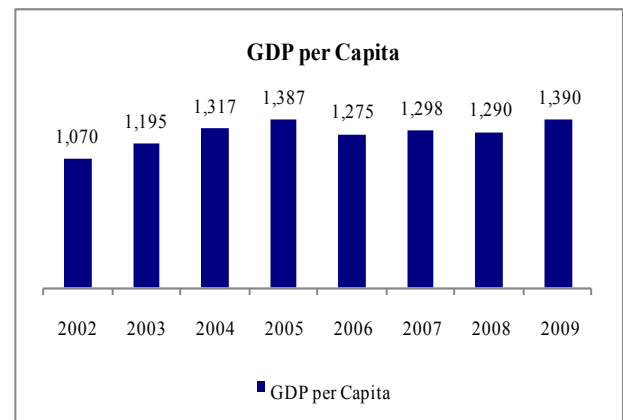


## Palestine Exchange Performance 2010 (PEX 2010)

### Macroeconomics Overview of Palestine

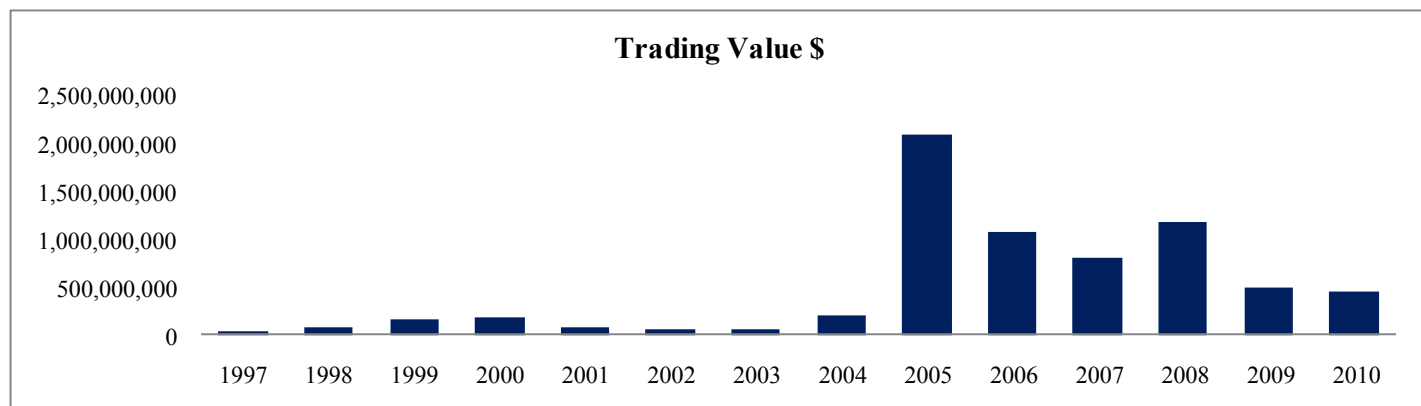
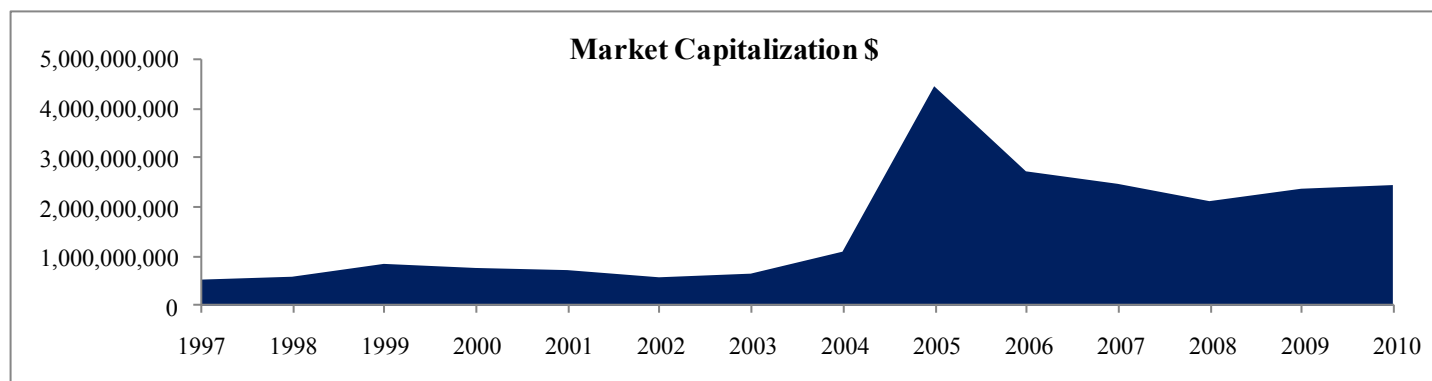
Economic Indicator	2002	2003	2004	2005	2006	2007	2008	2009
<b>GNI ( \$ million )</b>	3,512	4,012	4,430	4,897	4,720	5,048	5,357	5,585
Δ		14.23%	10.44%	10.53%	-3.61%	6.96%	6.12%	4.25%
<b>GNI per Capita</b>	1,151	1,279	1,390	1,490	1,393	1,445	1,489	1,509
Δ		11.05%	8.71%	7.20%	-6.52%	3.73%	3.07%	1.31%
<b>GDP ( \$ million )</b>	3264.1	3,750	4,198	4,560	4,322	4,554	4,821	5,147
Δ		14.87%	11.97%	8.60%	-5.20%	5.36%	5.86%	6.77%
<b>GDP per Capita</b>	1,070	1,195	1,317	1,387	1,275	1,298	1,290	1,390
Δ		11.68%	10.21%	5.33%	-8.06%	1.77%	-0.62%	7.78%

