

Flash Result-1H 2010

Palestine Electric Company

Ticker	Sector	Trading Currency	ISIN	Current Price	Market Cap\$	52 week High	52 Week Low
PEC	Services	USD	PS5006112997	1.02	61,200,000	1.11	0.90

Company Overview

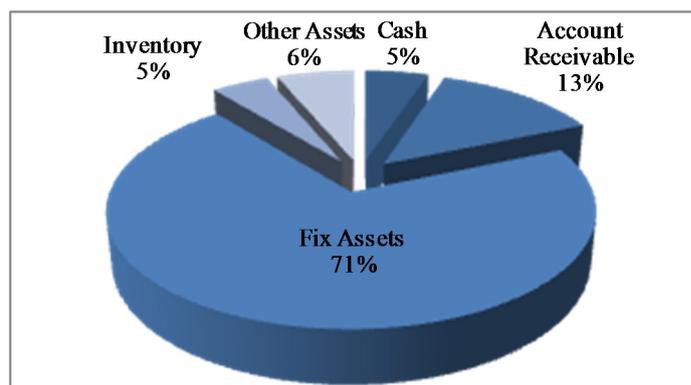
Palestine Electric Company Ltd. (PEC) is a Palestine-based public shareholding company engaged in establishing electricity generating plants in the territories of the Palestinian National Authority and in carrying out all the operations necessary for the production and generation of electricity. The Company operates through its wholly owned subsidiary, Gaza Power Generating Private Limited Company, which owns and operates Gaza power plant.

Palestine Electric company maintained a short term conservative strategies

Categories -USD	2009	1H2010	Δ%
Non-current Asset	93,357,609	89,592,576	-4.03%
Current Asset	40,652,500	34,154,064	-15.99%
Total Assets	134,010,109	123,746,640	-7.66%
Capital	60,000,000	60,000,000	0.00%
Total Equity	74,986,394	74,409,127	-0.77%
non-Current Liabilities	35,949,972	29,733,790	-17.29%
Current Liabilities	23,073,743	19,603,723	-15.04%
Total Liabilities	59,023,715	49,337,513	-16.41%

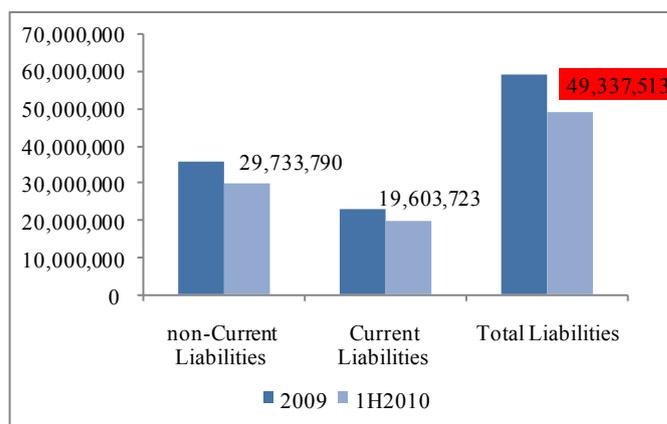
- As of 1H,2010 total assets reported a net figure of \$ 123.74 million opposed to \$134.01 million in the whole period of 2009 portraying a percentage change of 7.66% . Non-current assets stood at \$89.59 million at the ending of the first half of 2010 opposed to \$93.357 million in 2009 decreasing by 4.03% . Current assets also declined by 16% to reach \$34.15 million in 1H,2010 .
- PEC's non-current assets decreased due to a decline in fixed Assets (Investment in real estate and machines) from \$90.73 in 2009 to attain \$87.26 in 1H,2010 decreased by 3.82% . In term of current assets , cash and cash equivalent decreased by 66.60 % to reach \$6.35 million in 1H,2010 in contrast to \$19.01 million in 2009 . while account receivables reached \$16.65 million in 1H,2010 opposed to \$9.64 in 2009 showing a change of 72.71% between the two periods . At the end of 1H,2010 cash ratio attain 5.13% compared to 14.08% in the fiscal year 2009 .
- Palestine electric company maintained a sequenced short term conservative strategies when current assets covered current liabilities by more than 1.5 times at the end of first half 2010 . Also net working capital hit a figure of \$14.55 million in the same period .

Categories	1H2010	Δ%
Current Ratio -Times	1.74	-1.11%
Debt Ratio	32.76%	-5.67%
Net Working Capital	14,550,341	-17.23%
Book Value -USD	1.240	-0.77%
Assets Turnover	0.119	-45.49%
Market Price -USD	0.97	-6.73%
Price /BV	78.22%	-6.01%
Market Value / Assets	0.470	1.00%



Total liabilities decreased by 16.41%

- Non current liabilities stood at \$29.73 million in 1H,2010 opposed to \$35.95 million in the whole year 2009 registering a net change of 17.29% , it's worth to mention that long term loans constituted approximately 95% of non-current liabilities at the end of 1H,2010 which in turn decreased from \$34.54 million in 2009 to attain \$28.24 million in 1H,2010 .Also current liabilities declined by 15.04% to amount \$19.60 million in 1H,2010 attributed mainly to a decline in other short term liabilities from \$11.06 million in 2009 to hit a figure of \$7.30 million in 1H,2010 .



Book value attained \$1.24

- In aggregate total liabilities reached \$49.33 million in 1H,2010 compared to \$59.02 million in 2009 declining by 16.41% ; debt ratio fell to attain 32.76% .
- Total Equity reported \$74.41 million in 1H,2010 compared to \$47.98 million in 2009 declining by 0.77% ascribed mainly to cash dividend distribution by \$6 million during the period between Jan 1 — June 30 m 2010 ; Book value reached \$1.24.

