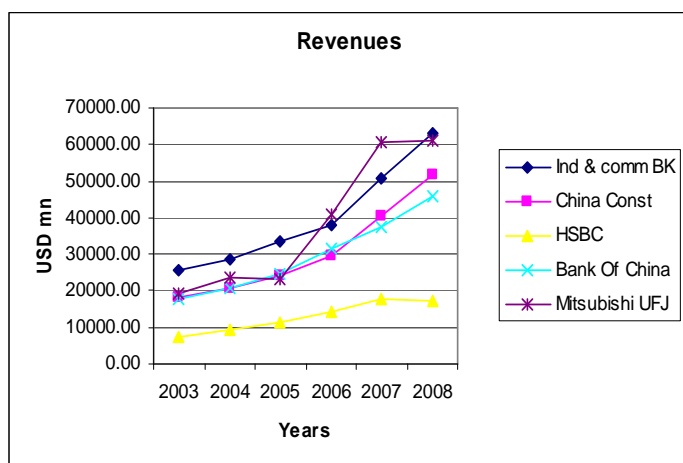
Outlook 2009

The effect of monetary easing measures and stimulus package will be offset by financial deleveraging putting a downward pressure on the economy except in Government bonds. Local currency bonds will play an important role providing an aid in the financial horizon. Governments may use Local currency bonds to finance

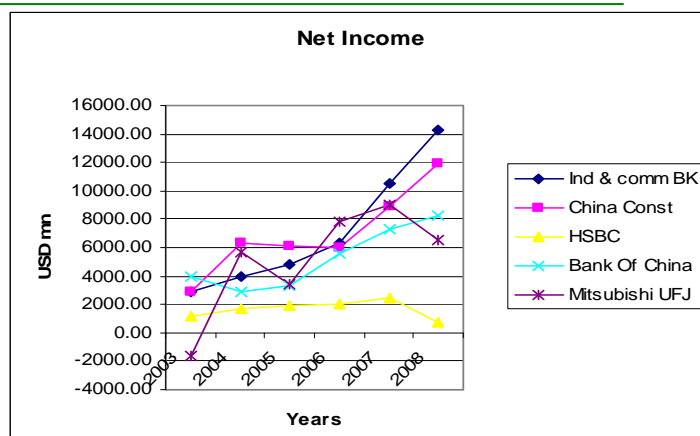


stimulus package. Local currency demand may hold up demand for safe heaven assets. Companies increasingly turn to local currency bonds as a resource for refinancing and raising new funds. This will help liquidity to once again flow in the banking sector where investors increase their risk appetite and invest in risky assets for greater returns. Risk of any abrupt withdrawal of funds might complicate the local currency bond issuance.

Comparative Analysis for selected Banks in Asia



Ind and Comm bank based in Hong Kong dominated the top position in top line growth with an upward trend and ended highest for 2008 with \$63,282 followed by Mitsubishi UFJ which caught up speed after 2005 and managed to be highest revenue generating financial firm till 2007 and posted 2008 revenues slightly below Ind and Comm bank reporting \$60,903 revenues.



With highest in top line growth, Ind and Comm. Bank managed to retain its top positions in bottom line growth as well posting a net income of \$14,302.6 driven mainly from Interest income. China Construction was the next in the run posting attractive Bottom Line of \$11,948 in 2008. Mitsubishi UFJ which made a remarkable recovery from 2003 and then from 2005 was not able to sustain its position with bottom Line growth. Net profit for 2008 fell drastically on the back of Financial turmoil.

Given Below are financial highlights for 2008 for most banks with the largest market capital in Asia pacific.

