

Flash Result Report - 2011

Palestine Development & Investment (PADICO Holding)

Palestine Stock Exchange

Ticker	Sector	Trading Currency	ISIN	Free Float	Current Price	PE	Market Capitalization \$	52 Week high	52 Week low
PADICO	Investment	USD	PS4002112937	83.54%	1.05	9.13x	262,500,000	1.34	0.98

Palestine Development & Investment Background

PADICO Holding is a limited public shareholding company traded on the Palestine Exchange PEX with a paid-in capital of USD 250 million. Since its inception in 1993, its mission has been to develop and strengthen the Palestinian economy by investing in vital economic sectors. This mission was initiated by several Palestinian and Arab investors who had a clear patriotic goal, and a belief that the Palestinian market represents a unique business opportunity that offers substantial returns. PADICO Holding's shareholder base grew from 710 shareholders in 1998 to about 10 thousand shareholders in December 2011, attracting institutional investors and funds from the MENA region in addition to other well established international markets in Europe. Today, PADICO Holding has grown its portfolio of investments to include almost every sector that is vital to the nation building efforts; with returns emanating from these investments that are equally rewarding for the shareholders. These sectors include telecommunications, tourism, real estate, energy and environment, manufacturing, finance and capital markets and agriculture.

The number of shareholders at the end of 2011 reached 10,098 & its shares weight 11.36% of Al QUDS index. During 2011, PADICO constituted 17.28% of the total traded value in PEX and 64.28% of the total investment sector's, 28.58% of the total traded volume of the PEX, while 69.69% of the investment sector's, 8.98% of the market capitalization of the PEX, whereby, 62.70% of the investment sector's.

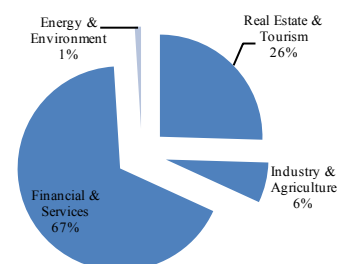
Major Achievements in 2011

- On the aspect of the restructuring process: The year 2011 witnessed the completion of restructuring the company's investments in all sectors, where PADICO's investments are now under the management of four key holding companies. Palestine Industrial Investment PIIC in the manufacturing sector, Palestine Real Estate Investment PRICO in the real estate sector, Jerusalem Development & Investment Company JEDICO in the tourism sector, and the Palestinian Recycling Company TADWEER in the environment and infrastructure sector, while the remaining investments in the services sector is concentrated in two companies: Palestine Telecommunications PALTEL, and the Palestine Securities Exchange.
- Palestine Development and Investment successfully closed 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, and Alrafah Microfinance Bank, Cairo Amman Bank, and Bank of Jordan. According to the CEO of PADICO; \$12 million from the proceeds of the bonds will be used in the company's debt restructuring and the remaining \$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 announced the launch of the first Depository Receipts (GDR) in Palestine by signing agreements with Bank of New York Mellon. The program introduces a new investment tool to facilitate and encourage foreign investment firms to invest in PADICO's shares on the PEX and it will be traded over the counter at London Stock Exchange.
- A World Bank fund announced its willing to give investment guarantees to a Palestinian consortium to help inject \$15 million into date palm farms in Jericho. The Multilateral Investment Guarantee Agency - established 14 years ago to attract investment into the West Bank and Gaza - will provide \$4.8 million in investment guarantees to support Palestinian contributors to the Nakheel Palestine for Agricultural Investment Company's date farms, which is currently owned by 32.61% by PADICO.

Allocation of PADICO's Investments

PADICO Holding has diversified its investments across various vital economic sectors in Palestine. These sectors include:

- Real Estate & Tourism
- Industry & Agriculture
- Services (Telecommunications, Financial & Banking)
- Energy & Environment



PADICO's Investments according to ownership stake

The investments are grouped into three major categories according to the degree of influence and ownership stake:

- **Subsidiary Investments:** where PADICO Holding's share exceeds 50%, granting its control over the subsidiary company's decision making processes and governs the financial and operating policies.
- **Affiliated Investments:** where PADICO Holding owns 20% or more of the capital of the affiliate company, granting an influence on both financial and operational policies.
- **Investments in Other Companies:** where PADICO Holding owns less than 20% of the capital, and has limited influence in the decision-making process.

