

Palestine Stock Exchange Performance in 2011

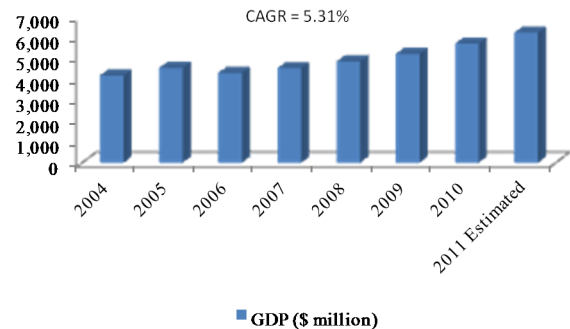
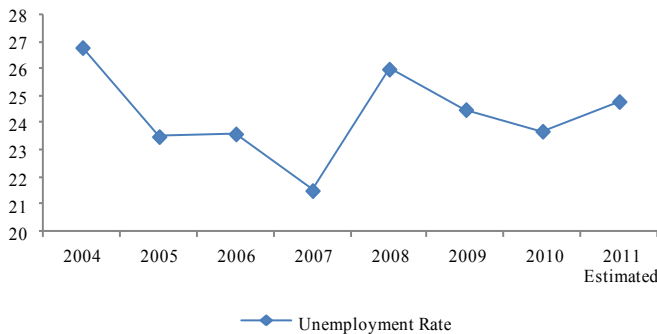
Macroeconomics Overview of Palestine

Third Quarter and Latest Data Overview

- Preliminary estimates of the Palestinian Central Bureau of Statistics PCBS at constant prices showed an increase of 0.5 percent in GDP in the Palestinian Territory during the 3rd quarter 2011 compared to the 2nd quarter 2011, while estimates showed an increase of 11.8 percent compared to the 3rd quarter 2010. In the West Bank, GDP decreased by 0.3 percent during the 3rd quarter 2011 compared to the 2nd quarter 2011. In the Gaza Strip, GDP increased by 2.6 percent during the 3rd quarter 2011 compared to the 2nd quarter 2011. GDP for the 3rd quarter 2011 at constant prices was US\$1,169 million for the West Bank and US\$ 437 million for the Gaza Strip.

Economic Indicator	Q3 2010	Q3 2011	Δ
GDP (\$ million)	1,436.90	1,606.1	11.78%
GDP per Capita	375.6	407.4	8.47%
Labor Force Participation Rate	40.5%	43.6%	7.65%

- GDP per Capita for the Palestinian Territory at constant prices was US\$ 407 during the 3rd quarter 2011, it showed a decrease of 0.3 percent compared to the 2nd quarter 2011, while it increased of 8.5 percent compared with the 3rd quarter 2010. And for the West Bank at constant prices was US\$ 498 during the 3rd quarter 2011, it showed a decrease by 1 percent during the 3rd quarter 2011 compared to the 2nd quarter 2011, while it increased of 5.5 percent compared with the 3rd quarter 2010, and for the Gaza Strip was US\$ 274 during the 3rd quarter 2011, it showed an increase by 1.7 percent during the 3rd quarter 2011 compared to the 2nd quarter 2011 and an increase of 18 percent compared with the 3rd quarter 2010.
- Palestinian Consumer Price Index November 2011:** The overall Consumer Price Index (CPI) for the Palestinian Territory with its 2004 base year (2004=100) reached 134.42 in November 2011. The CPI increased by 0.51% compared to October 2011 and increased by 2.22% compared to November 2010.
- Exports and Imports October 2011:** Exports increased in October, 2011 by 9.0 percent compared to September, 2011 and reached US\$ 63.0 Million. Exports to Israel increased in October 2011 by 3.5 percent compared to September, 2011. Also, exports to other countries increased by 62.6 percent during the same period compared to September, 2011. Exports to Israel represented 86.0 percent of total exports in October, 2011. , 2011 by 6.6 percent compared to September of the same year and reached US\$ 327.5 Million. Imports from Israel decreased by 17.1 percent in October, 2011 compared to September, 2011. Imports from Israel represented 63.8 percent of total imports in October, 2011. On the other hand, imports from other countries increased by 20.0 percent compared to September, 2011. The trade balance which represents the difference between exports and imports showed a decrease in trade deficit by 9.7 percent compared to September, 2011 and reached US\$ 264.5 Million.



The Palestinian Economy's Performance in the First nine Months of 2011

Gross Demotic Product: Preliminary estimates of the Palestinian Central Bureau of Statistics PCBS at constant Prices showed an increase of 10.5% in GDP in the Palestinian Territory during the first nine months of the year 2011 compared to the same period in 2010. In the West Bank, GDP's growth accounted for 5.8% during the first nine months of 2011. In the Gaza Strip, GDP's growth accounted for 25.7% during the first nine months of 2011. The growth was concentrated in the economic activities that contribute the most to Palestine's GDP such as agriculture and fishing, construction , wholesale and retail trade, services , transport , storage and communications and public administrative and defense, whereby constructions activities recorded the highest growth rate by 32.5%. GDP per Capita for the Palestinian Territory at constant prices increased by 7.2% through the first nine months of the year 2011 compared to the same period of 2010.

Unemployment: Unemployment rate in the Palestinian Territory recorded 20.9% for the first nine months of 2011, while it was 23.8% during the same period in 2010. The unemployment rate in the west bank rose from 17.3% to 17.5% while declined from 37.9% to 28.1% in Gaza strip.

Exports and Imports: Exports increased in the first nine months of 2011 by 16.0% compared to the same period in 2010 .Imports also increased by 10.0%.

Consumer Price Index: Consumer Price Index increased in the first nine months of 2011 by 3.1% compared to the same period of 2010; letting the purchasing power to decrease.

Major Palestinian Economic Activities

Service Sector: Palestine's service sector contributes the largest percentage of the total GDP of Palestine. The sector witnessed a growth of 6.9% in the first nine months of 2011 compared to the same period of 2010.The number of employees in the sector increased by 6.1%.