Name	Country	Mkt Cap in USD mn	Rev USD mn	NI USD mn	EPS	PE	P/BV	ROE	ROA	Leverage
IND & COMM BK -H	CHINA	201004	63282.71	14302.065	0.33	11.07	1.804	18.07	1.089	16.16
CHINA CONST BA-H	CHINA	143099.09	51953.677	11948.258	0.4	9.5	1.994	19.227	1.16	15.96
HSBC HLDGS PLC	BRITAIN	121987.67	17124.516	739.09677	0.435	14.64	7.159	6.979	0.305	22.01
BANK OF CHINA-H	CHINA	121574.07	45889.161	8304.5161	0.25	9.35	1.829	13.549	0.909	14.63
MITSUBISHI UFJ F	JAPAN	58912.88	60847.405	6491.5265	61	11.5	663.785	-1.455	-0.08	24.18
BANK OF COMMUN-H	CHINA	45508.12	16697.935	3663.6129	0.58	8.98	3.055	14.747	0.839	16.96



IV. Transport and Automobile

In today's globalized economy, transport has not only become a vital production distribution mobility tool driving economic, social and environmental progress, but also the backbone of real economy. The Asian and Pacific region is currently undergoing rapid change in economic outlook and integration, which has been fuelled by stability, greater international openness and recognition of the new opportunities for growth through improved interconnectivity between the economies and societies of the region. Opportunities exist to further expand intraregional trade and trade with global markets, through increased regional cooperation and continued policy leadership by ministers of transport.

Transport and Crisis

The financial crisis has slowed dramatically the demand for vital transport services. Tariffs for transport services declined in the first quarter 2009. The Indice for International Road Transport Union shows a decrease in economic growth and stagnation of new vehicle registrations and Road freight volumes.

In Airlines, the Airfreight and passenger traffic has been weakening except for Chinese airlines which showed an improvement in November. Airlines have been cutting capacity, but demand has been falling faster leading to a decline in load factor to a low of 70% both for Asian and global airlines. Airfreight market has been under significant pressure and demand has been falling faster than capacity. Airfreight did not mark its peak even in November which is expected to be the best month for airfreights. Taiwanese Airlines are the only airlines whose monthly yield grew 12% YoY but was negative 1% MoM.

Falling crude oil prices reduced fuel cost for the airlines. Lowering fuel oil prices will help but some airlines will continue to incur hedging losses.

The port stocks which have outperformed the MSCI china index in the past are trading at their 12 months historical lows now. New orders have collapsed for the shipbuilding sector since August 2008, lowest in the past 10 years. Freight and charter rates witnessed a drastic fall for more ship types. Newbuild prices also plunged 7-11%. Decline in new orders and order cancellation has put a pressure on future potential pricing. Korea is

ranked first in terms of shipbuilding order book and china seems to be nearing it soon with the new orders.

Automobile

Asia's auto industry faces a dramatic slowdown in 2009 as the global financial crisis puts the brakes on sales, with Japan and Korea hit hard by weakening demand in the United States and Europe.

The region's car industry has boomed in recent years as the newly affluent middle-classes snapped up vehicles that have clogged the streets of capitals from Bangkok to New Delhi.

But the threat of recession, together with plummeting consumer confidence and the global credit crunch, which has made it difficult to obtain new vehicle loans, has seen gloomy forecasts posted for 2009. A decline of 11.8% is expected in 2009 for light vehicle sales. That is an incredible decline, probably on a scale worse than the sort seen during the Asian crisis. While domestic sales are down right across the region, the major exporting nations bear a double burden. The maximum impact will be on Japan and Korea because they export a large number of cars to the US and Europe.

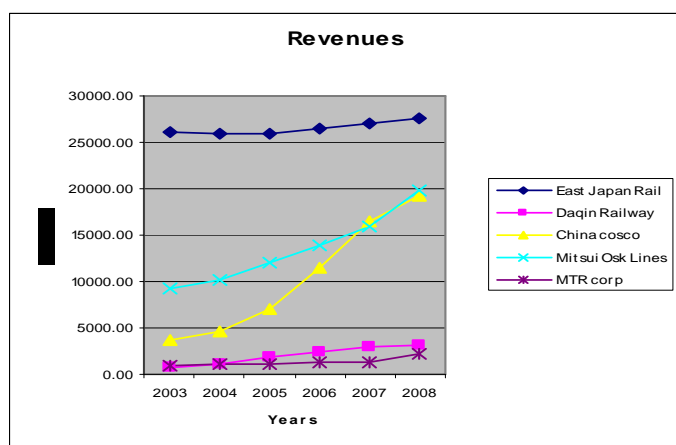
Japan's production plunged a record 25.2 per cent in December, the steepest decline since 1967. New vehicle sales slumped to the lowest level in three decades in 2008 with a 6.5 per cent drop to 3.2 million units. The domestic sales would be expected to keep slipping, with a 2009 target of slightly more than three million units, as young people continue to shun cars due to low wages, high fuel costs and good public transport. Japanese carmakers went into the crisis in better shape than their US rivals, but have nevertheless been forced to slash production.

