

Flash Result Report

Palestine Poultry Company (AZIZA)



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Research Department

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Palestine Poultry Company

Company Overview

Palestine Poultry Company (PPC), a subsidiary of Palestine Industrial Investment Company is a Palestinian company engaged in poultry business. The Company's products include hatching eggs, broiler eggs, and one-day- old chicks, as well as animal feeds. PPC's products brand name is Aziza. The Company owns four parent stocks farm (PSF) in Jenin city with annual production capacity of 15 million hatching eggs. It also owns a hatchery, with a capacity of 12 million one-day-old-chicks, and a feed mill factory, producing different kinds of animal feed rations with a total storage capacity of 30,000 tons.

Shareholders base as of 08 Mar 2010		
Type		Percentage
Local	Individuals	2.44%
	Institutions	85.32%
Foreign	Individuals	2.99%
	Institutions	9.25%
Total		100.00%

Ticker	Last Market Price	Market Capitalization (USD)	52 week High	52 week Low	P/E	Industry Sector P/E	Market P/E
AZIZA	1.74	24,541,604	1.74	0.69	6.63	12.60	11.20

Financial Performance in 2009

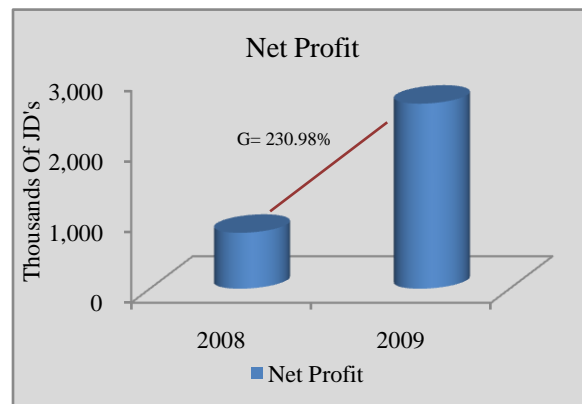
Income Statement Summary JD 000s			
Category	2008	2009	Growth
Revenues (Sales)	12,551,497	12,445,619	-0.84%
Gross Profit	1,869,573	3,432,508	83.60%
Gross Margin	14.90%	27.58%	85.16%
EBIT	993,008	2,920,769	194.13%
EBIT Margin	7.91%	23.47%	196.64%
Net Profit	792,650	2,623,529	230.98%
Profit Margin	6.32%	21.08%	233.80%
Earning Per Share (EPS)	0.08	0.26	210.17%

- Palestine Poultry recorded a slight decline in the net sales; but managed to reduce cost of goods sold by %15.62 to accumulate a gross profit of JD 3.43 million. In effect, gross margin reached %27.58 in 2009, growing by %85.16 comparing to 2008.
- Earnings before interest & tax realized an increase of %194.13 in 2009 when reached JD 2.92 million, this was ascribed mainly to covering investment losses and realizing JD 7,632 comparing to a loss in the previous year by JD 0.13 million. Foreign Exchange and other revenues grew in 2009 by %271.24, to attain in aggregate an EBIT margin of %23.47.
- Palestine Poultry recorded a net income of JD 2.62 million in 2009, increasing remarkably comparing to 2008, registering a profit margin of %21.08.
- In aggregate, the company realized a per share earnings (EPS) at the end of 2009 of JD 0.26.
- The company's board of directors recommended in its meeting on March 03, 2010 to the general assembly that will be held during the first half of April to distribute cash dividends to the shareholders

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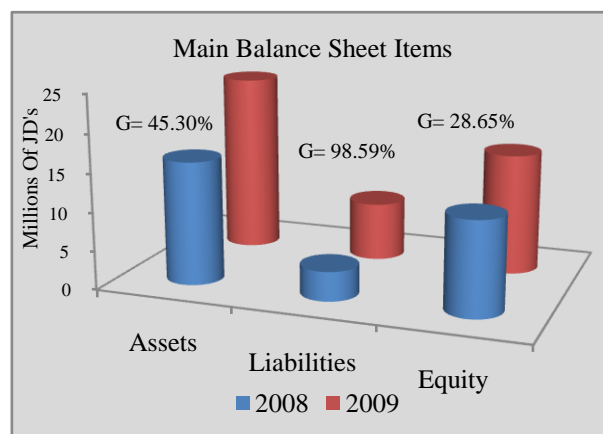
by %6 and %20 as stocks dividends by capitalizing JD 2.00 million from the profits to raise the company's capital to JD 12 million.