- The GDP recorded an increase by about 9% during the three quarters of 2010 compared with the same period of 2009. The growth was concentrated in economic activities with largest share to the GDP mainly Agriculture and Fishing, Construction, Wholesale and retail trade, Transport, Storage and Communications, Services, and Public Administration. The construction activity recorded the highest growth rate during that period by about 36%.
- The Gross Domestic Product per capita for the Palestinian Territory increased by %5 during the third quarter of 2010 compared with the same quarter of 2009.
- Consumer prices had increased from January to November 2010 by 3.58% compared with the same period in 2009 and that resulted in the decline of the purchasing power.
- The unemployment rate during the first three quarters of 2010 reached about 24% compared with 25% during the same period in 2009. The unemployment rate declined in the West Bank from 17.7% to 17.3% and in the Gaza Strip from 38.4% to 37.9%.
- %3 increase in the total number of workers during the first three quarters of 2010 compared with same period of 2009 due to increase in the number of workers in the construction, industry and services sector in the Palestinian Territory.
- Regarding trade movement in Palestine (the total exports and imports), there was an increase during 2010 in revenues of the Value added Tax related to trade exchange with Israel. In 2010, exports increased by 8% compared with 2009, while imports increased by 6% compared with 2009.

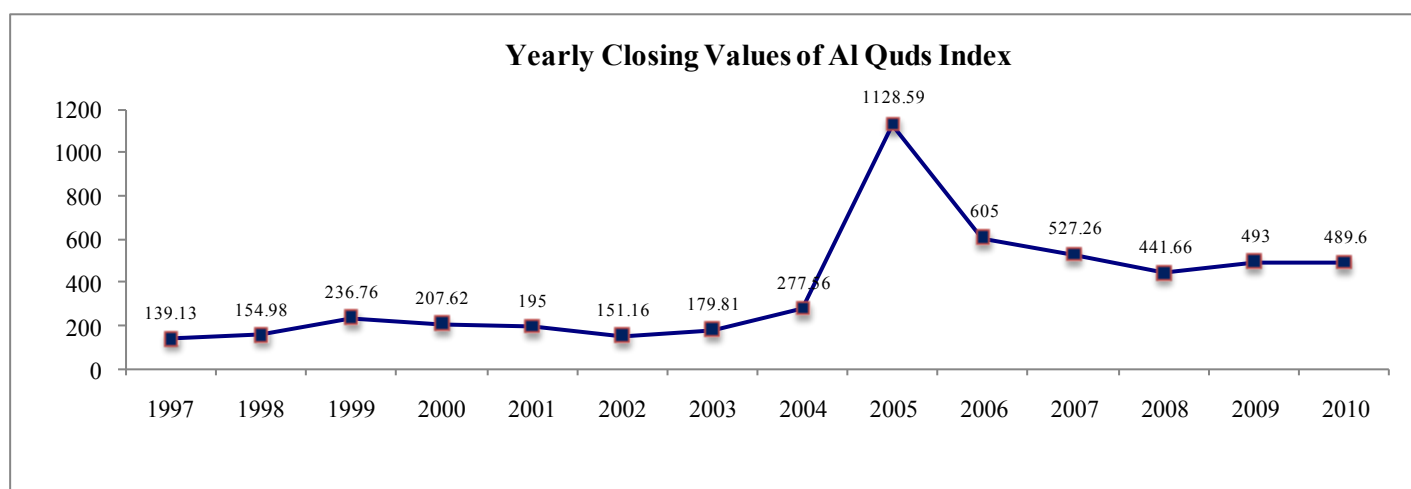


## PEX Total Yearly Activity ( 1997 - 2010)

Year	No. of Trading Sessions	Trading Volume	Daily Average Turnover (Volume)	Trading Value \$	Daily Average Turnover (Value)	No. of transactions	Daily Average Turnover (Transactions)	Market Capitalization \$
1997	66	10,000,276	151,519	25,158,471	381,189	1,957	30	529,057,368
1998	100	16,782,498	167,825	68,642,344	686,423	7,639	76	587,876,243
1999	146	68,892,607	471,867	150,243,919	1,029,068	10,625	73	848,935,775
2000	211	93,351,075	442,422	188,982,443	895,651	20,143	95	766,018,025
2001	161	33,456,535	207,805	74,528,351	462,909	8,205	51	722,631,785
2002	100	18,666,938	186,669	45,084,654	450,847	4,579	46	576,593,466
2003	223	40,350,788	180,945	58,326,445	261,554	10,552	47	650,468,928
2004	244	103,642,845	424,766	200,556,709	821,954	27,296	112	1,096,525,380
2005	246	369,567,295	1,502,306	2,096,178,223	8,521,050	166,807	678	4,457,227,305
2006	238	222,689,351	935,670	1,067,367,951	4,484,739	150,592	633	2,728,811,088
2007	248	299,422,814	1,207,350	813,469,091	3,280,117	157,300	634	2,474,679,018
2008	244	339,168,807	1,390,036	1,185,204,211	4,857,394	152,319	624	2,123,057,098
2009	246	238,877,373	971,046	500,393,398	2,034,120	88,838	361	2,375,366,531
2010	249	230,516,370	925,769	451,208,528	1,812,082	82,625	332	2,449,901,545
<b>Total</b>	<b>2,722</b>	<b>2,085,385,572</b>	<b>766,123</b>	<b>6,925,344,738</b>	<b>2,544,212</b>	<b>889,477</b>	<b>327</b>	