China has surpassed the US in automotive sales for each of the first 3 months of 2009. Since 2003 China's vehicle market has more than doubled in size from 4.56 million units to 9.67 million units (in 2008). Indian car sales posted their biggest annual fall in eight years in November, highlighting the downturn in Asia's third-biggest economy which has seen automakers race to cut prices to lure buyers.

Outlook 2009

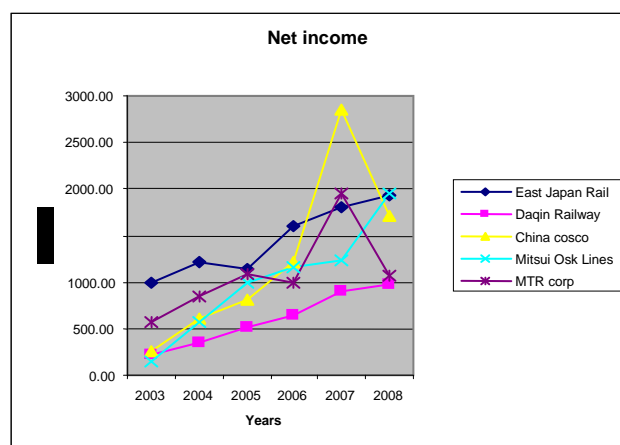
Despite the gloom, the worst of the fallout is expected to be over by the end of the year, when the players who have survived the crisis can expect to begin a modest recovery. Low-cost and increasingly high-quality manufacturers in China, India and Southeast Asia could benefit as auto-making shifts away from high-cost centre. In the long term, production is moving towards Asia and that will accelerate in the economic downturn because there will be increasing demand from US and Europe. Given recent developments, and barring a sudden and unexpected recovery in US demand, China will likely surpass the US market in sales for the overall calendar year 2009.

Comparative Analysis for selected companies in the sector



Given above are the revenue trends for the companies with highest market capitalization. The top line growth for East Japan Rail, which provides rail transportation services in the Kanto and Tohoku regions, including Tokyo, is the highest among above with \$27593mn. The

lowest in the top race being MTR Corp based in Hong Kong post which owns and operates Mass Transit railway, posting revenues worth \$2274mn in 2008.



Bottom line growth for the same companies is been indicated above where China Cosco, took up the lead in topping net profit in 2007 but the plunged in 2008 driven by high operational cost and posted a Net profit of \$1701mn. Leading in the bottom line growth was Mitsui Osk Lines, based in Japan with \$1294.45mn Net profit, followed by East Japan Rail from Japan posting Net Profit slightly lower than the top with \$1935mn.

Financial summary for transport companies for 2008 with highest market cap in Asia has been given below.

Name	Country	Mkt Cap	Rev in USD	NI USD	EPS	PE	BV	ROE	ROA	Leverage
EAST JAPAN RAIL	JAPAN	20801.468	27593.755	1909.7685	468.68	12.08	4301.061	8.88	5.4	4.2
DAQIN RAILWAY	CHINA	18831.41	3199.8814	978.111	0.51	19.29	3.107	15.317	9.22	1.46
CHINA COSCO HO	CHINA	17834.851	19164.138	1701.129	1.137	11.09	5.138	7.852	11.4	2.38
MTR CORP	HONG KONG	14303.019	2274.5806	1068.9032	1.47	13.37	17.276	5.76	4.07	1.67
MITSUI OSK LINES	JAPAN	7896.7646	19025.206	1294.8608	106.13	5.57	522.318	9.943	5.073	2.84
CHINA SOUTH	CHINA	7720.0923	5138.7905	202.70025	0.157	28.66	1.632	12.15	4.1	3.85



V. Telecommunication

Investors find telecom industry to be of great investment potential owing to its large scale coverage. China, Indonesia, India and Vietnam are the fastest developing countries while Japan, South Korea, Hong Kong and Singapore have high penetration in the market. Internet is rapidly becoming popular in Asia with more than one billion people using the internet services. Introduction of 3G has opened wide roads of opportunities for Asian handset manufacturers. Manufacturers are making great efforts in the course of 3G transition. Samsung Electronics and LG Electronics are the leading 3G companies in Asian markets and expanding in Europe.