- By this dividends proposal and according to the realized EPS and current market price; dividends payout ratio would reach %23.08 and dividends yield ratio would reach %3.45.



Balance Sheet Summary JD 000s			
Category	2008	2009	Growth
Current Assets	4,658,565	6,247,249	34.10%
Non-current Assets	11,333,837	16,990,186	49.91%
Assets	15,992,402	23,237,435	45.30%
Current Liabilities	3,449,838	3,510,106	1.75%
Non-current Liabilities	357,490	4,050,882	1033.15%
Liabilities	3,807,328	7,560,988	98.59%
Equity	12,185,074	15,676,447	28.65%
Paid Up Capital	9,371,351	10,000,000	6.71%

- Palestine Poultry' total assets increased by %45.30; attributed to a balanced growth in current and non—current assets. Current assets grew by %34.10 due to the enormous increase in cash in hand and banks by %238, also net accounts receivables grew by %24.09 and refundable value added tax reached JD 0.54 million in 2009 comparing to JD 0.09 million in 2008. On the other hand, non – current assets increased by %49.91, ascribed to the growth of % 25.43 in net property, plant & equipment. It is worth to mention that projects under construction reached JD 3.07 million in 2009 comparing to JD0.21 million in 2008.
- Palestine Poultry' total liabilities has almost doubled when non – current liabilities vastly increased due long term loans that reached JD 3.83 million comparing to JD 0.20 million in 2008, while current liabilities slightly increased by %1.75.
- Shareholders' equity of Palestine Poultry grew by %28.65, attributed to the growth of %221.50 in retained earnings to reach JD 3.43 million in 2009. It is worth to mention that the company's capital has become fully paid at the end of 2009; JD 10 million.



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Summary of Financial Performance Of AZIZA Quarterly								
Million Of JD's	Category	Q1	Q2	Q1 to Q2	Q3	Q2 to Q3	Q4	Q3 to Q4
	Assets	14.84	16.57	11.59%	22.54	36.05%	23.24	3.11%
	Liabilities	3.23	3.03	-6.25%	7.61	151.54%	7.56	-0.71%
	Equity	11.62	13.54	16.55%	14.92	10.22%	15.68	5.05%
	Capital	9.37	9.98	6.49%	10.00	0.21%	10.00	0.00%
	Revenues	2.75	5.65	105.19%	9.38	65.92%	12.45	32.72%
	Gross Income	0.62	1.32	113.48%	2.39	81.07%	3.43	43.69%
	Net Income	0.37	0.95	158.04%	1.91	102.48%	2.62	37.04%
	JD	EPS	0.039	0.095	142.33%	0.191	102.06%	0.262
Book Value	1.24	1.36	9.46%	1.49	9.99%	1.57	5.05%	
Market Price	0.72	0.93	29.17%	1.13	21.51%	1.35	19.47%	
Price/ BV	0.58	0.69	18.01%	0.76	10.47%	0.86	13.72%	

Table 1 illustrates the development of Palestine Poultry's financial results along 2009

- Palestine Poultry has performed remarkably well during 2009 in terms of growth in balance sheet items, growth in operating revenues and net income, in which affected positively the company's share book value and EPS.

