

New Listing 2011

Global United Insurance Company

Company Overview

Global United Insurance Company was established as a shareholding company on March 24, 2010 with an authorized capital of 5 million shares of \$1.00 per share. The founders subscribed 3,750,000 shares of the company's capital; by 75% in time of incorporation. As of November 1, 2010; 1,250,000 million shares with a par value of \$1.00 per share were offered through an initial public offering, and the full amount has been subscribed to raise the paid in and subscribed capital to \$5,000,000 distributed over 5,000,000 shares of \$1.00 per share. The company is engaged in insurance & reinsurance activities, guarantees & compensations and their related requisites, and it is headquartered in Nablus city and operates through a network of 11 branches.

Trading on the company's shares in Palestine Exchange (PEX) will start on 31/03/2011 under the symbol of "GUI" using the USD currency. The shares will be included in the insurance sector to add up to its constituents to reach 6 companies; raising the sector's market capitalization to around \$92.30 million once GUI is listed, in which the sector's cap will account for approximately 3.30% of PEX's market capitalization.

The number of shareholders of Global United Insurance is 547 shareholders. Free float ratio is 38.5%. Major shareholders holding of 10% and more are 3 shareholders.

Insight

As of May 30, 2010, and in order for Global United Insurance Company (GUI) to attain the necessary license to practice insurance activities in Palestine, the company signed an agreement with the Capital Market Authority and the management committee of Arab Insurance Establishment Company (AIE)- delisted from PEX - whereby:

- Some of AIE's assets including receivables, land and investments were transferred to GUI.
- Opposed to a transfer of some of AIE's liabilities to GUI, including compensations related to comprehensive insurance, third party insurance, general insurance, workers' and health insurance as of November, 2009.
- In order to issue shares by 219,549 from GUI's capital for the shareholders of AIE.

According to this agreement, GUI will have the right to collect transferred receivables, manage land and investments and follow up pending liabilities and dues. It's worth to mention that the remaining assets and liabilities of AIE were transferred to the Palestinian Road Accident Victims Compensation Fund.

Main Financial Indicators

- In its first operational year, Global United Insurance Company recorded a profit, thus registering positive profitability ratios.
- The insurance sector in the PEX; three companies reported net profits in 2010 while two recorded net losses, therefore GUI will be ranked as third when it lists after National Insurance (NIC) and Trust International Insurance (TRUST) in terms of profitability indicators EPS, ROA and ROE.
- According to the reported shareholders equity in 2010, book value reached \$1.01 per share rising by 1 % compared to the share's par value (\$1.00).
- The company reported a net margin that is very good compared to its profitable peers in the insurance sector and other leading companies.
- Debt ratios recorded an acceptable levels, along with a good equity position. Now, and after repaying its \$0.75 million loan in January 2011, the company is expected to report zero loans; so to maintain attractive leverage levels.
- Efficiency was reflected in a slight positive figure, and operating efficiency reported a significant level in the first year.

Item	2010
EPS	0.008
Book Value	1.01
ROA	0.35%
ROE	0.76%
Net Margin	29.24%
Assets Turnover	1.20%
Working Capital	1,791,291
Working Capital Turnover	7.29%
Current Ratio	1.31
Debt Ratio	53.90%
Equity Ratio	46.10%
Loans/ Assets	6.86%

Balance Sheet

- Global United Insurance reported total assets of \$10.93 million in 2010. Current assets stood at \$7.58 million constituting 69.41% of total assets, while non current assets amounted to \$3.34 million accounting for 30.59% .
- Accounts receivables is the major constituent of current assets in 2010; accounting for 37.73% and standing at \$2.86 million and composed mainly from clients' receivables that reached \$2.56 million. Tradable financial assets followed to settle at \$1.07 million in 2010 that are characterized mainly in investments in PEX's stocks; 79.67% is invested in shares of Arab Hotels (AHC) and 6.14% in Palestine Development & Investment (PADICO) along with other 8 listed companies in addition to 1 unlisted company. Cash, Cash equivalents & banks' deposits stood at \$1.57 million in 2010 accounting for 20.64% of current assets. Cheques in collection that are due within one year stood at \$0.81 million, and reinsurance contracts assets settled at \$0.32 million. On the other hand, prepaid expenses and net establishment expenses were presented in the other receivables balance which aggregated at \$0.94 million.
- Non current assets aggregated at \$3.34 million in 2010, that is composed of the net carrying amount of investments in real estate, machines & equipments by \$2.09 million that accounts for 62.61% of non current assets. In addition, investments in land that were reflected in the category of real estate investment reached \$1.25 million.
- Total liabilities amounted to \$5.89 million in 2010. Current liabilities stood at \$5.79 million accounting for 98.37% of the total figure, while non current liabilities reached \$0.10 million.
- Current liabilities were characterized mainly by the gross insurance contracts liability which amounted to \$3.25 million accounting for 56.16% of current liabilities. The company took a short term loan of \$0.75 million and repaid the full amount as of January 05, 2011. Accounts payables which reflect the commercial companies' payables, clients' payables and suppliers' payables amounted \$0.92 million accounting for 15.87% of current liabilities .
- Non current liabilities constituted a small figure standing at \$0.10 million in 2010, representing only the employees benefits' provisions.
- The company's paid up capital reached \$5.00 million in 2010, and the retained earnings amounted \$0.03 million which represents the year's net income after deducting the statutory reserve balance.