Ownership in Subsidiaries		Ownership in Affiliates	
Company	Direct and Indirect (%)	Company	Direct and Indirect (%)
The Palestinian Recycling Company (TADWEER)	100	Palestine Tourism Investment Company (PTIC)	43.95
Jerusalem Development & Investment Company (JEDICO)	100	Mawaqif Investment Company	39.2
Jerusalem Tourism Investment Co. (JIT)	95.24	Nakheel Palestine for Agricultural Investment	32.61
Palestine Industrial Estate Development & Management Company (PIEDCO Gaza)	94.48	PALTEL Group	31.39
Al Mashriq Real Estate Company	88.95	Vegetable Oil industries company (VOIC)	28.81
Al Marafiq Investment Company	80	Pal Akar	25.02
Palestine Exchange	78	Arab Hotels Company (AHC)	21.24
Palestine Industrial Estate Development Company (PIEDCO-Holding)	77.87	Jordan Vegetable Oil Industries Company	17
Palestine Real Estate Investment Company (PRICO)	70.97	Palestine Power Generation Company Plc (PPGC)	15
Al Mashtal Tourism Investment Co. Ltd	70.01	National Carton Industry (NCI)	12.89
Palestine Industrial Investment Company (PIIC)	60.65	Golden Wheat Mills Company (GMC)	11.04
Palestine Poultry Company (PPC)	60.11		
Palestine Plastics Industries Company (PPIC)	50.85		

Ownership in other companies	
Company	Direct and Indirect (%)
Palestine Mortgage & Housing Corporation	15.8
VTEL Holdings	10.13
Al Rafah Microfinance Bank	6.67
Palestine Electricity Company (PEC)	6.09
Cairo Amman Bank	2.27
First Jordan Investment Company	0.67

Completed projects in 2011

PADICO Holding and its subsidiaries have completed and launched a package of projects during 2011:

- Operating Saint George Hotel in Jerusalem after renovation with partnership with Landmark Jordan.
- Operating Al Mashtal Hotel in Gaza Strip with partnership with the global Arc Med .
- Parking Station in Amman-Sweifieh.
- Park Plaza in Amman.
- Solid Waste Recycling in Jenin.
- Opening the Slaughterhouse in Tulkerem.
- Establish broilers farms.
- PADICO House.

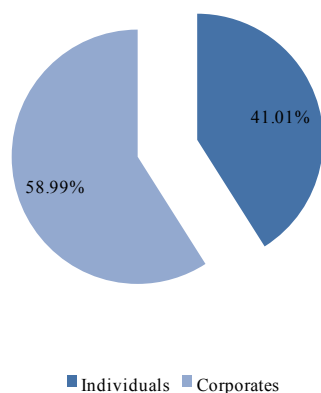
Current and future projects

Other projects for PADICO are still under construction.

- Solid Waste Recycling in Nablus which is expected to operate on March.
- Tertiary Wastewater Treatment Project in North of Gaza.
- Jericho Gate Project– a joint venture with Palestine Telecommunications, where purchase of land had been completed.
- Date palm farms in Jericho with partnership with Manasra Development and Investment Company (MADICO)., which owns developed palm farms in the Jordan Valley.
- Signing MOU with Palestine Investment Fund and the Palestinian Industrial Estate and Free Zone Authority (PIEFZA) to develop and operate Jericho Industrial & Agriculture Zone .
- Business Club in Ramallah; expected to operate in the last quarter of 2012.
- Gaza Chalets.
- Power Generation station in Jenin.
- Residential Lou Lou'a tower in Gaza.

Shareholders Base

Shareholders According to Type 2010

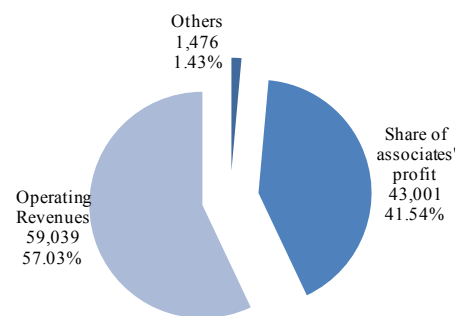


Shareholder as of December 2010	Ownership
Mr. Sabih T. Masri and related parties	12.68%
Blakeney Management	8.39%
Mr. Munib R. Masri and related parties	4.97%
Palestine Investment Fund	4.89%
Massar International	3.01%
Kingdom Holding Company	2.57%
Mr. Nidal Munir Sukhtian and related parties	2.31%
Arab Bank	1.64%
Palestine Telecommunications	1.38%
Sheikh Mohammed bin Hamad Al Thani and related parties	0.97%
Social Security corporation	0.96%
AL-Said Group Int Co For General Trade	0.74%