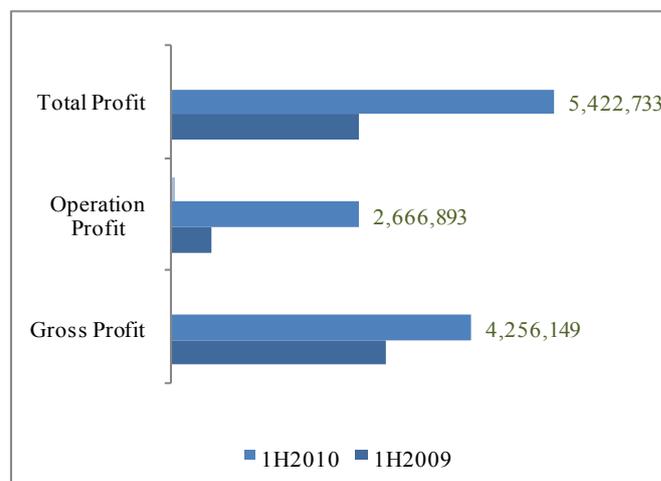
Operating revenues approximately stabled

- Total operating revenues approximately stabled , reporting a slight increase by 0.88 % amounted to 14.77 million in 1H,2010 compared to \$14.64 million in 1H,2009 ,While operating expenses also declined by 9.39% to attain \$10.52 million leading Goss profit to increase significantly by 40.15% from \$3.03 million in 1H,2009 to hit a figure of \$4.25 million in 1H 2010 .
- PEC' shrank its general and administrative expenses by 35% in 1H,2010 to attain \$1.59 million in 1H,2010 compared to the same period of 2009 .

Annual government aids added up to total Profit

- The company's government aids for forced circumstances rose from \$3.08 in 1H,2009 to reach \$3.12 million in the same period of 2010 .
- Net profit doubled in 1H,2010 opposing to 1H,2009 . To reach \$5.42 million in 1H,2010 Compared to 2.68 million in 1H,2009 , Leading profit margin to increase from 18.29% in 1H,2009 to reach 36.69% in 1H,2010 .
- Return on assets increase from 1.95% in 1H,2009 to reach 4.38% in 1H,2010 , also Return on Equity increased from 3.79% in 1H,2009 to attain 7.29% in 1H,2010 .

Categories -USD	1H2010	Δ%
Operating Revenues	14,778,168	0.88%
Cost of revenues	10,522,019	-9.39%
Gross Profit	4,256,149	40.15%
Administrative Expenses	1,589,256	-35.80%
Operation Profit	2,666,893	374.98%
Total Profit	5,422,733	102.44%

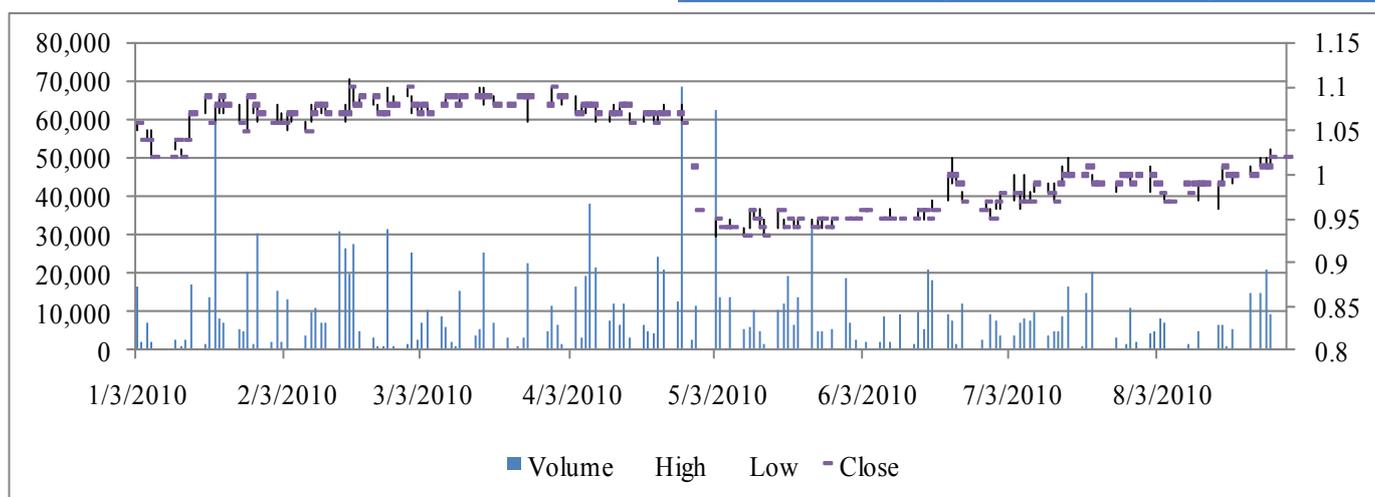


Categories	1H2010	Δ%
Price	0.97	10.23%
EPS	0.090	102.44%
P/E (e)	5.37	-45.55%
ROA	4.38%	125.20%
ROE	7.29%	92.30%
Operating Margin	18.05%	370.83%
Profit Margin	36.69%	100.67%

Market Indicators

- PEC's share is currently trading under its book value, and recording a low forward PE compared to the overall market's PE .
- The company's market cap stood at \$ 58.20 million at the end of 1H 2010 declining by 6.73% compared to the settled value at Dec 31, 2009.
- Trading volume of PEC reached 1.30 million shares for the period between Jan 1—June 30, 2010.

Categories	2009	1H2010
Market Cap	62,400,000	58,200,000
Traded shares	4,317,382	1,302,608
Turnover Ratio	7.20%	2.17%
Price	1.04	0.97
P/E (e)	8.93	5.37
P/BV	83.21%	77.81%



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