Item	2010
Non Current Assets	3,343,089
Current Assets	7,585,919
Total Assets	10,929,008
Current Liabilities	5,794,628
Non Current Liabilities:	96,184
Total Liabilities	5,890,812
Paid Up Capital	5,000,000
Retained Earnings	34,376
Total Shareholders' Equity	5,038,196

Item	2010	
Assets	Current	69.41%
	Non Current	30.59%
Liabilities	Current	98.37%
	Non Current	1.63%
Equity	Capital	99.24%
	Retained Earnings	0.68%
	Statutory Reserve	0.08%

Income Statement

- Global United Insurance Company reported revenues from net insurance activities of \$2.42 million in 2010.
- Operating revenues stood at \$0.13 million after recording general expenses related to insurance operations of \$2.29 million.
- General & administrative expenses reached \$2.54 million, constituted of \$1.22 million as salaries and wages to account for 47.97% of the total figure.
- The company recovered a balance of \$0.16 million from the receivables transferred from Arab Insurance Establishment which totaled \$1.23 million according to the agreement between the two companies, in which any recovered balance will be reflected in the income statement.
- Investment profits amounted \$0.09 million in 2010, in which gained from selling of tradable financial investments by \$0.03 million, in addition to recording a figure of \$0.05 million as a re-evaluation of securities in fair value.
- In aggregate, the company reported a net income in its first operating year 2010 by \$38,196.

Item	2010
Revenues	2,421,312
Operating Revenues	130,612
G&A Expenses	254,522
Recovery of Payables Provision	162,528
Gain from Investments	88,435
Net Income	38,196

GUI Vs. PEX's Insurance Companies

Company (Figures in USD)	Symbol	Subscribed Shares	Net Income	Total Assets	Total Liabilities	Total Equity	Book Value*	EPS	ROA	ROE	Debt Ratio
Ahliea Insurance	AIG*	33,499,348	36,651	48,938,110	37,185,200	11,752,910	0.35	0.001	0.07%	0.31%	75.98%
Al Mashriq Insurance	MIC	7,200,000	(1,774,447)	15,333,062	16,209,928	(876,866)	-	(0.246)	-11.57%	-202.36%	105.72%
National Insurance	NIC	10,000,000	5,310,636	70,630,122	49,732,114	20,898,008	1.97	0.531	7.52%	25.41%	70.41%
Palestine Insurance	PICO	5,000,000	(1,654,080)	32,304,983	28,042,770	4,262,213	0.85	(0.331)	-5.12%	-38.81%	86.81%
Trust International	TRUST	8,250,000	1,603,988	61,934,482	38,631,077	23,303,405	2.82	0.194	2.59%	6.88%	62.37%
Global United Insurance	GUI	5,000,000	38,196	10,929,008	5,890,812	5,038,196	1.01	0.008	0.35%	0.76%	53.90%

These figures were prepared on March 30, regarding preliminary annual financial results of 2010 for AIG & PICO, in addition to the audited financial statements of the remaining.

* Share's Par Value \$0.25.

** Book Value is calculated based on shareholders' equity excluding minority interests.

Upcoming Listings

Palestine Exchange is preparing to receive other new listing in the sector of banking and financial services. In addition to Global United Insurance, Palestine Mortgage & Housing Corporation is expected to be listed after about two weeks, on April 13; raising the number of listed companies to 43.

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