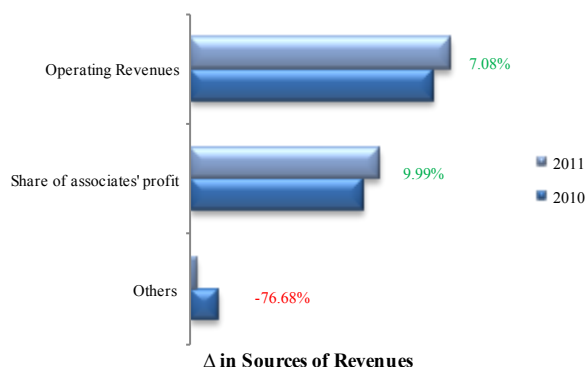
Income Statement

Total revenues increase by 2.94% enhanced by the major contributor; operating revenues

- PADICO’s operating revenues- that constituted about 57.03% of the total revenues- aggregated at \$ 59.04 million in 2011 compared to \$ 55.13 million in 2010; up by 7.08%. This came following the growth in PADICO’s subsidiaries’ operating revenues that were reflected in PADICO’s income statement. Revenues of Palestine Real Estate Investment Company PRICO increased by 11.78% - a change of about \$ 3.72 million-, and Palestine Industrial Investment Company PIIC’s operating revenues increased by 4.01%- a change of about \$ 1.10 million- which in turn reflected the 4.62% increase in Palestine Poultry company AZIZA’s revenues opposed to the slight drop in the revenues of Palestine Plastic Industries LADAEN. PADICO’s subsidiaries’ revenues are diversified according to their operation sectors, including: sales of poultry, eggs and mills, construction contracts revenues and sale of completed property, sales of plastic bottles and pipes, securities exchange fees and commissions, parking revenues and other revenues.
- PADICO’s stake of associates’ profits, which account for 41.54% of the total revenues, increased by 9.99% in 2011, hitting \$ 43.00 million. This was reflected by the increase in Palestine Telecommunications PALTEL’s net profits by 5.11%- a change of about \$6.21 million-, where PADICO owns a stake of 31.39% of PALTEL’s shares.
- Other operational revenues recorded an amount of \$1.48 million in 2011, consisting of gains from investment portfolio and from real estates sales. Where gains from investment portfolio that include sale of trading investments and dividends income amounted to \$ 0.93 million; down by 49.21% reflecting also a decrease in the “investment in financial assets for trading”. Also, gains from sale of real estates settled at \$0.55 million in 2011 compared to \$3.68 million in 2010; down by 85.08%.



Revenues Sources in 2011 (\$000)

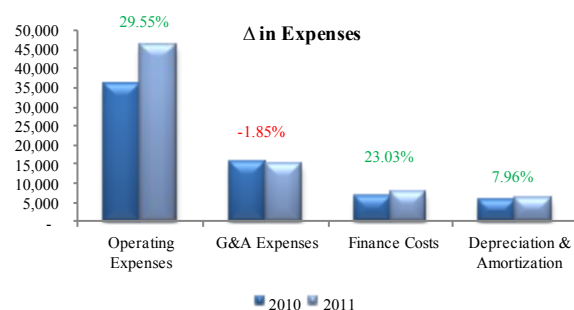


Gross income drops on incurring new projects’ establishment costs

- Operating expenses soared by 29.55% - a value of \$ 10.53 million-, aggregating at \$ 46.17 million in 2011 compared to \$ 35.64 million in 2010. This came due to the increase in the operating costs of many new executed projects in 2011. The Slaughterhouse and broilers farms– projects by Palestine Poultry AZIZA - led to an increase in the operating expenses of AZIZA by 41.20% in which also was reflected in the increase in the operating expenses of Palestine Industrial Investment Company PIIC– the holding company for AZIZA. The projects of Al-Mashtal Hotel, St. George Hotel and Park Plaza have also reflected the raise in PADICO’s operating expenses. These projects incurred establishment and preopening costs in 2011, witnessing low profitability margins. On the other hand, projects under construction expenses are added up. Other reasons lie behind the increase in the operating expenses is the sharp increase in the raw materials prices on international level, which in turn had affected the product costing of hatching eggs, one day old broilers chicks and broilers chicken, therefore lowering the profitability of these products. Adding to that, the illegal smuggling of chicken from the Israeli farms without permits led to declining their prices in the Palestinian market due to floating, therefore PADICO incurred higher costs of production through its subsidiary AZIZA without attaining the suitable margin of selling due to the reduction in the selling prices.
- Accordingly, PADICO’s gross income declined by 11.66%, from \$ 64.91 million in 2010 to \$ 57.34 million in 2011, reflected by the decline in PADICO’s subsidiaries’ gross income: AZIZA’s gross income declined by 70.40% - a change of about \$ 5.81 million- while PIIC’s gross income declined by 68.34% - a change of about \$ 5.68 million. PADICO’s gross margin stood at 55.40% in 2011 compared to 64.56% in 2010.