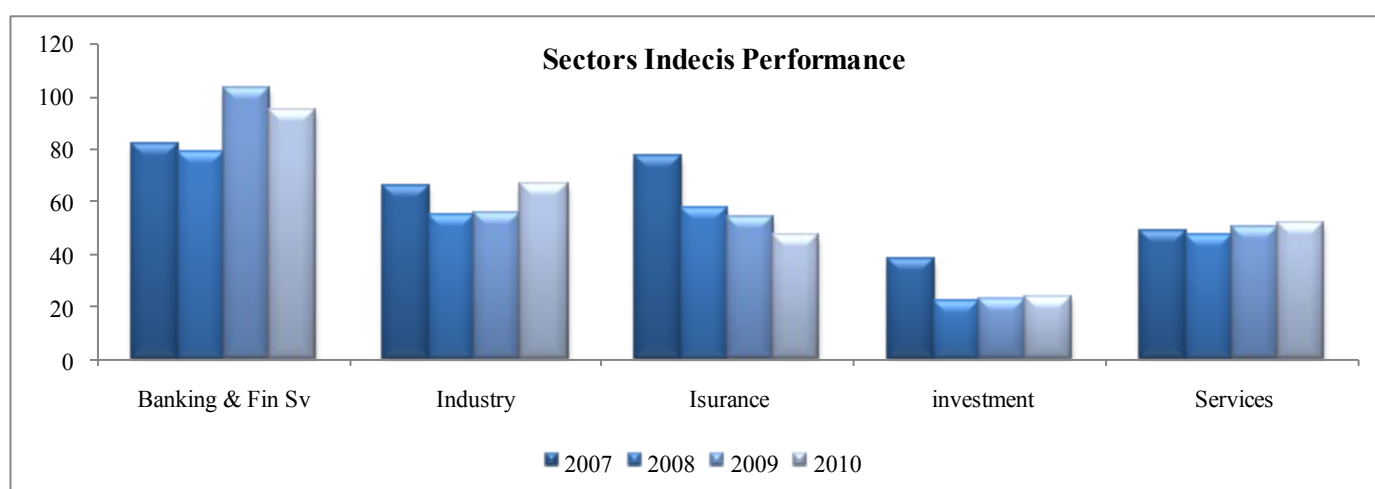


## Al Quds Index Performance ( 1997 - 2010)



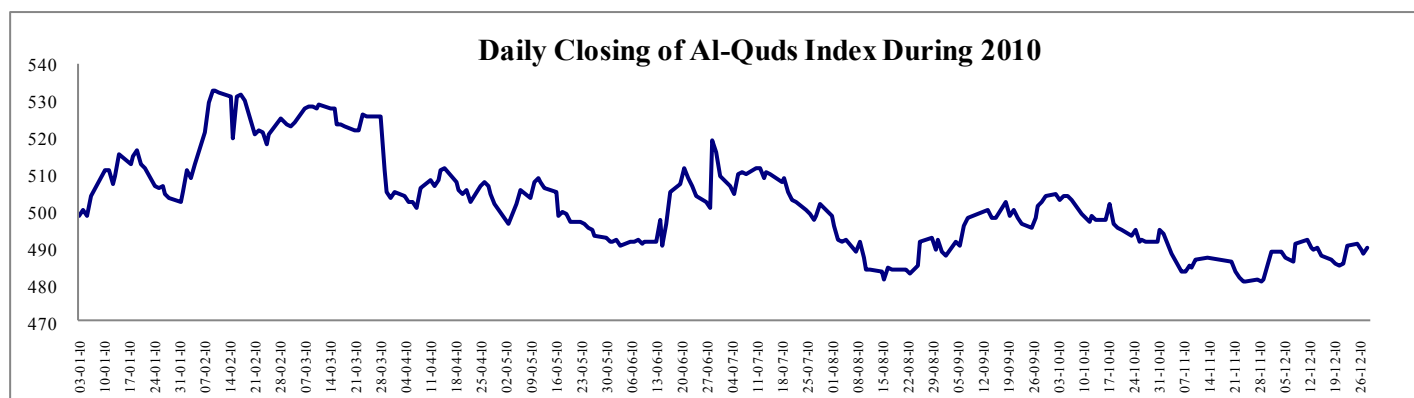
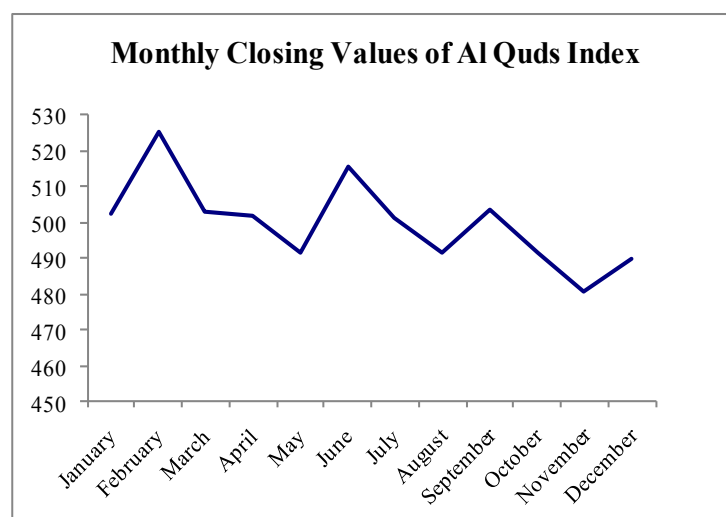
## PEX Sectors Indices Performance ( 2007 –2010)

year	Banking & Financial Services	Industry	Insurance	investment	Services
2007	81.52	66.1	77.5	38.27	48.26
2008	78.74	54.38	57.79	22.11	46.92
2009	102.83	55.56	53.65	22.55	49.85
2010	95.08	66.96	47.41	23.41	51.44
Change	-7.54%	20.52%	-11.63%	3.81%	3.19%



## Al Quds Index Monthly Performance ( 2010 )

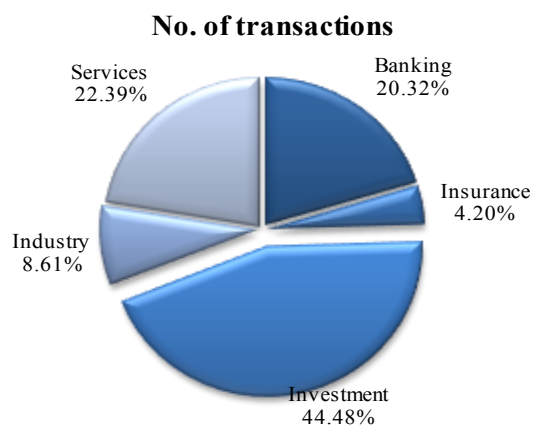
Month/ 2010	Closing
January	502.43
February	525.18
March	503.17
April	501.72
May	491.58
June	515.84
July	501.5
August	491.83
September	503.74
October	491.48
November	480.88
December	489.6