Manufacturing Sector: The industrial activities which contribute around 12.7% of Palestine's GDP, witnessed a growth of 11.4% in the first nine months of 2011 compared to 2010.The number of employees in the sector increased by 14.9%.

Construction Sector: There was an increase in the construction sector's value added by 32.5%, construction permits by 21.9%, imported cement by 0.5%, prices of building materials by 2.8% in the first nine months of 2011 compared to the same period in 2010 .The number of employees in the sector increased by 18.1%.

Agriculture Sector: The agricultural activities that contribute around 5.9% of Palestine's GDP, increased by 5.9% in the first nine months of 2011 compared to the same period in 2010 The number of employees in the sector increased by 6.3%.

Residents' Deposits in Local Banks: Residents' deposits in local banks increased by 2.9% in the first nine months of 2011 compared to the same period in 2010 hitting \$6.6 billion. The Palestinian Authority's deposits contribute around 5.6% of the total residents' deposits.

Scenario Results for Main Economic Indicators at constant price for 2012

Most Important Indicators	2011 "Estimates"	2012 "Baseline scenario"	2012 "Optimistic scenario"	2012 "Pessimistic scenario-Low"	2012 "Pessimistic scenario-High"
GDP (\$US million)	6,257.8	6,643.6	7,017.4	6,238.1	5,787.3
% change in GDP		6.17%	5.63%	-11.11%	-7.23%
GDP per capita (\$US)	1,595.0	1,644.7	1,737.3	1,544.1	1,432.7
% change in GDP per capita		3.12%	5.63%	-11.12%	-7.21%
Total Consumption (\$ US million)	7,868.1	8,383.3	8,521.0	8,253.5	8,015.8
% change in total consumption		6.55%	1.64%	-3.14%	-2.88%
Total Investment (\$ US million)	1,179.2	1,286.1	1,343.8	1,145.6	1,065.0
% change in total investment		9.07%	4.49%	-14.75%	-7.04%
Trade Balance (\$ US million)	-2,789.5	-3,025.7	-2,847.4	-3,160.9	-3,293.4
% change in trade balance		8.47%	-5.89%	11.01%	4.19%
GNP (\$ US million)	6,821.8	7,241.9	7,775.7	6,663.7	6,120.1
% change in GNP		6.16%	7.37%	-14.30%	-8.16%
Unemployment Rate	24.8	25.4	22.7	28.2	29.4
% change in unemployment rate		2.42%	-10.63%	24.23%	4.26%

PEX Performance - 2011 vs. 2010

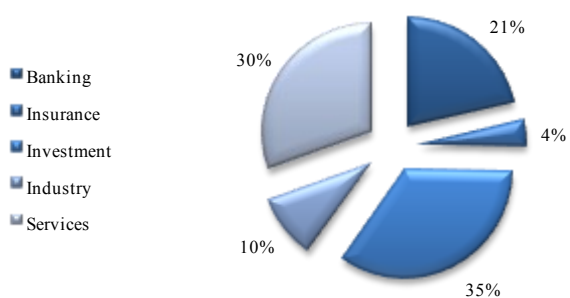
Period	No. of Trading Sessions	Trading Volume	Daily Average Turnover-Volume	Trading Value \$	Daily Average Turnover-Value	No. of transactions	Daily Average Turnover-Transactions	Market Capitalization \$
2010	249	230,516,370	925,769	451,208,529	1,812,082	82,625	332	2,449,901,546
2011	248	184,544,375	744,131	365,645,216	1,474,388	61,928	250	2,782,469,900
Change	-0.40%	-19.94%	-19.62%	-18.96%	-18.64%	-25.05%	-24.75%	13.57%

Comparison of Trading Activity - 2011 vs. 2010

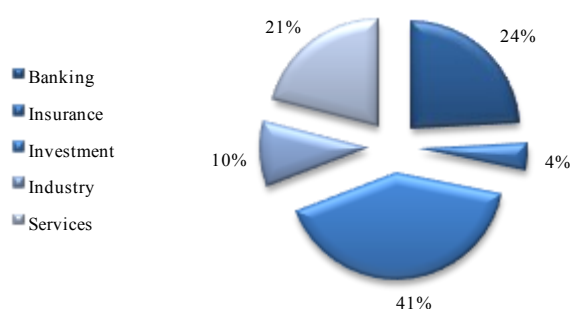
Sector	# of listed companies		# of transactions		Trading volume		Trading Value \$		Market Capitalization \$	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Banking & Financial Services	7	8	16,789	13,279	67,244,164	44,564,832	86,861,502	68,548,544	565,262,816	591,178,656
Insurance	5	7	3,471	2,390	10,055,424	7,383,592	8,745,655	7,460,229	89,940,720	101,170,817
Investment	8	8	36,755	21,408	97,224,094	75,668,213	135,367,292	98,283,998	442,790,411	398,695,700
Industry	9	11	7,112	5,939	11,196,007	18,211,121	22,060,387	28,387,306	215,985,860	226,198,909
Services	11	12	18,498	18,912	44,796,681	38,716,617	198,173,693	162,968,139	1,135,921,739	1,465,225,818
Total	40	46	82,625	61,928	230,516,370	184,544,375	451,208,529	365,648,216	2,449,901,546	2,782,469,900