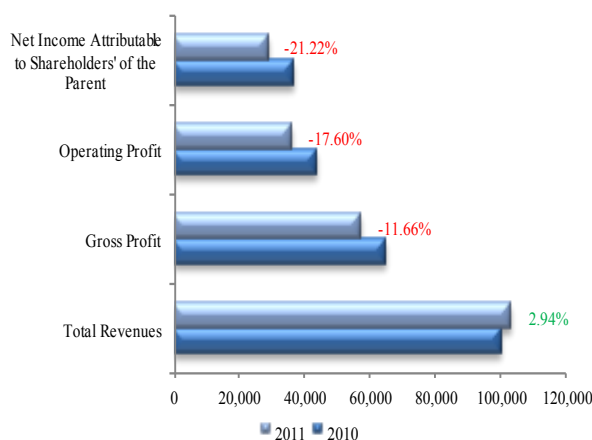
Operating income declines amid higher depreciation & amortization expenses despite administrative costs' control

- On the other hand, general and administrative expenses that accounted for 14.61% of the total revenues in 2011 compared to 15.32% in 2010, slightly declined by 1.85% to settle at \$ 15.12 million in 2011. According to the management, this cost reduction had been implemented since 2010 by PADICO to comply with mergers and the restructuring process, and came within the company's policy of cost control despite the activities expansion in subsidiaries. G&A expenses consist of: salaries and related benefits, rent and general services, selling, advertising expenses and public relations, consultancy and professional fees, board of directors' bonuses and expenses and other expenses.
- Depreciation and amortization increased by 7.96% hitting \$ 6.04 million in 2011 while were \$ 5.59 million in 2010. This item reflects depreciation and amortization expenses that are directly related to its subsidiaries' productions process.
- In consequence, operating income stood at \$ 36.19 million in 2011; down by 17.60% , leading to a decline in the operating margin by 19.96% to settle at 34.96% .



Net income drops on lower profitability margins and higher finance costs

- Finance costs rose by 23.03%, hitting \$ 7.95 million in 2011 compared to \$ 6.46 million in 2010. This item was reflected by the increase in total debt that reached \$ 206.37 million in 2011 compared to \$ 151.32 million in 2010; up by 36.38% representing bonds, loans & credit facilities in the new figure, following the issuance of \$85 million bonds in the third quarter of 2011. The increase came despite the reduction in the long term loans by 33.31% which resulted from paying out part of existing loans by the bonds proceeds.
- PADICO incurred other expenses that are directly related to the administrative activities by \$ 1.31 million in 2011.
- In aggregate, net income of the year 2011 reached \$ 26.17 million in 2011 down 32.47% compared to \$38.76 million in 2010. Minority interest settles at a negative figure of \$ 2.59 million in 2011; therefore net income attributable to shareholders amounted to \$ 28.76 million in 2011 down by 21.22% compared to \$36.51 million in 2010. Net margin stood at 27.78% in 2011.



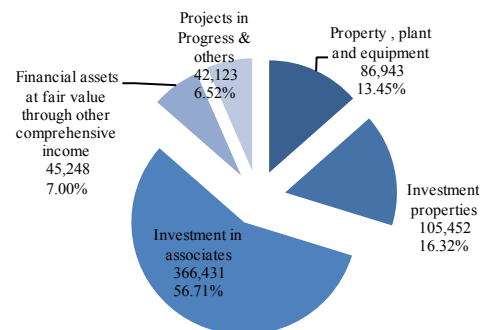
Income Statement Summary

Item (\$ 000)	2010	2011	Δ
Total Revenues	100,555	103,516	2.94%
Gross Profit	64,914	57,344	-11.66%
Operating Profit	43,917	36,187	-17.60%
Profit for the year	38,753	26,168	-32.47%
Net Income Attributable to Shareholders' of the Parent	36,506	28,760	-21.22%
Earnings Per Share	0.146	0.115	-21.22%

Balance Sheet

Assets soar to \$732 million; up 14.74% enhanced by investments in associates and investment properties

- Total assets grew by 14.74% reaching \$732.02 million in 2011 compared to \$63-7.98 million as of the end of 2010, driven by an increase in both current and non-current assets. Noncurrent assets – the largest contributor of total assets by 88.28%- increased by 14.37% - an amount of \$81.17 million- to hit \$646.20 million in 2011. This increase came within a significant growth in investments in associates by 8.60% to reach \$366.43 million in 2011; contributing by 56.71% of noncurrent assets and by 50.06% of total assets. Investment properties increased by 64.45% reaching \$105.45 million in 2011 compared to \$64.12 million in 2010; following consolidating the results of Jericho Gate Real Estate Company, which is currently owned by PADICO and PALTEL by 50% each.