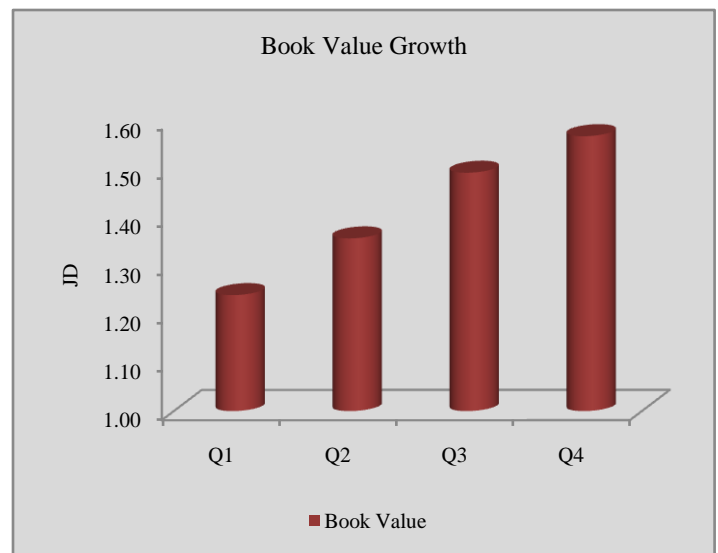
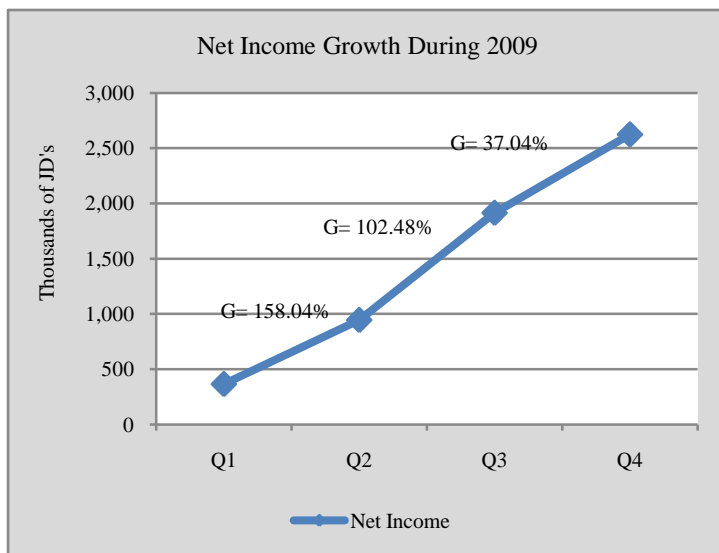


Figure 1 illustrates the growth rates among quarters of 2009 in net income

Figure 2 illustrates the company's growth in book value

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Ratio Analysis

- Palestine Poultry recorded a growth in profitability indicators; a growth in ROA and ROE by %127.79 and %157.27 respectively, attributed to the remarkable increase in net income in the year 2009.
- Liquidity ratios also grew; ascribed to the higher development in current assets in comparison to current liabilities.
- Palestine Poultry's working capital increased by %126.45 in 2009, but its turnover declined to 4.55 times comparing to 10.38 in 2008, due to the approximate stability in revenues against the noticeable growth in current assets. Also the company's assets turnover dropped to 0.54 times in 2009 in effect of the growth in overall assets comparing to the slight change in revenues.

Category	2008	2009
Assets to Equity	1.31	1.48
Debt Ratio	23.81%	32.54%
Return On Assets	4.96%	11.29%
Return On Equity	6.51%	16.74%
Current Ratio	1.35	1.78
Total Assets Turnover	0.78	0.54
Working Capital	1,208,727	2,737,143
Working Capital Turnover	10.38	4.55
Quick Ratio	1.33	1.74

DuPont Analysis

ROE = Profit Margin * Total Asset Turnover * Equity Multiplier			
Return On Equity	Profit Margin	Total Asset Turnover	Equity Multiplier
16.74%	21.08%	0.54	1.48

Stock Indicators

- Palestine Poultry witnessed a remarkable change in its share's price and market capitalization between the end of 2009 and 2008; this may be attributed to the continuous improvement in the company's financial performance among the quarters of 2009 through the applied disclosures system.
- The share's book value realized a significant change between the two years; currently the share is trading above than its book value by approximately %11.
- The P/E ratio at the end of 2009 reached 5.15 times, currently the share is trading on P/E of 6.63 and recording a new 52 week high of JD 1.74. It is worth to mention that Palestine Poultry' share's P/E is lower than the industry sector's by approximately %47 and lower than the market's by around %40.