Sectors Distribution for the Year 2011

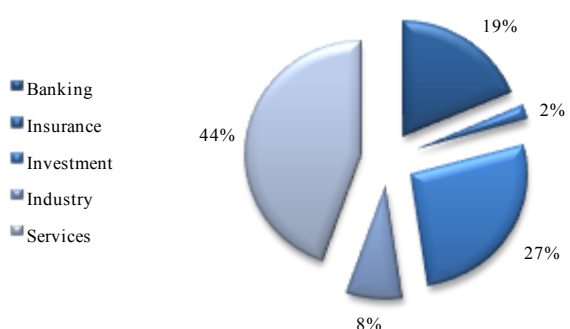
No. of transactions



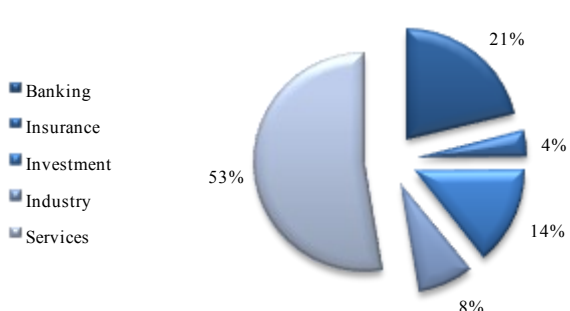
Trading volume



Trading Value



Market Capitalization

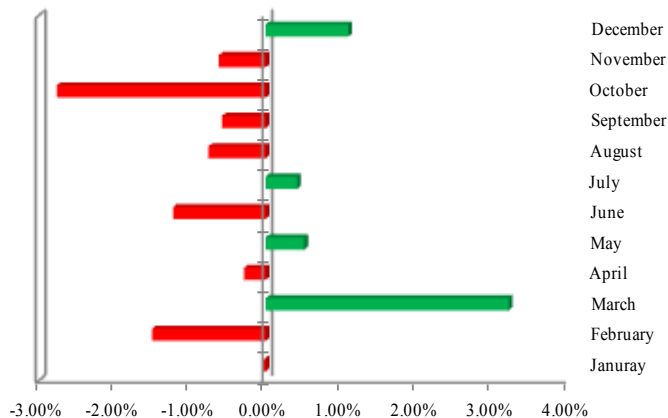


Al Quds Index Performance in 2011

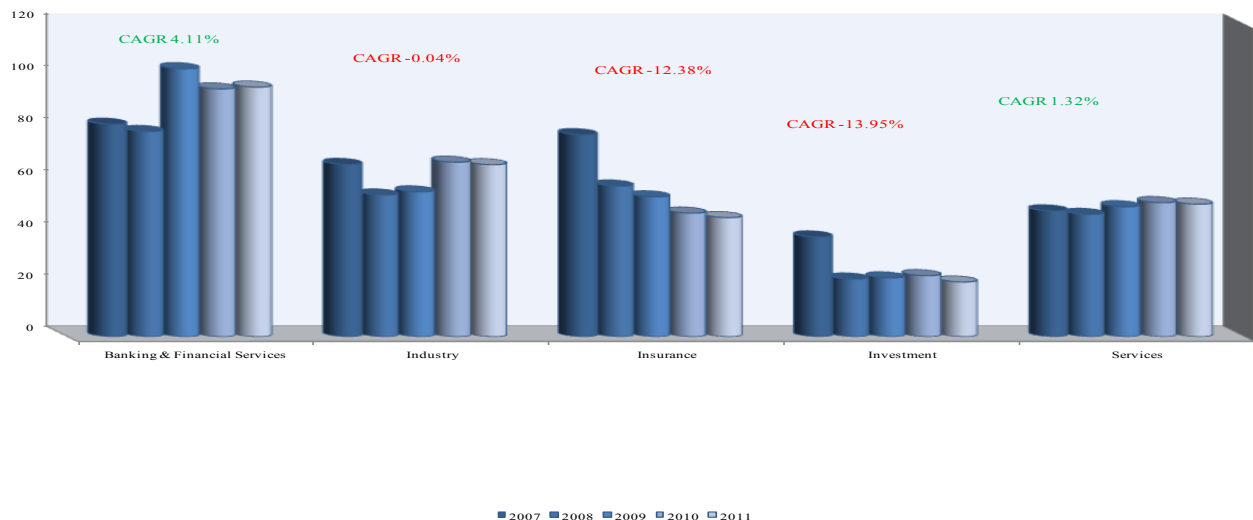


- After the annual revision of Al Quds Index sample by the PEX, The number of listed companies in Al-Quds Index reached 15 in 2011 taking into consideration the significant growth in the number of the listed companies. Recently including the shares of: Wataniya Palestine Mobile Telecommunications WATANIYA, Union Construction & Investments UCI, Golden Wheat Mills GMC, and Alrafah Micro-finance Bank AMB.
- Al-Quds index closed at the level of 476.93 in 2011, down by 2.59% compared to 2010, mainly due to underperformance across all sectors but primarily in Investment; down by 10.38%, Insurance; down by 3.56%, industry; drop by 1.45% and services; drop by 1.15%.
- Al-Quds index touched its low level of 464.53 as of November 27, and its high level of 513.25 as of June 09.
- Mainly, the month of December compensated for a huge portion of the losses incurred by Al Quds Index during the year.
- For the year 2011, PEX recorded the lowest loses compared to the Arab exchanges indices. Al Quds index came after the only gainer in the Arab region; Qatar exchange which gained 1.12% by 2011.
- Market Capitalization of PEX increased by 13.57%; due to seven new listings, to reach \$2.78 billion in 2011 compared to \$2.45 billion in 2010.

Al-Quds Index Monthly Return



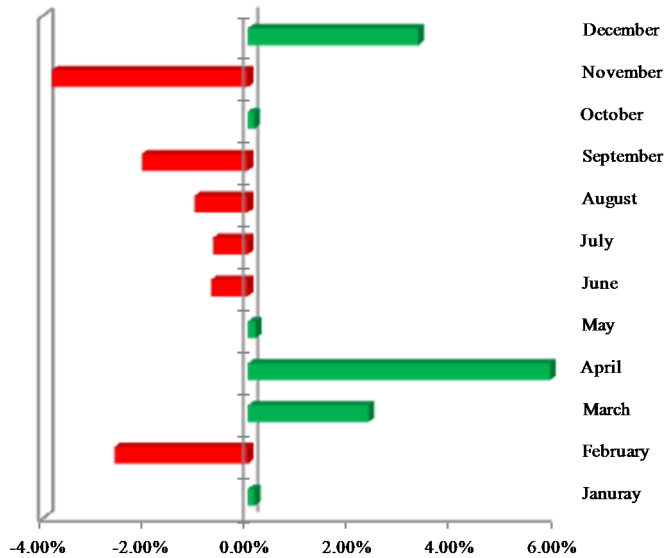
Indices CAGR Rate (2007-2011)



