

Flash Result—1Q 2010

Union Construction & Investment Company

Company Overview

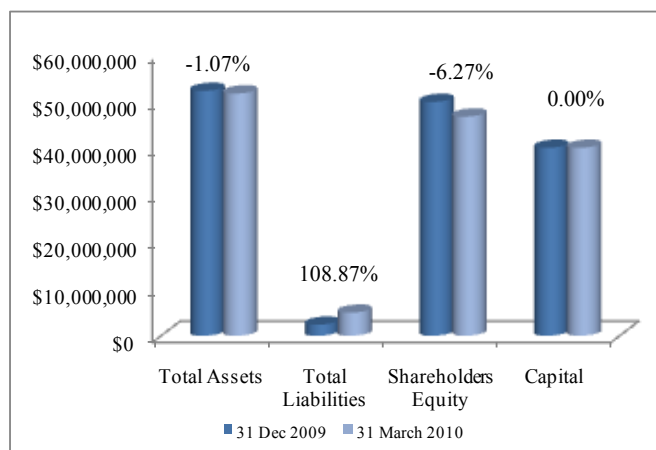
Ticker	Sector	Trading Currency	ISIN	Current Price	Market Capitalization	52 Week High	52 Week Low
UCI	Investment	USD	PS4008112055	0.63	25,200,000	0.80	0.56

Union Construction & Investment Company P.S.C (UCI). is a Palestinian shareholding company engaged in the construction and housing business within the Palestinian territories. The Company's main activities are constructing and developing residential sub-divisions, commercial complexes, shopping malls, industrial and tourist areas, as well investment in real estate and properties. The Company, in order to meet the energy and environment requirements, is offering the choice of geothermal technology in its residential and commercial buildings, which provides a low-emission, cost-efficient and renewable source of energy. UCI's projects include Etihad Sub-division, which is a residential avenue on the hills of the Palestinian cities of Al-Beireh and Ramallah, Arkadia Residential Compound at Al Massyoun heights, Crown Tower and Al Rawda Avenue in Gaza city. The Company has 50% of Minageothermal Company's capital.

Shareholders' equity drops due to the approval of cash dividends distribution for the year 2009

- UCI's total assets reported \$51.55 million in Q1 2010 compared to \$52,11 million at the end of 2009; a slight drop of %1.07 affected by the decline in current assets.
- Current assets stood at \$21.33 million in Q1 2010, showing off a decrease of \$0.87 million compared to the end of 2009 that was attributed to a reduction in accounts receivables by %18.19. It should be mentioned that UCI reallocated the majority of its cash at banks to short term deposits.
- Non-Current assets registered \$30.22 million in Q1 2010; an insignificant growth of %1.06 compared to the end of 2009 that was mainly represented in real estate investments which grew by %1.29 when reached \$24.11 million due to purchasing new lands. Also projects under construction added up to the total assets by a growth of \$0.19 million.
- Shareholders' equity dropped by %6.27 in Q1 2010 to amount \$46.64 million, due to a decline in retained earnings by \$2.88 million to attain a value of \$5.70 million. This was a result of the general assembly's decision on March 30 of approving the cash distribution for the year 2009 as of %7.50 of the company's capital (\$3,000,000) as cash dividends to the saherhoders.

Item	31 Dec 2009	31 March 2010
Current Assets	\$22,206,171	\$21,330,877
Non-current assets	\$29,906,308	\$30,224,094
Total Assets	\$52,112,479	\$51,554,971
Current Liabilities	\$1,490,947	\$4,036,534
Non-current liabilities	\$861,419	\$876,921
Total Liabilities	\$2,352,366	\$4,913,455
Shareholders' Equity	\$49,760,113	\$46,641,516
Capital	\$40,000,000	\$40,000,000

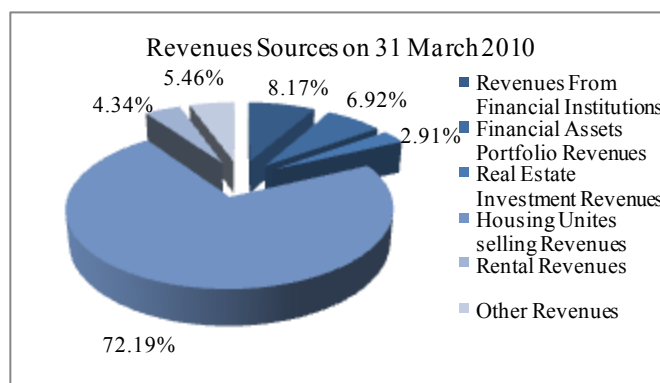


- Total liabilities settled at \$4.91 million opposing \$2.35 million at the end of 2009 registering a net growth of % 108.87, and ascribed to the significant increase in current liabilities.
- Current liabilities posted \$4.04 million, increasing by \$2.54 million compared to the end of 2009 ; a net change of %170.74 that was ascribed to the decision of cash dividends distribution and has been represented in accounts payables. On the other hand “other current liabilities” dropped by \$0.55 million in Q1 2010 compared to the end of 2009.
- Non-Current liabilities reached \$0.88 million in Q1 2010 increasing insignificantly by %1.80 compared to the end of 2009, due to an increase in the employees provisions.
- Working capital reported \$17.30 million in Q1 2010, registering a net working capital ratio of %33.55.
- Current assets cover current liabilities by 5.28 times, and constitute %41.38 from total assets; in which reflects a solid financial position.
- Debt ratio is considered low comparing to the company’s peers; indicating a low risk level.
- According to the reported shareholders’ equity; book value reached \$1.17 per share.

