

Flash Result-Q1 2010

Palestine Electric Company

Ticker	Sector	Trading Currency	ISIN	Current Price	Market Cap	52 week High	52 Week Low
PEC	Services	USD	PS5006112997	0.95	57,000,000	1.11	0.86

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.

Categories -USD	2009	1Q2010	Δ%
non-current Asset	93,357,609	91,473,257	-2.02%
Current Asset	40,652,500	42,757,548	5.18%
Total Assets	134,010,109	134,230,805	0.16%
Capital	60,000,000	60,000,000	0.00%
Total Equity	74,988,394	78,802,254	5.09%
non-Current Liabilities	35,949,972	35,996,340	0.13%
Current Liabilities	23,073,743	19,432,209	-15.78%
Total Liabilities	59,023,715	55,428,549	-6.09%

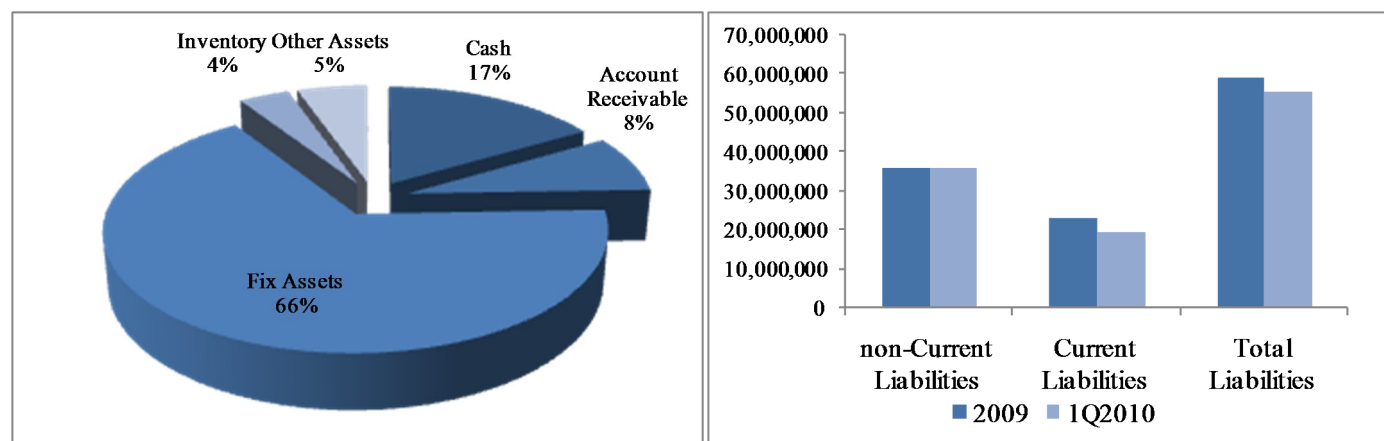
Total Assets Increased Slightly by 0.16%

Categories	1Q2010	Δ%
Current Ratio -Times	2.20	24.89%
Debt Ratio	34.68%	-0.16%
working Capital	23,325,339	32.69%
Book Value -USD	1.31	5.09%
Market Price -USD	1.09	4.81%
Price /BV	82.99%	-0.26%
Market Value / Assets	0.49	4.64%

- Total Assets hit a figure of USD 134.23 million in 1Q2010 as apposed to USD 134.01 million in 2009 increasing slightly by 0.16%, when it was affected by an advance in current assets by USD 2.10 Million attributed mainly to a growth in Cash and Account receivables by 14.50% and 9.82% respectively. To realize a Return On Assets by 2.84%.

- Cash was amongst the other contributions factors in the total net figure of total assets as it hit USD 22.35 million in 1Q2010 opposing USD 19.01 million in 2009 ; increasing by 16.96% , to realize a cash ratio of 16.56 at the end of 1Q2010 ; Cash constituted more than 16 percent of total assets which in turn will help Palestine electric company to take advantage of any investment opportunity and to maintain a well haven of liquidity to meet any sort term Obligations .
- Account receivables increased by 9.82% to record USD 10.59 million in 1Q2010 against USD 9.64 in 2009 to realize an average collection period of 253 days.
- Palestine Electric Company maintained a liquidity ratio of 2.20 times; current assets covered current liabilities by more than two times , and also the company's working capital advanced to reach USD 23.32 Million in 1Q2010 comparing to USD 17.58 Million in 2009 to realize a net working capital Ratio of 17.37 % .

Fixed Assets Constituted 66% of total Assets



Total Liabilities Declined by 6.09%

- Noncurrent Assets reported USD 91.47 million in 1Q2010 against a figure of USD 93.35 million in 2009 declining by 2.02%, affected Mainly by a decrease of fixed assets – Land and Equipment – by 1.91 %, which in turn constituted approximately 66 % of total assets and more than 97% of non-current assets .
- Total liabilities figures settled at USD 55.43 Million in 1Q2010 Opposing USD 59.02 Million in 2009 decreasing by 6.09%, driven significantly by a major decline in current liabilities by 15.78%.
- At the end of the first quarter of 2010 Palestine electric Company –PEC- recorded a slightly decline of debt ratio (Loans/Equity) to reach 34.68% in 1Q2010 against 34.74% in 2009
- Total equity increased by 5.09% to amount USD 78.80 Million , affected by an increase in retained earnings by a value of USD 3.43 Million , to realize a book value of USD1.31 and return on equity of 4.48% at the end of the first quarter of 2010 .
- Book value as we mentioned above reached USD 1.31 in 1Q2010 while it attained USD 1.25 in 2009 increasing by 5.09%, it worth to mention that Palestine electric company shares market price in 1Q2010 hits USD1.09 which in turn had traded under the book value by more than 20%.