Sectors' Performance in 2011

Banking & financial Services Index

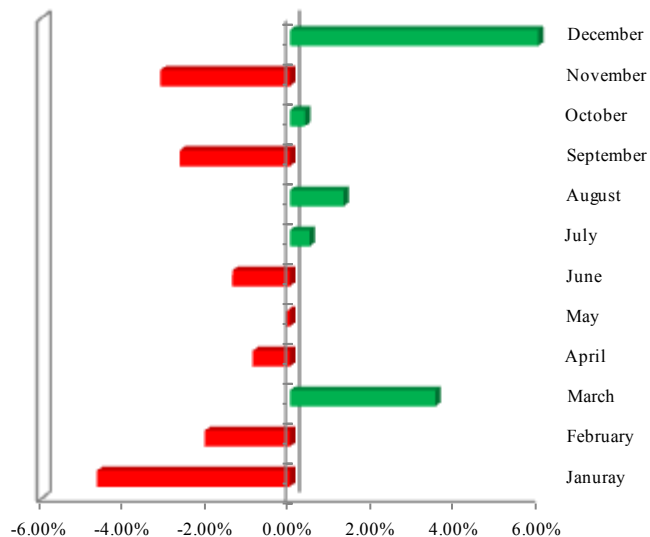
Banking Index Monthly Return



- The number of listed companies in the banking & financial services sector in the PEX reached 8 in 2011 compared to 7 in 2010.
- Banking & financial services index closed at the level of 95.76 in 2011, up by 0.72%.
- The banking & financial services sector market capitalization increased to \$ 591.18 million in 2011 from \$ 565.26 million, up by 4.58%.
- The total volume of the sector reached 44.56 million in 2011 from 67.24 million in 2010, down by 33.73%.
- Trading value of the sector decreased by 21.08% hitting \$ 68.55 million in 2011 from \$86.86 million in 2010.
- The banking and financial services index touched its low of 91.62 and high of 101.76 levels during 2011.

Insurance Index

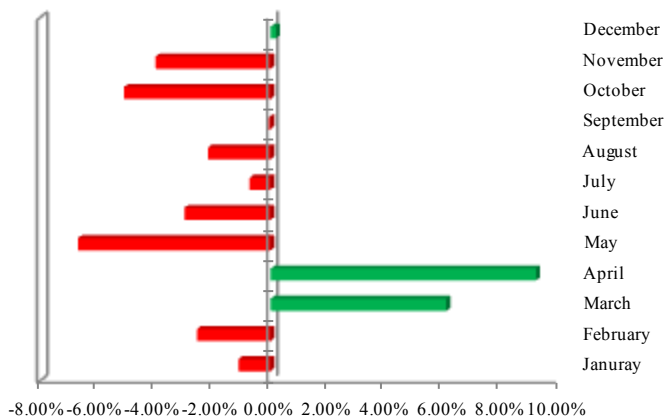
Insurance Index Return



- The number of listed insurance companies in the PEX reached 7 in 2011 compared to 5 in 2010.
- Insurance Index closed at the level of 45.68 in 2011, down by 3.65%.
- The insurance sector market capitalization increased to \$ 101.17 million in 2011 from \$ 89.94 million in 2010, up by 12.49%.
- Trading value of the sector decreased by 14.70% aggregating at \$ 7.46 million in 2011 from \$ 8.74 million in 2010.
- The total volume of the sector reached 7.38 million in 2011 from 10.06 million in 2010, down by 26.57%.
- The insurance index touched its low of 42.89 and high of 47.83 levels during 2011.

Investment Index

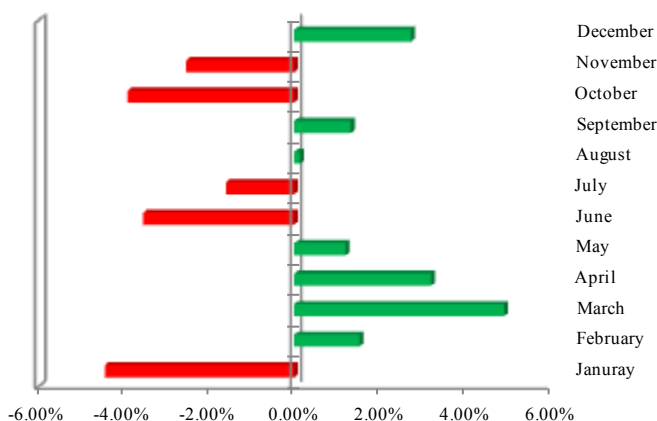
Investment Index Return



- Investment Index closed at the level of 20.98 in 2011, down by 10.38%.
- The investment sector market capitalization declined to \$ 398.69 million in 2011 from \$ 442.79 million in 2010, down by 9.96% .
- Trading value of the sector decreased by 27.39% settling at \$ 98.28 million in 2011 from \$ 135.37 million in 2010.
- The total volume of the sector reached 75.67 million in 2011 from 97.22 million in 2010, down by 22.17%.
- The investment index touched its low of 20.78 levels and high of 26.33 levels during 2011.