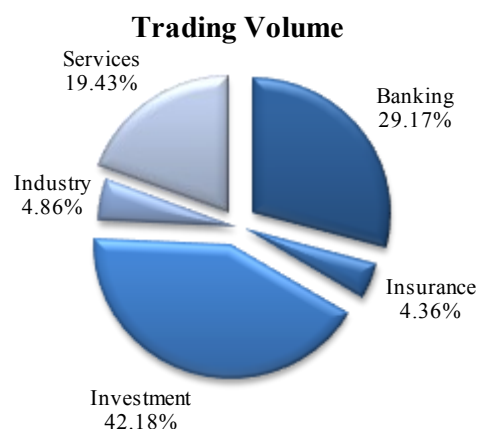
## Comparison of Trading Activity ( 2009 Vs. 2010 )

Sector	No. of listed Companies		No. of transactions		Trading Volume		Trading Value		Market Capitalization	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Banking	7	7	24,375	16,789	93,879,323	67,244,164	176,885,551	86,861,502	601,381,086	565,262,816
Insurance	5	5	2,202	3,471	5,969,888	10,055,424	6,518,367	8,745,655	91,712,716	89,940,720
Investment	8	8	34,144	36,755	93,743,036	97,224,094	116,991,664	135,367,292	426,815,786	442,790,411
Industry	10	9	6,270	7,112	13,476,222	11,196,007	27,129,424	22,060,387	179,229,307	215,985,860
Services	9	11	21,847	18,498	31,808,904	44,796,681	172,868,392	198,173,693	1,076,227,636	1,135,921,739
<b>Total</b>	<b>39</b>	<b>40</b>	<b>88,838</b>	<b>82,625</b>	<b>238,877,373</b>	<b>230,516,370</b>	<b>500,393,398</b>	<b>451,208,529</b>	<b>2,375,366,531</b>	<b>2,449,901,546</b>

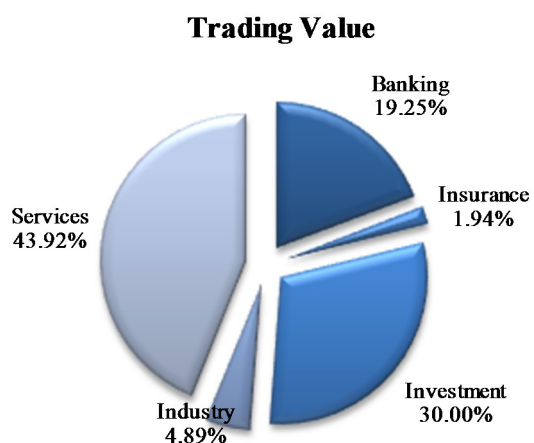
## Sectors Distribution (2010)



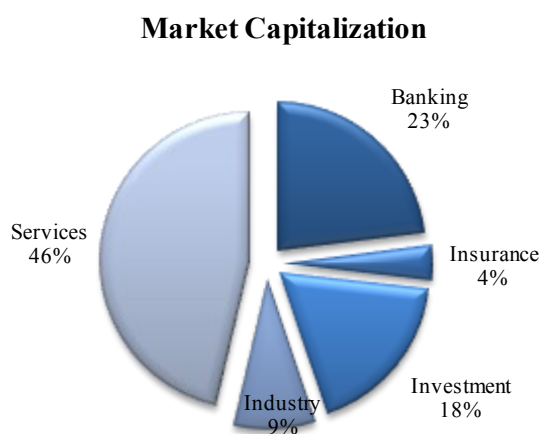
Sectors Distribution in terms of # of Transactions



Sectors Distribution in terms of Volume (2010)



Sectors Distribution in terms of Value (2010)