Since there are opportunities in verticals as "highly customized service brings higher premium", the telecommunications industry has been placing great emphasis on delivering tailored products for various industry verticals. Eco-friendly communication services like server and datacenter consolidation is expected to be one of the immediate focus points of making IT environmentally friendly, videoconferencing is another area that will become increasingly popular as it "resonates well with "green IT". Enterprises are increasing pressure on their partners and suppliers to provide 'green' solutions, not only for the purposes of meeting environmental compliance regulations, but also from genuine concern for the environment.

It is noted that wireless broadband technology is a cost-effective offering that could address the demand for connectivity in markets that have moderate to high broadband household penetration, as well as households that are still not connected to the Internet or even the analog telephony POTS (Plain Old Telephone Service).

The telecom industry in Asia has been one of the fastest growing markets in the world, with year-on-year growth rates of almost 30% for the last five years. By September 2008, mobile subscriber count in Asia reached 1.4 billion, with overall penetration rate of 40%.

Market development in the region is characterized by two extremes. On the one hand are the developed countries with near-saturation penetration rates (Hong Kong, Taiwan, Singapore, South Korea), and on the other end are emerging markets still in the early to mid-growth stage (China, India, Pakistan, Bangladesh).

The effect of a recession in the U.S. would be an economic slowdown in the region, but its effect on the telecom industry in the region would be less pronounced. This is because, unlike in developed countries where the consumers are being sold on replacement/upgrade durable goods, the emerging market consumer still has large untapped potential, with many buying their first car, PC or cellular phone.

Outlook 2009

Worldwide revenues are predicted to grow over \$2.7 trillion in 2013. The Asia Pacific region will become the largest telecommunications revenue producer, and is expected to overtake EMEA (Europe, Middle East and Africa) in 2009 due to the sheer size of its underserved populations. China and India will experience revenue increases due to its generally higher GDP growth rates combined with more developed countries such as Japan, South Korea and Taiwan.

India offers great potential for subscription growth in 2009. However, at a time when operators in both markets need to invest further in their network rollout, companies will need to cut operating costs where possible, which could give a lift to outsourcing and network sharing projects.

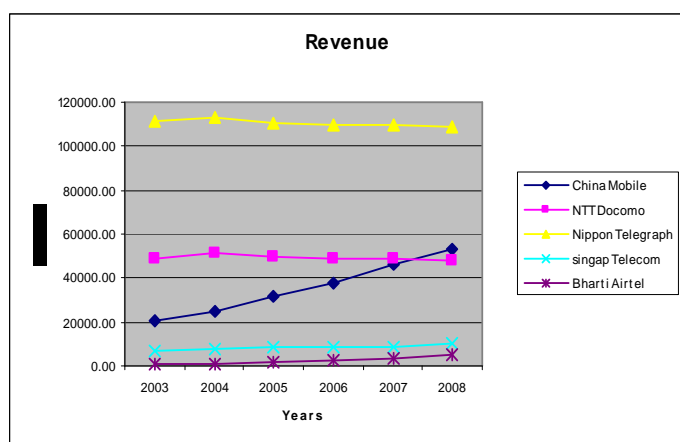
IDC estimates Asian telecom service markets to grow 9% in 2009 compared to a double digit growth rate typically achieved in the sector. Poor expectation on the industry growth figures will pave way for the companies to innovate new services to the market to surge its growth rate. IDC's also expects industry players to continue operating as usual. In such economic times, they expect carriers to continue to invest in next generation mobile and IP infrastructure. But operators must not let the downturn curtail investment too much, as the long-term economic prospects for the region remain promising. Despite the global economic slowdown, the telecom market in Southeast Asia, which includes Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, will remain resilient in 2009, according to a prediction by International Data Corp. (IDC). The combined telecom services market of Indonesia, Malaysia, the Philippines, Singapore and Thailand to reach \$35.7 billion in 2009, which is 10 percent higher than its 2008 performance.