Industry Index

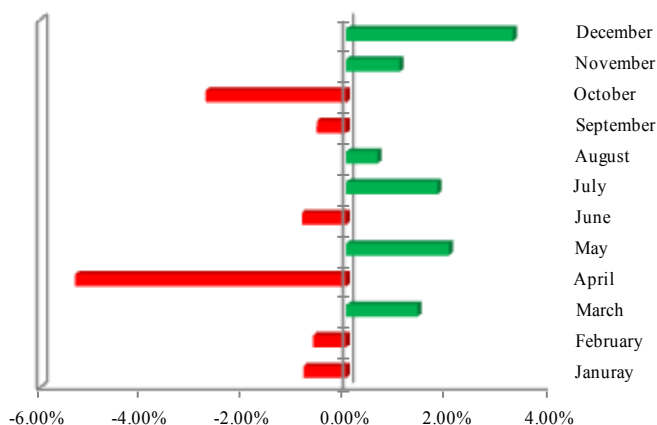
Industry Index Return



- The number of listed industrial companies in the PEX reached 11 in 2011 compared to 9 in 2010.
- Industry Index closed at the level of 65.99 in 2011, down by 1.45%.
- The industry sector market capitalization increased to \$ 226.19 million in 2011 from \$ 215.99 million in 2010, up by 4.73%.
- Trading value of the sector increased by 28.68% amounting to \$ 28.39 million in 2011 from \$ 22.06 million in 2010.
- The total volume of the sector reached 18.21 million in 2011 from 11.19 million in 2010, up by 62.66%.

Services Index

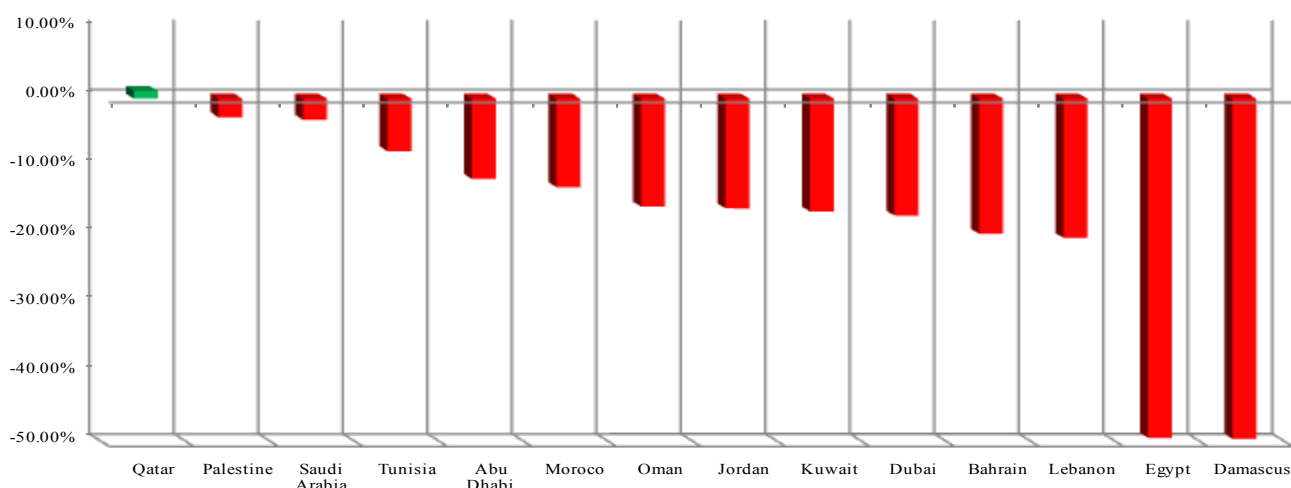
Services Index Return



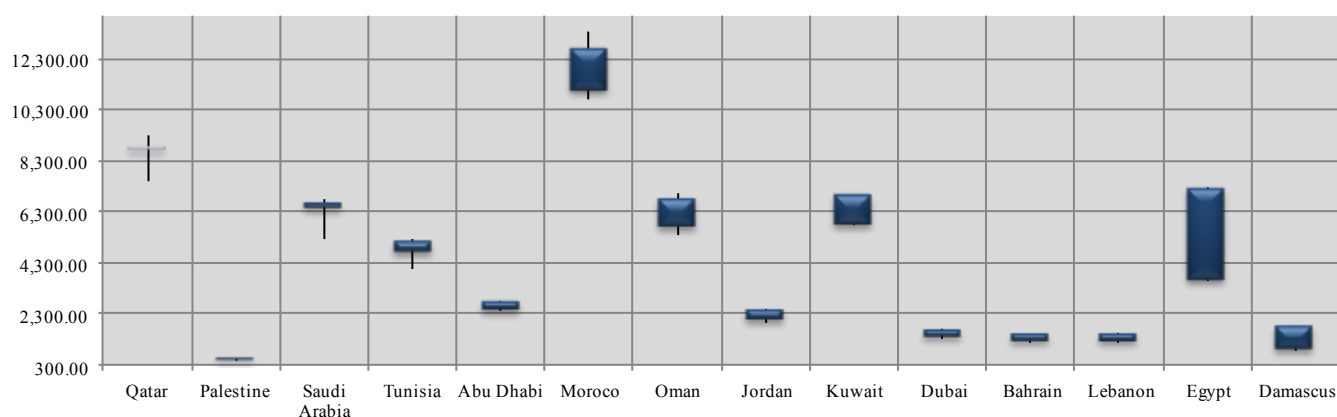
- The number of listed services companies in the PEX reached 12 in 2011 compared to 11 in 2010.
- Services Index closed at the level of 50.85 in 2011, down by 1.15%.
- The services sector market capitalization increased to \$ 1.47 billion in 2011 from \$ 1.14 billion in 2010, up by 28.99%.
- Trading value of the index decreased by 17.76% hitting \$ 162.97 million in 2011 from \$ 198.17 million in 2010.
- The total volume of the sector reached 38.72 million in 2011 from 44.79 million in 2010, down by 13.57%.
- The services index touched its low of 47.99 levels and high of 53.44 levels during 2011.