Item	31 March 2010
Book Value	1.17
Debt Ratio	9.53%
Equity Ratio	90.47%
Current Ratio	5.28
Working Capital	\$17,294,343
Net Working Capital Ratio	33.55%

Revenues of housing unites sales contribute %72.19 to total revenues

- Total revenues stood at \$0.92 million in Q1 2010 rising by \$0.71 million compared to Q1 2009, in which operating revenues contributed to %87.62. Revenues of housing unites sales reached \$0.66 million in Q1 2010; adding up the largest proportion to total revenues.
- Investment revenues declined by %39.68 in Q1 2010 when reported \$63 thousands compared to \$105 thousands in Q1 2009.
- Cost of revenues & operating expenses settled at \$ 0.63 million recording a significant increase compared to the same period of 2009, leading gross income to attain \$ 0.18 million that registered a margin of %21.99 in Q1 2010.
- A growth in general & administrative expenses by % 41.02 also led the company’s net income to decline and stands for \$99 thousands at the end of Q1 2010, to register a profit margin of %12.34. Earnings per share attained \$0.0025.
- UCI reported a return on assets of %0.19 and a return on equity of %0.21 at the end of Q1 2010.



Item	31 March 2009	31 March 2010
Operating revenues	\$108,968	\$803,473
Operating Expenses	\$21,428	\$626,804
Gross Income	\$87,540	\$176,669
General & Administrative Expenses	\$107,298	\$151,310
Other Revenues	\$100,721	\$113,519
Other Expenses	\$19,601	\$39,729
Net Income	\$61,362	\$99,149
EPS	\$0.0015	\$0.0025

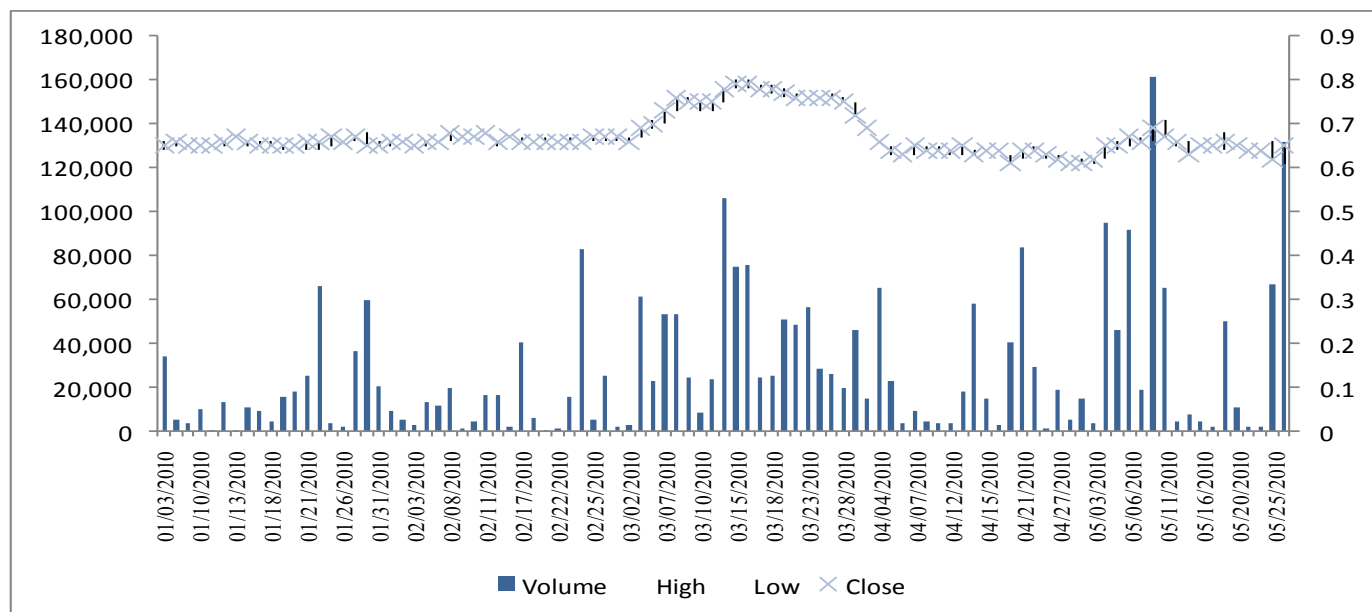
Gross Margin	Profit Margin	ROA	ROE
21.99%	12.34%	0.19%	0.21%

Market Indicators

- The UCI's share is trading currently under its book value, but on a high forward PE due to the approximately negligible profit in comparison to the company's capital on Q1 2010, it should be mentioned that the actual share's PE according to the end of 2009 is 10.15.
- The company's market cap stood at \$28.80 million on March 31, 2010 and at \$25.20 million on May 31.

Market Indicators	2009	31 March 2010
Price	0.67	0.72
Price/book value	53.86%	61.75%
PE	10.15	72.62*
Market Capitalization	\$26,800,000	\$28,800,000
Turnover	7.64%	2.63%

* Forward PE



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