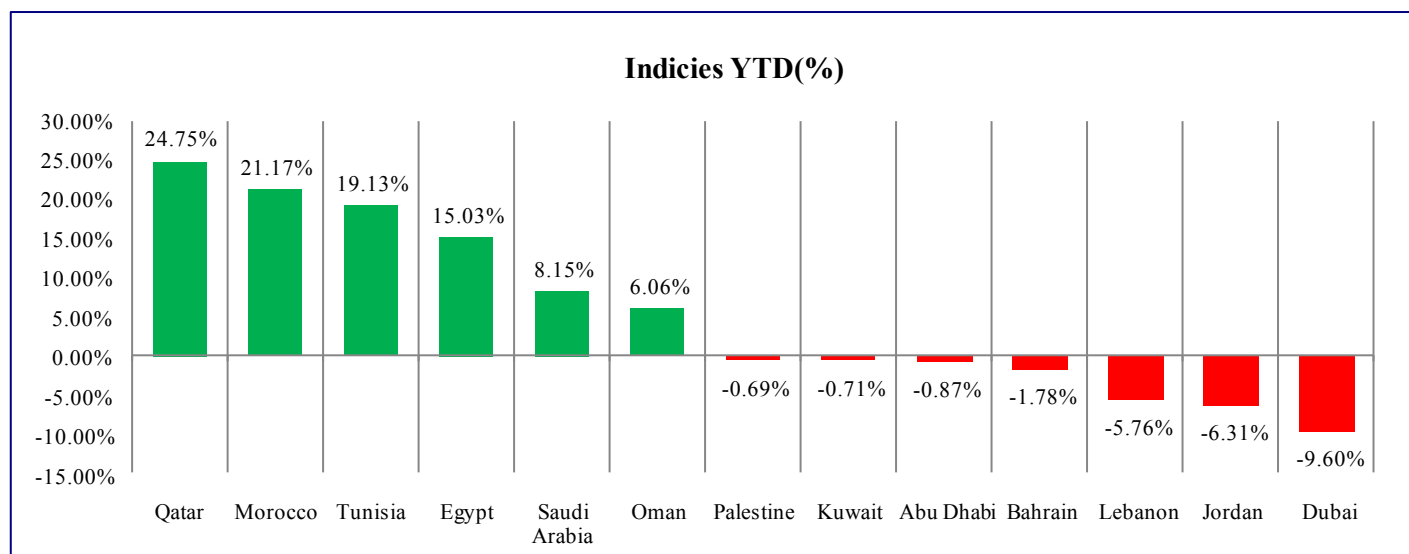


Sectors Distribution in terms of Market Cap (December 30)

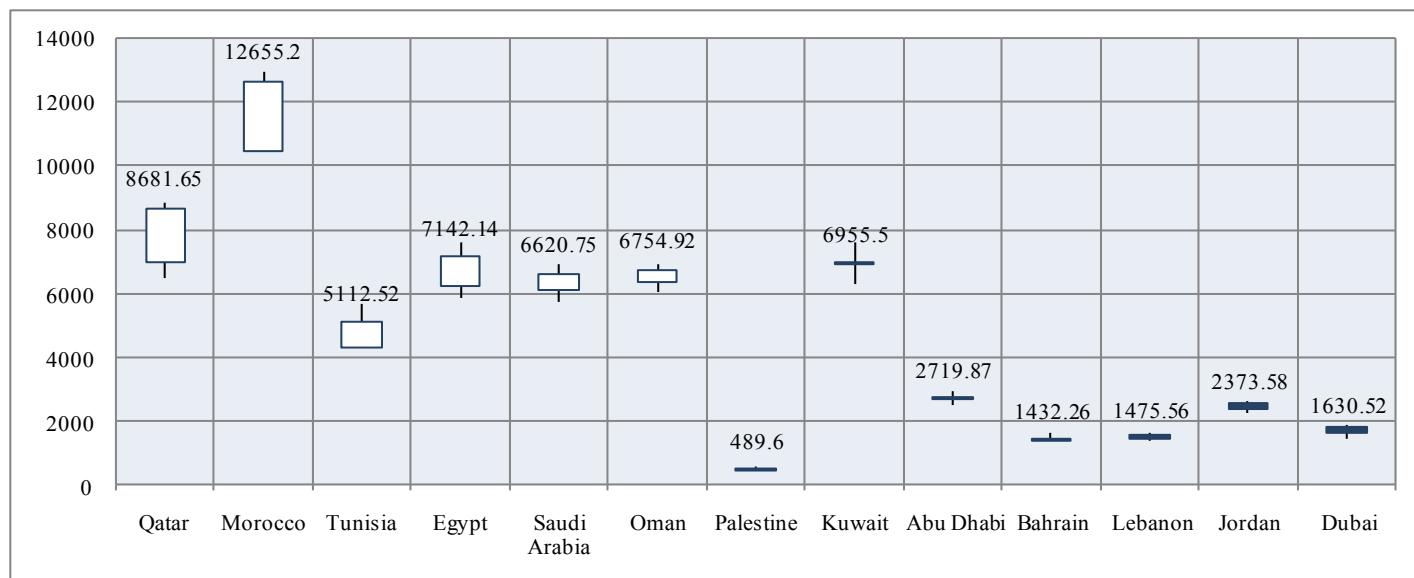
## Comparison of Trading Activity ( PEX Vs. Regional Markets )