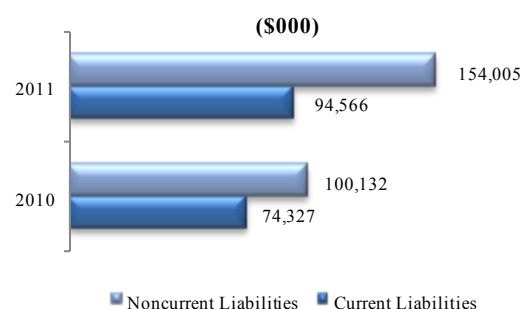
Noncurrent Assets Allocation in 2011

- In addition, investment in properties, machines and equipments soared by 54.23% settling at \$86.94 million in 2011 compared to \$56.37 million in 2010 due to completing the Gaza Strip Hotel– Al Mashtal- during 2011, in addition to completing the Saint George Hotel project and the projects of the Palestinian recycling company Tadweer and Nakheel Palestine for agriculture investment. This was followed by a decline in the " Projects in progress item" by 24.93% totaling at \$30.71 million in 2011. In addition, Financial assets at fair value through other comprehensive income decreased by 15.11% to settle at \$45.25 million in 2011 compared to \$53.30 million in 2010. Investment in Joint-Venture and Intangible assets also declined by 17.43% and 10.06% respectively.
- Current assets which contribute about 11.72% of total assets, increased from \$72.95 million in 2010 to \$85.82 million in 2011; up 17.64%. This came mainly as a result of the major increase in cash and short term deposits, which in turn hit \$25.43 million growing by 82.23%. Also, accounts receivables and balances which represent commercial receivables in subsidiaries increased by 12.14% reaching \$42.86 million in 2011, following sales growth parallel to production expansion in these companies. This was accompanied by corresponding decline of 37.93% in the inventory to stand at \$7.65 million in 2011. Trading investments reported a growth of 16.90% reaching \$10.06 million in 2011 compared to \$8.61 million in 2010.

Total debt increases by 36.38% on bonds issuance

- Total liabilities increased by 42.48% in 2011 amounting to \$248.57 million compared to \$174.46 million in 2010. Noncurrent liabilities -which account for 61.96% of the total figure-, increased by 53.80% in 2011 to amount \$154.01 million, following the issuance of corporate bonds of \$85 million. Bonds' balance accounts for 34.20% of total liabilities and for 41.19% of total debt (loans, credit facilities and bond) in 2011. on the other hand, long term loans dropped in 2011 by 33.31% settling at \$63.27 million, accounting for 25.45% of total liabilities. Provision for employees' indemnity increased by 11.54% reaching \$3.57 million in 2011 compared to \$3.19 million in 2010. In addition, the item of "other non-current liabilities" increased by 5.03% settling at \$2.17 million in 2011.

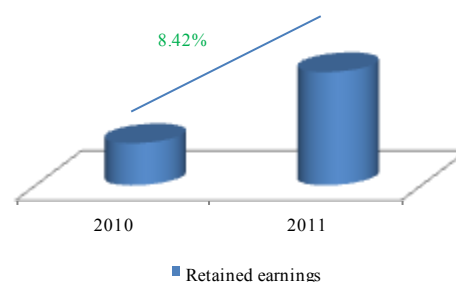
- Current liabilities also reported an increase of 27.23%; contributing 38.04% of total liabilities to aggregate at \$94.57 million in 2011. This was attributed to the increase of the accounts and notes payables by 201.40% when reached \$22.11 million in 2011, reflecting trade payable and outstanding checks and others. Also, other payables which mainly represent accrued cash dividends and accrued expenses and interest increased by 36.20% to settle at \$14.36 million in 2011 .On the other hand, short term loans and credit facilities increased by 2.92% to amount \$58.10 million; representing credit facilities and banking loans granted by PADICO's subsidiaries, contributing 23.37% of total liabilities. In aggregate, total loans, credit facilities and bonds account for 83.02% of total liabilities.