Al-Quds Index; the least decliner among MENA Indices in 2011

Market	Index	Market Index				
		Opening	Closing	(%)	High	Low
Qatar	DSM-QE Index	8,681.65	8,779.03	1.12%	9,290.18	7,489.25
Palestine	AL Quds	489.60	476.93	-2.59%	513.25	464.53
Saudi Arabia	Tadawul All Share Index	6,620.75	6,417.73	-3.07%	6,791.43	5,231.51
Tunisia	Tunis Tunindex	5,112.52	4,722.25	-7.63%	5,217.41	4,033.43
Abu Dhabi	ADX General Index	2,719.87	2,402.28	-11.68%	2,777.21	2,373.11
Morocco	Masi Free Float	12,655.20	11,027.65	-12.86%	13,401.32	10,716.54
Oman	MSM 30	6,754.92	5,695.12	-15.69%	7,044.36	5,408.27
Jordan	Amman SE General	2,373.58	1,995.13	-15.94%	2,505.44	1,916.04
Kuwait	Kuwait Price Index	6,955.50	5,814.20	-16.41%	6,984.80	5,746.00
Dubai	DFM General Index	1,630.52	1,353.39	-17.00%	1,691.46	1,317.92
Bahrain	BHSE All Share	1,423.26	1,143.69	-19.64%	1,475.10	1,129.31
Lebanon	Blom Stock Index	1,475.56	1,176.70	-20.25%	1,538.10	1,165.80
Egypt	EGX 30 Index	7,142.14	3,622.35	-49.28%	7,247.95	3,577.79
Damascus	Damascus SE (DWX)	1,719.04	869.51	-49.42%	1,752.50	842.05



Japanese Candlesticks Analysis in 2011



Major News in PEX

New Investment and Debt Instruments

- The Palestinian holding company, Palestine Development and Investment Company (PADICO), announced the successful closure of its bonds issuance with an oversubscription of \$85 million, with a \$15 million surplus on top of the initial \$70 million original offering. Most of the bond holders are banking institutions operating in Palestine and the Palestinian Monetary Authority, the equivalent of the Central Bank in Palestine. The holders of PADICO corporate bonds are: Palestine Monetary Authority, Arab Bank, Bank of Palestine, Capital Bank, Palestine Commercial Bank, Union Bank, Jordan Kuwait Bank, Alrafah Microfinance Bank, Cairo Amman Bank, and Bank of Jordan. According to the CEO of PADICO Mr. Samir Hulieleh; \$12 million from the proceeds of the bonds will be used in the company's debt restructuring and the rest (73 million) will be used in financing major projects which include: the new recycling project in Gaza, the Water Desalination project in Gaza; a key real estate development in Jericho and the energy plant in the northern West Bank.
- PADICO holding signed a memorandum of understanding on issuing the first Palestinian Global Depository Receipts (GDR) with the Bank of New York Mellon, which will represent PADICO in Global Depository Receipts —GDR, where these receipts will be offered outside the framework of the market and the bank will assume responsibility for the offering and definition, noting that each receipt will equal to five shares and will be purchased from the market through brokerage firms. The CEO of PADICO considered that the launch of this investment instrument —GDR constitutes a qualitative step in the performance of the Palestine Stock Exchange and in PADICO's shares to be launched to the international market, expressing his hope that this step to be implemented during a period that doesn't exceed a year and a half. In consequence, The Palestinian Capital Market Authority has issued the rules and technical procedures for the issuance of Global Depository Receipts GDR against to financial securities listed on the Palestinian stock exchange. This comes within the Authority's efforts in maintaining the stability and development of the Palestinian financial securities sector, and to promote the legal and regulatory environment of the sector according to the international standards.

Transforming the PMA into a Central Bank

- Amid doubts about the capability of Palestine Monetary Authority PMA to transform to Palestine Central Bank, as what Dr. Jihad Al Wazir- the PMA's governor stated once, and amid doubts regarding the Palestinian readiness and the lack for major factors for this transformation; which may the Israeli occupation be the most important which impose obstacles on much more simple things than enabling the Palestinians to establish a central bank, in addition to other factors such as Paris Protocol that governs the economic relationship and trade between Israel and the Palestinian Authority. Nevertheless, Dr. Jihad al -Wazir; the governor of Palestine Monetary Authority PMA announced that the PMA is in the final stages to refer the Central Bank's law, pointing out the keenness of PMA to provide all the necessary constituents to transform the PMA to a Central Bank, and revive the Palestinian pound.

Corporate Actions

- Palestine Commercial Bank (PCB) held its general assembly meeting and approved a decrease in its capital from \$50,000,000 to \$30,026,056. PCB approved at the same meeting an increase in its capital to reach \$65,000,000.
- Palestine Real Estate Investment Company approved in the general assembly's extraordinary meeting that was held on Sunday 18/12/2011, raising its capital from JD 48,575,974 to JD63, 762,486 through allocating 13,026,882 shares to Palestine Development and Investment PADICO based on one Jordanian Dinar as a par value per share, and 2,159,630 shares to Al-Mashrbyeh for Real Estate Investment based on one Jordanian Dinar as a par value per share. According to the minutes of the general assembly meeting, the proceeds of capital raising will be provided to pay the debt resulting from the purchase of shares in some companies operating in the real estate sector which PRICO had purchased.

New Listings in 2011

- Seven new companies were listed this year 2011 in Palestine Stock Exchange, including :
 1. National Aluminum and Profiles NAPCO (30/11/2011).
 2. Al-Takaful Palestinian Insurance TIC (04/05/2011).
 3. Al-Aqariya Trading Investment AQARIYA (25/04/2011).
 4. Palestine Mortgage and Housing Corporation PMHC(13/04/2011).
 5. Global United Insurance GUI (30/03/2011).
 6. Al Shark Electrode ELECTRODE (10/05/2011).
 7. Wataniya Palestine Mobile Telecommunications WATANIYA (09/01/2011).
- While Al Itiman for Investment and Development IID was written of the PEX this year after suspending its shares' trading on 08/07/2008 after the Israeli attacks on the headquarter of the Company and its property in Nablus and the decisions to close its doors in the Palestinian Territories. The number of listed companies reached 46 compared to 40 at the end of 2010.