Market	Index	Market Index				
		Opening	Closing	Δ (%)	High	Low
<b>Qatar</b>	DSM-QE Index	6959.17	8681.65	24.75%	8816.38	6502.93
<b>Morocco</b>	Masi Free Float	10,443.81	12,655.20	21.17%	12,932.38	10,443.81
<b>Tunisia</b>	Tunis Tunindex	4,291.72	5,112.52	19.13%	5,681.39	4,291.72
<b>Egypt</b>	EGX 30 Index	6208.77	7142.14	15.03%	7603.04	5850.38
<b>Saudi Arabia</b>	Tadawul All Share Index	6121.76	6620.75	8.15%	6929.4	5760.33
<b>Oman</b>	MSM 30	6368.8	6754.92	6.06%	6933.75	6058.11
<b>Palestine</b>	<i>Al Quds</i>	<b>493</b>	<b>489.6</b>	<b>-0.69%</b>	<b>532.65</b>	<b>580.67</b>
<b>Kuwait</b>	Kuwait Price Index	7005.3	6955.5	-0.71%	7575	6319.7
<b>Abu Dhabi</b>	ADX General Index	2743.61	2719.87	-0.87%	2931.67	2471.7
<b>Bahrain</b>	BHSE All Share	1458.24	1432.26	-1.78%	1605.98	1361.19
<b>Lebanon</b>	Blom Stock Index	1,565.77	1,475.56	-5.76%	1,652.42	1,408.30
<b>Jordan</b>	Amman SE General	2,533.50	2,373.58	-6.31%	2,648.36	2,223.30
<b>Dubai</b>	DFM General Index	1803.58	1630.52	-9.60%	1880.62	1461.8

**Palestine Exchange ranked in the middle among Arab regional markets with approximate stability**



## Japanese Candlesticks Analysis



## PEX Companies Highlights Based on Financial Statements of September 30, 2010

### Banking & Financial Services Sector

Symbol	Subscribed Shares	Currency	Market Cap	Q3 2010 Net Income	Total Assets	Total Equity	Price	Book Value *	P/BV	EPS **	P/Ee 2010
AIB	40,696,939	USD	36,627,245	771,328	292,083,825	50,803,296	0.90	1.25	72.10%	0.019	35.61
AMB	30,000,000	USD	21,300,000	587,309	170,255,668	29,075,659	0.71	0.97	73.26%	0.020	27.20
ISBK	46,021,665	USD	36,817,332	475,334	362,997,890	46,927,237	0.80	1.02	78.46%	0.010	58.09
BOP	100,000,000	USD	340,000,000	27,730,826	1,490,163,210	149,254,656	3.40	1.49	228.71%	0.277	9.20
PCB	30,026,056	USD	21,018,239	1,549,441	166,421,664	29,205,680	0.70	0.97	71.97%	0.052	10.17
PIBC	50,000,000	USD	50,000,000	3,389,902	255,577,471	64,442,299	1.00	1.29	77.59%	0.068	11.06
QUDS	50,000,000	USD	59,500,000	5,121,147	350,511,826	51,276,450	1.19	1.03	116.04%	0.102	8.71

### Insurance Sector

Symbol	Subscribed Shares	Currency	Market Cap	Q3 2010 Net Income	Total Assets	Total Equity	Price	Book Value *	P/BV	EPS **	P/Ee 2010
AIG***	33,499,348	USD	14,404,720	1,092,083	49,980,172	12,808,343	0.43	0.38	112.46%	0.033	9.89
MIC	7,200,000	USD	4,536,000	918,338	16,250,363	436,874	0.63	0.06	1038.29 %	-0.128	0.00
NIC	10,000,000	USD	38,500,000	2,052,936	65,066,833	17,700,017	3.85	1.65	233.95%	0.205	14.07
PICO	5,000,000	USD	7,750,000	433,346	32,277,212	6,256,445	1.55	1.25	123.87%	0.087	13.41
TRUST	8,250,000	USD	24,750,000	1,187,513	59,728,595	21,231,697	3.00	2.57	116.57%	0.144	15.63

### Industry Sector

Symbol	Subscribed Shares	Currency	Market Cap	Q3 2010 Net Income	Total Assets	Total Equity	Price	Book Value*	P/BV	EPS **	P/Ee 2010
APC	1,500,000	JOD	3,060,000	435,155	3,345,420	2,181,951	2.04	1.45	140.24%	0.290	5.27
AZIZA	12,000,000	JOD	33,000,000	3,149,571	27,019,240	18,737,315	2.75	1.56	176.12%	0.262	7.86
BPC	12,100,000	JOD	44,044,000	2,807,581	34,134,448	29,935,058	3.64	2.46	147.68%	0.232	11.77
GMC	15,000,000	JOD	11,100,000	490,250	18,973,974	15,591,365	0.74	1.04	71.31%	0.033	16.98
JCC	7,000,000	JOD	17,850,000	755,018	36,328,371	14,879,038	2.55	2.13	119.97%	0.108	17.73
JPH	5,000,000	JOD	24,750,000	2,028,970	27,141,364	22,237,172	4.95	4.43	111.78%	0.406	9.15
LADAEN	7,000,000	JOD	4,130,000	250,877	4,765,871	3,960,607	0.59	0.57	104.28%	-0.036	0.00
NCI	5,000,000	JOD	2,400,000	70,035	4,204,347	3,710,697	0.48	0.74	64.68%	0.014	25.70
VOIC	4,000,000	JOD	12,800,000	1,528,628	11,707,496	10,089,030	3.20	2.52	126.87%	0.382	6.28