Debt (\$000)	2010	2011	Δ
Loans & credit facilities	151,319	121,368	-19.79%
Bond	-	85,000	-
Total	151,319	206,368	36.38%

Book value slightly increase to \$1.61 per share

- Total equity attributable to shareholders of the parent settled at \$401.68 million in 2011; up 0.53% compared to the end of 2010; contributing 83.12% of total equity, while minority interests stood at \$81.59 million; up by 27.91%. Retained earnings -which account for 28.32% of total equity and for 34.07% equity attributable to shareholders of the parent-, increased by 8.42% to hit \$136.92 million in 2011 compared to \$126.29 million in 2010.
- In consequence, book value per share slightly increased to stand at \$1.61 in 2011 compared to \$1.60 in 2010 and \$1.45 in 2009.



Balance Sheet Summary

Item (\$ 000)	2010	2011	Δ
Current assets	72,951	85,821	17.64%
Noncurrent assets	565,028	646,197	14.37%
Total Assets	637,979	732,018	14.74%
Current Liabilities	74,327	94,566	27.23%
Noncurrent Liabilities	100,132	154,005	53.80%
Total liabilities	174,459	248,571	42.48%
Capital	250,000	250,000	0.00%
Retained Earnings	126,289	136,923	8.42%
Equity attributable to shareholders of the parent	399,737	401,861	0.53%
Minority Interests	63,783	81,586	27.91%
Shareholders' Equity	463,520	483,447	4.30%

PADICO's Share Dynamics in 2011

- During the year 2011, PADICO's share traded between 2011's low of \$0.98 and a full year high of \$1.34.
- The last price closed at a discount of 25.37% to the 2011's high that was hit on April 28, 2011, and at a premium of 2.04% of the year's low on November 23.
- The share closed at a discount of 12.52% to 2011's moving average price (MAP) of \$1.14, and at a discount of 16.56% to its volume weighted price (VWP) of \$1.20.

Item	2011
High	1.34
Low	0.98
Closing	1.00
Discount to High	-25.37%
Premium to Low	2.04%
Volume Weighted Price	1.20
Moving Average Price	1.14
Closing to Moving Average Price	-12.52%
Closing to Volume Weighted Price	-16.56%

PADICO's Market Indicators in 2011

- PADICO's share price dropped significantly by 16.67% in 2011 compared to 2010, to record a market capitalization of \$250 million.
- The share is below its book value. And its 2011's closing recorded 62.11% compared to it, stimulated by the sever drop in the price accompanied by the slight growth in the book value.
- Trading volume of PADICO reached 52.74 million shares until the end of 2011; recording a turnover of 21.09%.
- PE ratio still records a near level at the end of 2011; 8.70x compared to a PE of 8.22x in 2010.

Item	2010	2011
Price	1.20	1.00
P/BV	75.05%	62.11%
Market Capitalization	300,000,000	250,000,000
Trading Volume	44,798,858	52,737,349
Trading Sessions	248	247
Turnover	17.92%	21.09%
PE Ratio	8.22	8.70

PADICO's Share Performance in 2011



Financial Analysis

- PADICO reported a drop in all of profitability indicators; gross margin was affected significantly by the sever increase in direct operating expenses in the main subsidiaries, therefore operating margin dropped despite the noticeable control in the general and administrative expenses and affected also by the higher depreciation and amortization costs. According to PADICO's management; the effect of increasing the direct and operating costs is expected to be reduced gradually in the coming periods, as soon as those projects and production centers who reported low gross margins start to attain an adequate market share. In correspondence, bottom line profitability indicators were affected negatively.
- Along with the expansion in production in PADICO's subsidiaries and the increase in the trade payables; PADICO reported a lower short term liquidity given the soar in the cash position following the bonds issuance and generated revenues. In correspondence, cash ratios improved remarkably for PADICO. Operating liquidity dropped severely at the end of 2011 following the increase in the accounts and notes payables that exceeded the positive change in current assets.
- Long term loans declined in 2011 compared to the end of 2010, but overall debt ratios are different for PADICO now following the issuance of \$85 million bonds. It should be mentioned that debt ratios were not negatively affected by bonds as expected, due to the expansion and what was followed by a growth in different types of investments and assets items. In aggregate, PADICO reported lower equity position of 66.04% in 2011 compared to 72.65% in 2010, but highly supported by the investments expansion.