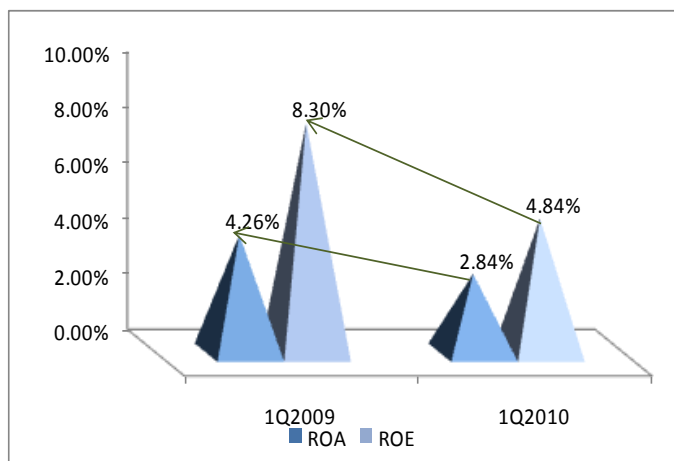
Total Revenues Increase by 0.87%

Categories -USD	1Q2009	1Q2010	Δ%
Revenues	7,292,592	7,356,240	0.87%
Cost of revenues	2,769,864	4,097,370	47.93%
Gross Profit	4,522,728	3,258,870	-27.94%
Administrative Expenses	970,091	754,134	-22.26%
Operation Profit	3,552,637	2,504,736	-29.50%
Total Profit	6,140,590	3,815,860	-37.86%

- Total revenues increased slightly by 0.87% to report USD7.36 million in 1Q2010 comparing to USD 7.29 million in Q12009 , also cost of revenues increased sharply by 47.93% to amount USD 4.10 million at the end of 1Q2010 that was generated mainly by an increase of operating expenses by 47.93% . In aggregate gross profit attained USD 3.26 million declining by 27.94 % .

- Operating profit also declined by 29.50% to realize USD 2.50 million at the end of the first quarter 2010 affected by an increase of general and administrative expenses by 22.26% to attain an Operating margin of 34.05% at the end of this period .
- In aggregate , total profit hit a figure of USD 3.81 Million against USD 6.14 million declining by 37.86% , affected by a major decline of governmental aids from USD 3.08 in 1Q2009 to USD 1.56 Million in 1Q2010 .

Categories	1Q2009	1Q2010	Δ%
Price	0.96	1.09	13.54%
EPS	0.10	0.06	-37.86%
P/E (e)	2.35	4.28	82.71%
ROA	4.26%	2.84%	-33.26%
ROE	8.30%	4.84%	-41.64%
Operating Margin	48.72%	34.05%	-30.11%
Profit Margin	84.20%	51.87%	-38.40%

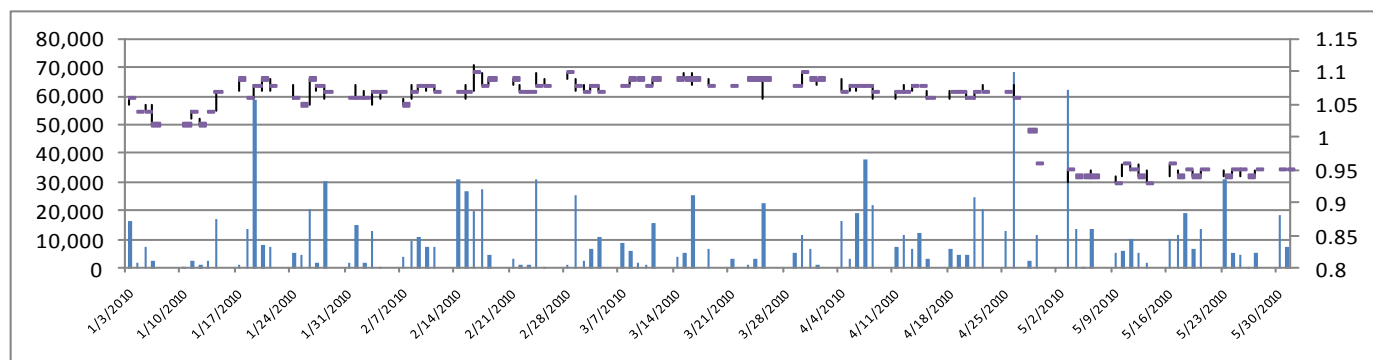


- Income statement showed a significant decline of profit margin by 38.40 % at the end of 1Q2010 to realize 51.87% in 1Q2010 comparing to 84.20% in the same period of 2009 .

Market Indicators

- Palestine Eclectic Company realized an increase of market CAP to attain USD 65.40 Million in the first quarter 2010 comparing to USD 62.40 Mil- lion in 2009 which was ascribed to an advance of share's market price from USD1.04 in 2009 to USD 1.09 in the first quarter of 2010 , also it worth to mention that turn over ratio recorded 1.01% at the end of 1Q2010 .

Categories	1Q2010
Market Cap	65,400,000
Traded shares	608,132
Turn over Ratio	1.01%
Price	1.09
P/E (e)	4.28
P/BV	82.99%



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