### Investment Sector

Symbol	Subscribed Shares	Currency	Market Cap	Q3 2010 Net Income	Total Assets	Total Equity	Price	Book Value*	P/BV	EPS **	P/Ee 2010
ARAB	9452328	JOD	8,507,095	153,721	10,310,140	10,165,497	0.90	1.08	83.69%	-0.016	0.00
JREI	10,000,000	USD	9,600,000	272,204	15,388,598	10,889,076	0.96	1.09	88.16%	0.027	26.45
PADICO	250,000,000	USD	300,000,000	28,888,000	636,920,000	457,132,000	1.20	1.58	76.17%	0.116	7.79
PID	4,840,419	JOD	4,840,419	35,757	2,736,847	2,687,984	1.00	0.56	180.08%	-0.007	0.00
PHIC	18750000	JOD	23,625,000	3,036,556	39,429,174	30,097,001	1.26	1.36	92.71%	0.162	5.84
PRICO	48,575,974	JOD	37,403,500	2,299,323	86,698,402	65,150,658	0.77	1.28	60.29%	0.047	12.20
UCI	40,000,000	USD	24,000,000	2,921,590	51,814,115	49,326,535	0.60	1.23	48.92%	0.073	7.50

### Services Sector

Symbol	Subscribed Shares	Currency	Market Cap	Q3 2010 Net Income	Total Assets	Total Equity	Price	Book Value*	P/BV	EPS **	P/Ee 2010
ABRAJ	10,000,000	USD	11,000,000	164,094	11,547,525	11,232,226	1.10	1.12	97.93%	0.016	50.28
AHC	25,000,000	JOD	22,500,000	456,216	27,304,731	23,012,445	0.90	0.92	97.77%	-0.018	0.00
ARE	948,890	JOD	521,890	212,837	1,535,968	818,738	0.55	0.86	63.74%	-0.224	0.00
GCOM	9,762,021	USD	8,004,857	1,004,137	8,175,741	7,692,731	0.82	0.79	104.06%	-0.103	0.00
NSC	3,177,813	JOD	3,336,704	228,365	5,229,862	3,629,864	1.05	1.14	91.92%	0.072	10.96
PALTEL	131,625,000	JOD	694,980,000	65,099,000	548,160,000	370,357,000	5.28	2.81	187.65%	0.495	8.01
PEC	60,000,000	USD	68,400,000	7,224,188	125,583,960	76,210,582	1.14	1.27	89.75%	0.120	7.10
PLAZA	7,000,000	JOD	5,320,000	104,623	16,415,940	7,724,991	0.76	1.10	68.87%	0.015	38.14
RSR	2,500,000	JOD	7,750,000	2,137	11,518,677	8,066,814	3.10	3.23	96.07%	-0.001	0.00
WASSEL	6,500,000	JOD	5,590,000	209,641	11,970,288	6,739,159	0.86	1.03	83.49%	0.032	20.00

For further information, please contact the research department at Sahem Trading & Investment Company:

Sahem Trading & Investment Co,  
Ramallah, Palestine  
P.O.Box 2187  
Direct line: +970-2-2968830 or +972-2-2968830  
[Research@sahem-inv.com](mailto:Research@sahem-inv.com)

Majd Khalifeh

[Mkhalifeh@sahem-inv.com](mailto:Mkhalifeh@sahem-inv.com)

Haitham Najjar

[Hnajjar@sahem-inv.com](mailto:Hnajjar@sahem-inv.com)

#### **DISCLAIMER**

Disclaimer: This report is not an offer to buy or sell nor a solicitation to buy or sell any of the securities mentioned within. The information contained in this report were prepared using information available to the public and sources Sahem Trading & Investment Co believes to be reliable. Sahem Trading & Investment Co does not guarantee the accuracy of the information contained within this report and accepts no responsibility or liability for losses or damages incurred as a result of investment decisions taken based on information provided or referred to in this report. Any analysis of historical facts and data is for information purposes only and past performance of any company or security is no guarantee or indication of future results .