Item	2010	2011
Current ratio	0.98	0.91
Cash flow ratio	0.13	0.36
Cash ratio	0.30	0.38
Cash to Market Cap	0.08	0.14
Gross margin	64.56%	55.40%
Operating margin	43.67%	34.96%
Net margin	36.30%	27.78%
Price to sales	2.98	2.42
ROaA	6.16%	4.20%
ROaE	8.68%	6.07%
ROaE Attributable to Shareholders of the Parent	9.58%	7.18%
Debt to equity ratio	0.38	0.51
Loans to equity	0.33	0.43
Interest coverage	7.21	4.39

Appendix 1 : PADICO's Financial Highlights (2009-2011)*Common Size Analysis– Income Statement*

Item (\$ 000)	2009		2010		2011	
Operating Revenues	31,018	50.64%	55,133	54.83%	59,039	57.03%
Share of associates' profit	29,529	48.21%	39,094	38.88%	43,001	41.54%
Profit on disposal of investment propriety	-	-	3,680	3.66%	549	0.53%
Income from investment portfolio	340	0.56%	1,825	1.81%	927	0.90%
Gain from sale of investment in an associate	364	0.59%	823	0.82%	-	-
Total Revenues	61,251	100.00%	100,555	100.00%	103,516	100.00%
Expenses						
Operating costs	20,270	33.09%	35,641	35.44%	46,172	44.60%
General and administrative	12,665	20.68%	15,406	15.32%	15,121	14.61%
Finance costs	6,209	10.14%	6,460	6.42%	7,948	7.68%
Depreciation and amortization	2,448	4.00%	5,591	5.56%	6,036	5.83%
Total expenses	41,592	67.90%	63,098	62.75%	75,277	72.72%
	19,659	32.10%	37,457	37.25%	28,239	27.28%
Other revenues (expenses)						
Interest revenue	1,245	2.03%	2,639	2.62%	- 1,306	-1.26%
Gains from business combination of subsidiaries	15,449	25.22%	-	-	-	-
Recovery of provision for loans granted to an associate	6,359	10.38%	-	-	-	-
Other revenues (expenses)	(381)	-0.62%	-	-	-	-
Profit before tax	42,331	69.11%	40,096	39.87%	26,933	26.02%
Income tax expense	377	0.62%	1,343	1.34%	765	0.74%
Profit for the year	41,954	68.50%	38,753	38.54%	26,168	25.28%
Attributable to:						
Owners to the parent	42,236	68.96%	36,506	36.30%	28,760	27.78%
non-controlling interests	(282)	-0.46%	2,247	2.23%	(2,592)	-2.50%
	41,954	68.50%	38,753	38.54%	26,168	25.28%
EPS attributable to shareholders of the parent	0.169		0.146		0.115	

Appendix 1 : PADICO's Financial Highlights (2009-2011)*Common Size Analysis– Balance Sheet*

Item (\$ 000)	2009		2010		2011	
Non-current assets						
Property , plant and equipment	46,104	7.43%	56,374	8.84%	86,943	11.88%
Intangible assets	11,901	1.92%	10,247	1.61%	9,216	1.26%
Investment properties	69,431	11.19%	64,125	6.41%	105,452	14.41%
Projects in progress	48,765	7.86%	40,916	6.41%	30,714	4.20%
Investment in associates	308,120	49.68%	337,412	52.89%	366,431	50.06%
Investment in joint-venture			2,653	0.47%	2,193	0.30%
Financial assets at fair value through other comprehensive income	56,401	9.09%	53,301	8.35%	45,248	6.18%
Total non-current assets	540,722	87.19%	565,028	88.57%	646,197	88.28%
Current Assets						
Inventories and ready for sale properties	4,842	0.78%	12,331	1.93%	7,654	1.05%
Accounts receivable and other current assets	17,154	2.77%	38,061	5.97%	42,680	5.83%
Loans to associate companies	18,455	2.98%	-	-	-	-
Trading investments	18,162	2.93%	8,607	1.35%	10,062	1.37%
Cash & Short Term Deposits	20,862	3.36%	13,952	2.19%	25,425	3.47%
Total current assets	79,475	12.81%	72,951	11.43%	85,821	11.72%
Total assets	620,197	100.00%	637,979	100.00%	732,018	100.00%
Equity						
Paid-in share capital	250,000	58.18%	250,000	53.94%	250,000	51.71%
Share premium	16,932	3.94%	16,932	3.65%	16,932	3.50%
Treasury Shares	(2,292)	-0.53%	(678)	-0.15%	(678)	-0.14%
Statutory reserve	18,147	4.22%	21,517	4.64%	21,517	4.45%
Voluntary reserve	1,594	0.37%	1,594	0.34%	1,594	0.33%
Reserve for cumulative change in fair value	(17,040)	-3.97%	(18,070)	-3.90%	(25,723)	-5.32%
Foreign currency translation	1,261	0.29%	2,153	0.46%	1,296	0.27%
Retained earnings	93,641	21.79%	126,289	27.25%	136,923	28.32%
Equity attributable to owners of the parent	362,243	84.30%	399,737	86.24%	401,861	83.12%
Non-controlling interests	67,462	15.70%	63,783	13.76%	81,586	16.88%
Total equity	429,705	100.00%	463,520	100.00%	483,447	100.00%
Liabilities						
Non-current liabilities						
Long-term interest bearing loans and borrowings	101,340	53.20%	94,868	54.38%	63,268	25.45%
Bonds	-	-	-	-	85,000	34.20%
Deferred revenues	2,315	1.22%	-	-	-	-
Provision for employees' indemnity	2,561	1.34%	3,198	1.83%	3,567	1.44%
Deferred tax liability	846	0.44%	-	-	-	-
Other non-current liabilities	-	-	2,066	-	2,170	0.87%
Total non-current liabilities	107,062	56.20%	100,132	57.40%	154,005	61.96%
Current liabilities						
Credit facilities and short-term interest bearing loans and borrowings	64,463	33.84%	56,451	32.36%	58,100	23.37%
Accounts and notes payable	5,852	3.07%	7,336	4.20%	22,111	8.90%
Provision for income tax	1,239	0.65%	-	-	-	-
Other liabilities	11,876	6.23%	10,540	6.04%	14,355	5.78%
Total current liabilities	83,430	43.80%	74,327	42.60%	94,566	38.04%
Total liabilities	190,492	100.00%	174,459	100.00%	248,571	100.00%