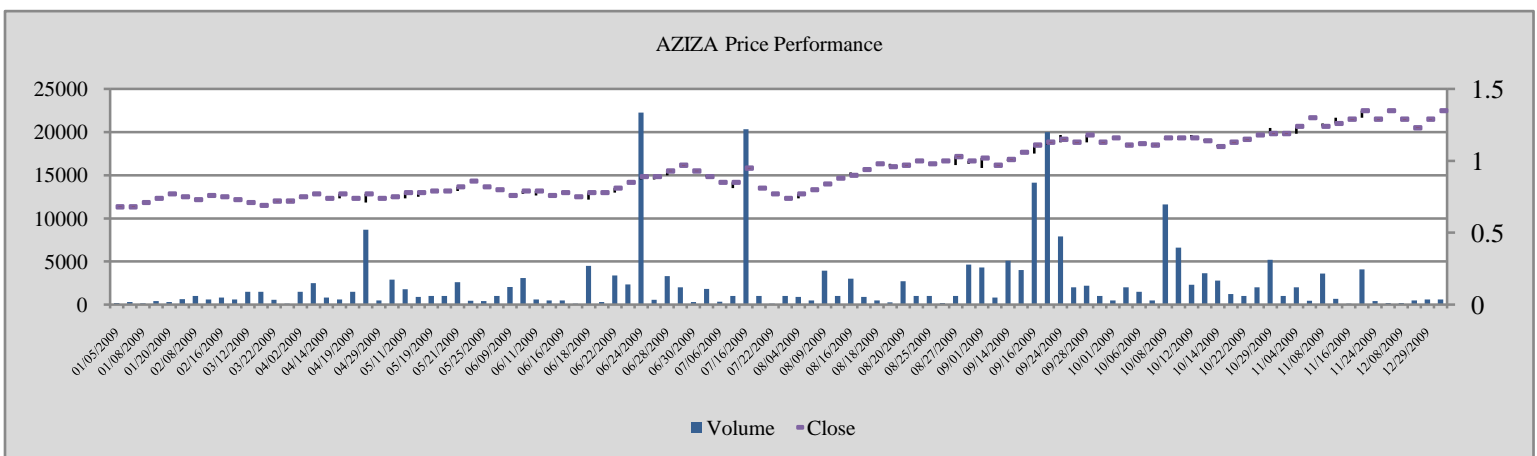
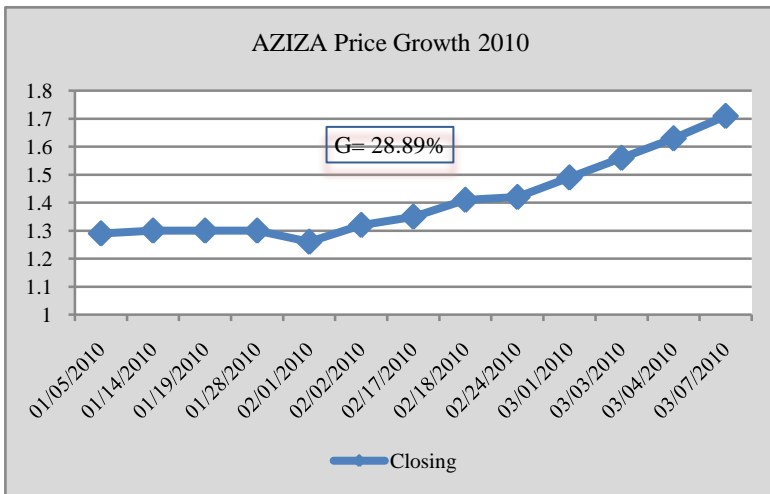
Category	2008	2009
Market Capitalization (\$)	9,384,567	19,040,900
Volume Traded	289,795	246,303
Turnover Ratio	3.09%	2.46%
Book Value	1.30	1.57
Price To Book Value	0.55	0.86
P/E	8.39	5.15
Market Price	0.71	1.35

Palestine Poultry Company

Palestine Poultry - Palestine vs. National Poultry Company - Jordan

AZIZA vs. NATP				
Category	AZIZA	Variance between (2008-2009)	NATP	Variance between (2008-2009)
Capital	10,000,000	6.71%	30,000,000	0.00%
Revenues	12,445,619	-0.84%	61,230,879	2.22%
Net Income	2,623,529	230.98%	5,683,491	19.69%
EPS	0.262	210.17%	0.189	19.69%
Price At the end of 2009	1.35	90.14%	1.52	-24.00%
P/E	5.15	-	8.02	-
Current Market Price	1.74	-	1.50	-

- Palestine Poultry's financial performance was clearly better than the Jordanian company; the growth in net income and EPS was superior.
- Palestine Poultry's profit margin recorded %21.08 in 2009 while National Poultry's reached %9.28.
- Since Dec 31, 2009 until now; AZIZA's price advanced by %28.89 while NATP's lost by %1.32.
- P/E ratio of AZIZA is lower than NATP's by approximately %55.92.



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