Listing PALTEL's shares in (S&P AFE 40) and (Dow Jones-FEAS 50)

- S&P Indices have launched the S&P AFE 40, an index designed to measure the performance of 40 leading companies from the Pan-Arab region. S&P Indices partnered with the Arab Federation of Exchanges (AFE) to create the Index which includes companies from Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Tunisia and the United Arab Emirates. The S&P AFE 40 is comprised of the 40 largest stocks (measured by float-adjusted market capitalization) listed on AFE member exchanges, In terms of weighting, the S&P AFE 40 uses a capped market capitalization weighted index scheme, where the maximum weight of any constituent cannot exceed 10% and the maximum weight for each country, based on domicile cannot exceed 35%.
- Palestine Telecommunications PALTEL's shares were listed in "Standard and Poor's" Index for the Arab Federation of Exchanges (S&P-AFE 40) and the "Dow Jones" index for titans shares in the Federation of Euro-Asian Stock Exchange (Dow Jones-FEAS 50). Therefore, "PALTEL" is the first Palestinian company that will be listed among the most important Arab and global indices.

PEX Related News

- The Palestine Exchange (PEX) concluded its second road show to London on 23-24 June 2011. Mr. Ahmad Aweidah, Chief Executive Officer of PEX headed the Palestinian delegation of four leading listed companies; Palestine Telecommunications (PALTEL), PADICO Holding, Bank of Palestine and Wataniya Palestine Mobile, in addition to Dr. Mohammad Mustafa, Economic Advisor of President Mahmoud Abbas and Chairman of the Palestinian Investment Fund, CEO of the Palestine Capital Markets Authority, and Rasmala Palestine Equity Fund. The Palestine business delegation showcased success stories of leading listed companies and presented investment opportunities in the Palestinian market. More than thirty (30) meetings were held between the Palestinian delegation and leading global and UK institutional investors. The delegation visit generated Media interest from prominent regional and international financial media. The visit also included a round table discussion with Mr. David Levin, CEO of UBM and senior representatives from PR Newswire on new trends in disclosure & investor relations.
- Palestine Stock Exchange is currently engaged in discussions with MSCI an FTSE to assess Palestine's eligibility to be included as a Frontier Market on their country indices.
- World Federation of Exchanges decided to upgrade membership of Palestine Stock Exchange to become as an Affiliate in the Federation. The decision came during a meeting of the board of directors of the Federation in June 8, whereby approved the request of the PEX to be promoted from correspondent to an affiliate. The federation indicated that this decision came within the development that the PEX had achieved during the last years, and as an encouraging step to strengthen the PEX locally and its contribution to the capital formation process and the progress in the region.

Investment Funds

- Rasmala Investment Bank (Rasmala) in Dubai announced the launch of the —Rasmala Palestine Equity Fund in cooperation with the Palestine Investment Fund (PIF), which will seed the Fund. PIF will initially invest \$15 million with the overall investment size of the Fund expected to reach up to \$100 million during the next three years. The Fund will target local and foreign investors interested in gaining investment exposure to the Palestinian equity market. Mr. Eric Swats, Head of Asset Management at Rasmala commented on the launch of the Fund, "After carrying out some research on the investment environment and the opportunities in Palestine, it became clear to us that the Palestinian market is very attractive in terms of its growth and return potential, expressing his optimism about the prospects of this Fund. On the other hand, the Chairman of PIF, Dr. Mohammad Mustafa, said, "The investment in the Rasmala Palestine Equity Fund is in line with PIF's goal to promote investment in Palestine", stating his full confidence in the Palestinian capital market and in Rasmala's ability to succeed in light of this significant accomplishment that will contribute to giving a strong push to the Palestinian financial market.
- Three private equity funds have been launched raising compounded \$150 million.
- The owners of Siraj Fund of Palestine emphasized acquiring a strategic stake of The Palestinian Company for Distribution and Logistics Services (WASSEL). This is the third investment for Siraj Fund since its launching in the beginning of the current year. Siraj Fund of Palestine has already invested in two companies: Pal Gas Company in Nablus for the central gas distribution and Nakheel Company for agricultural investment which started planting tens of thousands of date trees in Jericho in order to export them outside the country. The fund acquired most shares of the major shareholders of WASSEL, including the shares owned by Palestine Telecommunications (PALTEL), Palestine Investment & Development (PADICO), & Palestine Industrial Estate Development Company (PIEDCO Holding).