Affordable Alternative

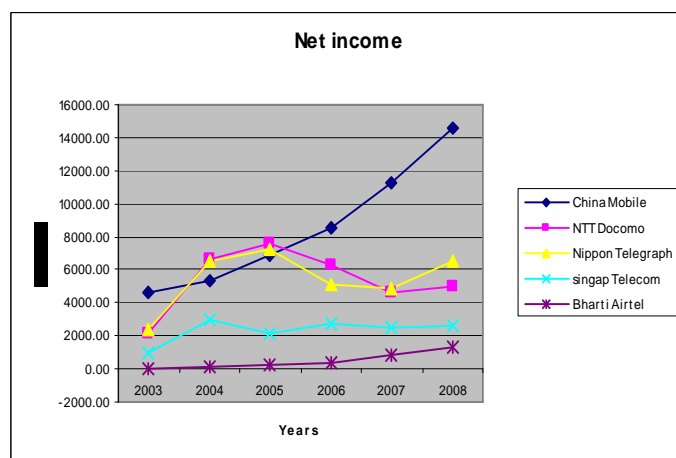
With the tightening of budgets, IDC expects that end users will seek alternative telecoms devices and services in 2009. The selection of what is affordable and beneficial may range from choosing the better service option to picking out the more practical telecom products and services. Purchases of expensive mobiles will be delayed till end of 2009 and affordable low cost alternatives will be on rise. New brands with cheaper options will add interest.

Comparative Analysis for selected companies in the sector



Revenues for the with highest market capitalization are drafted above. Nippon Telegraph from Japan reports the highest revenue posting \$109,010mn in 2008 compared to \$109,823mn in the previous year. Lowest in the Top five is Bharti Airtel from India which reported an increase in revenue in 2008 from 2007 with \$5,381.87mn in 2008. China mobile was another telecom giant which

marked an increase in revenues in 2008 compared to that of 2007 bagging the second place with revenue of \$53,205mn in 2008



Net income for the same companies is indicated above. Topping the chart is China Mobile which also posted a positive growth in the net income in 2008 despite being second highest revenue generating company. China mobile reported a net profit of \$14533mn in 2008 compared to \$11233mn in 2007. Growth in mobile subscribers serving the highly populated country added to the rise. China mobile was followed by Nippon Telegraph from Japan with a revenue of \$6482mn.

Below given is a financial summary for 2008 for companies with highest market capitalization.

Name	Country	Mkt Cap in USD	Rev Usd	NI Usd	EPS	PE	BV	ROE	ROA	Leverage
CHINA MOBILE	HONG KONG	192274.97	53205.548	14553.94	5.63	11.27	22.05	24.52	16.63	1.50
NTT DOCOMO INC	JAPAN	60500.15	45355.154	4811.59	11171.58	12.13	103965.60	11.27	7.69	1.47
NIPPON TELEGRAPH	JAPAN	58586.13	108910.88	6476.56	461.073	5.93	5667.70	6.72	3.43	2.53
SINGAP TELECOMM	SINGAPORE	28263.32	9866.0109	2632.06	0.249	11.68	1.20	15.62	9.85	1.61
BHARTI AIRTEL LT	INDIA	27066.70	7436.9497	1564.75	41.401	18.46	114.17	27.35	15.07	2.26
CHINA UNICOM HON	HONG KONG	25792.04	19213.677	4375.74	1.43	23.68	8.70	5.28	3.23	1.76
KDDI CORP	JAPAN	20441.66	35663.393	2271.19	49973.11	8.99	413561.80	14.25	9.57	1.79



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Sources: Bloomberg, Asian Development Bank, Strait times, Scribd, Delloitte, Wikipedia.