Appendix 1: : PADICO's Major Financial Ratios (2009-2011)

Ratios	2009	2010	2011
Liquidity Ratios			
Current ratio	0.95	0.98	0.91
Quick ratio	0.67	0.82	0.83
Cash ratio	0.47	0.30	0.38
Cash flow ratio	0.07	0.13	0.36
Working capital (000)	(3,955)	(1,376)	(8,745)
Net working capital ratio	(0.006)	(0.002)	(0.012)
Leverage Ratios			
Financial leverage ratio	1.44	1.38	1.51
Degree of financial leverage DFL	1.15	1.16	1.30
Degree of operating leverage DOL	(1.72)	0.90	(2.48)
Capital structure and solvency ratios			
Debt to equity ratio	0.44	0.38	0.51
Loans to equity	0.39	0.33	0.43
Long term debt to equity	0.25	0.22	0.32
Total debt to total assets ratio	0.31	0.27	0.34
Assets Coverage Ratios			
Fixed assets to equity capital	0.11	0.12	0.18
Net tangible assets to long term debt	3.90	4.53	3.08
Total liabilities to net tangible assets	0.46	0.38	0.52
Earnings Coverage Ratios			
Interest coverage	7.82	7.21	4.39
Activity Ratios			
Accounts receivables turnover	2.36	2.00	2.56
Average collection period	152.28	180.27	140.40
Total assets turnover ratio	0.11	0.16	0.15
Fixed assets turnover	1.54	1.96	0.69
Working Capital Turnover	(15.49)	(73.08)	(11.84)
Profitability Ratio			
Gross profit margin	66.91%	64.56%	55.40%
Operating profit margin	42.23%	43.67%	34.96%
EBITDA margin percentage	83.24%	51.86%	39.53%
Net profit margin	68.96%	36.30%	27.78%
Return on Investment Capital			
ROaA	7.29%	6.16%	4.20%
ROaE	10.30%	8.68%	6.07%
ROaE Attributable to Shareholders of the Parent	11.91%	9.58%	7.18%
Market ratios			
BV	1.45	1.60	1.61
P/BV	0.82	0.75	0.62
PE	7.04	8.22	8.69
Dividends Per Share	-	0.08	-
Earnings yield	14.20%	12.17%	11.50%
Dividend yield	-	6.67%	-
Dividend Payout	-	54.79%	-
Price to sales	4.86	2.98	2.42
Q Ratio	0.48	0.47	0.34
Cash to Market Cap	0.13	0.08	0.14

Board of Directors

Munib Al Masri	Chairman of the Board
Nidal Munir Sukhtian	Vice-Chairman of the board
Sabih T. Masri	Board Member
Nabil G. Sarraf	Board Member
Zahi W. Khouri	Board Member
Ammar Aker	Board Member
Samir Zreiq	Board Member
Masira International	Board Member
Arab Bank	Board Member
Cairo-Amman Bank	Board Member

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

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 .