Capital Market Forum

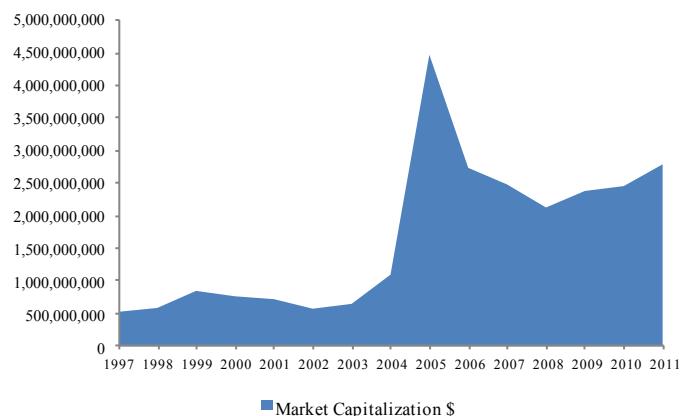
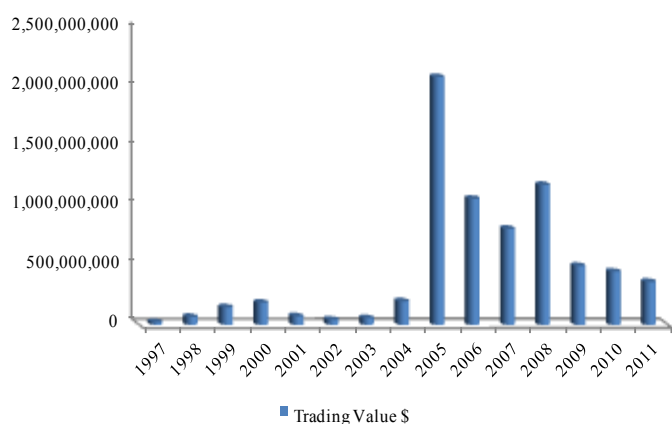
- The 5th Annual Palestinian Capital Market Forum which was held in Ramallah, Palestine on 21 November 2011, under the patronage of Prime Minister HE Dr. Salam Fayyad, and with the participation of representatives of both the private and the public sectors from Palestine and abroad concluded the following recommendations:
 1. Relevant parties should encourage good corporate governance practices among family businesses and issue a code of corporate governance of family owned businesses.
 2. Enhance awareness amongst owners of family businesses about future options for these companies. In-depth and objective debate should take place within family businesses to address challenges and risks facing these companies, inter-generational transition, conflict resolution, institutionalization, adopting good corporate governance practices, restructuring, investing in human capital, as well as the benefits of listing on the exchange.
 3. Family businesses should pay attention to HR development to professionally pave the way for the intergenerational transition of authority.
 4. Family businesses should do all necessary preparation before the legal transformation into public shareholding companies. Understanding the perspective of being a public shareholding company is more important than the transformation itself.
 5. The public sector including line ministries should provide needed support and guidance for family businesses by offering certain incentives for family-owned companies. The public sector should also develop a needed database on these companies.
 6. Adopting the principal of gradual transformation from a family-owned business into a public shareholding company according to specific conditions. This should give enough time to owners to adapt to the new concept of sharing responsibility and decentralization and will allow regulatory bodies to review the financial and operational aspects of these companies so that once listed shareholders interests and market interest are protected.

"Palestine non-governmental pension" company

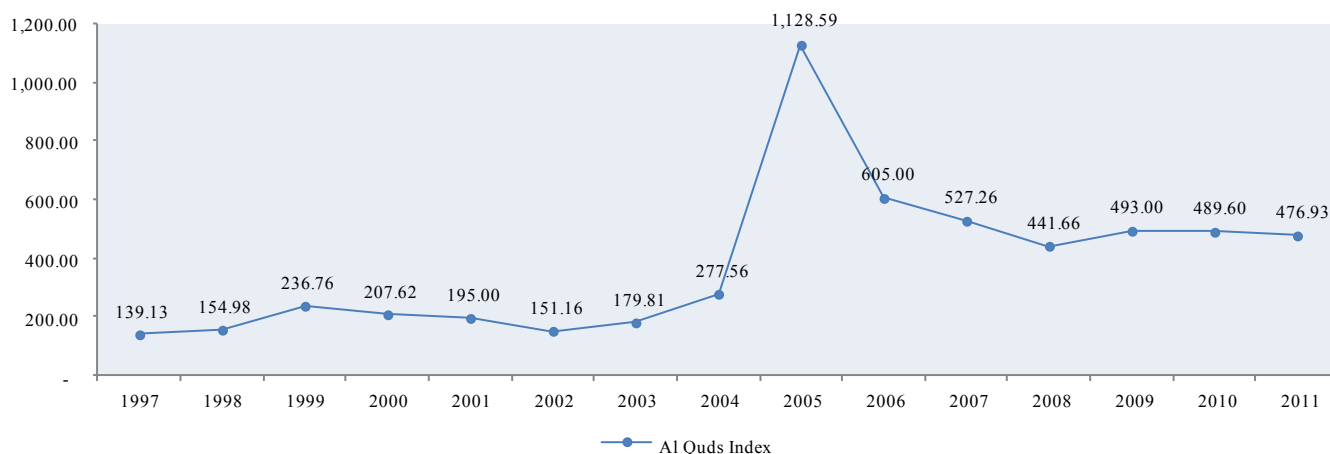
- A group of leading companies formed an establishment committee for a public shareholding company that is planned to be created under the name "Palestine non-governmental pension". The establishment committee is comprised of: Palestine Investment Fund, Palestine Development and Investment "PADICO Holding", Palestine Telecommunications Company, Bank of Palestine, Al Quds Bank, Arab Islamic Bank, the Palestine Islamic Bank, Al Rafah Microfinance Bank, National Insurance Company, Trust International Insurance, Ahliea Insurance Group, Massar International, National company for paper manufacturing, The Arab Palestinian Investment Company "APIC", Jerusalem District Electricity Company and Palestine Real Estate Investment "PRICO", in addition to a number of companies.

PEX Total Yearly Activity (1997-2011)

Year	#. Trading Sessions	Trading Volume	Daily Average Turnover-Volume	Trading Value \$	Daily Average Turnover-Value	#. 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
2011	248	184,544,375	744,131	365,645,216	1,474,376	61,928	250	2,782,469,900



AI Quds Index Performance (1997-2011)



Palestinian Macroeconomics Historical Facts

Economic indicator	2004	2005	2006	2007	2008	2009	2010
GDP (\$ million)	4,198	4,560	4,322	4,554	4,878	5,241	5,728
Δ	-	8.60%	-5.20%	5.36%	7.12%	7.44%	9.29%
GDP per Capita	1,317	1,387	1,275	1,298	1,290	1,390	1,502
Δ	-	5.32%	-8.07%	1.80%	-0.62%	7.75%	8.09%
Labor Force Participation Rate	40.4	40.7	41.3	41.9	41.3	41.6	41.1
Δ	-	0.74%	1.47%	1.45%	-1.43%	0.73%	-1.20%
Unemployment Rate	26.8	23.5	23.6	21.5	26.0	24.5	23.7
Δ	-	-12.31%	0.43%	-8.90%	20.93%	-5.77%	-3.27%

Report's Sources

- Palestine Central Bureau of Statistics—PCBS.
- Monthly Statistical Newsletters— PEX.
- Palestine Stock Exchange Media Center.
- Sahem Trading & Investment Database.

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