

Flash Result Report - 2011

# Palestine Telecommunications (PALTEL)

*Palestine Stock Exchange*

Ticker	Sector	Trading Currency	ISIN	Free Float	Current Price	PE	Market Capitalization \$	52 Week high	52 Week low
PALTEL	Services	JOD	PS5002111951	54.99%	5.41	7.85	1,004,359,846	5.52	4.95

## Palestine Telecommunications Background

Palestine Telecommunications Company was founded in 1995, and started its operations in 1997 as an operator and provider of telecommunications services: fixed line , cellular, internet , data transmission and leased lines. Palestine Telecommunications plays a major role in raising the Palestinian economy and supports its development. It employs about 1600 employees. Its capital reached JD 131,625 million and its shareholders base as of December 31, 2011 reached 7,499: that consists of individuals, companies, institutions, Palestinian investment committees and legal bodies.

The company skilled unique accomplishments among the past years in various aspects of telecommunications and information technology, where the company introduced to the Palestinian Community all the services and instruments of telecommunications and internet . The company's activities expanded widely to meet the high ambitions, and the efforts have integrated during the year of 2005 to outcome PALTEL group which includes: Paltel Corporation (Paltel), Palestine Cellular Communications (Jawwal), Hadara Technologies, PalMedia, Reach, Paltel Academy, Paltel Group for development institute, to be an integrated weight unit with a unique new experience among the local and global levels to attain a beneficiary subscribes from Paltel Group companies of 2.97 million at the end of 2011.

PALTEL's share price is currently calculated in Al Quds Index formula and weighs around 43.24%. Also it is the largest company in the PEX market capitalization. In 2011, PALTEL constituted 36.48% of the total value traded in Palestine Exchange (PEX) and 81.86% of the total services sector's, 9.86% of the total volume traded of the PEX, while 46.99% of the services sector's, 35.30% of the market cap of the PEX, whereby, 67.03% of the services sector's.

According to the Preliminary Estimates of the National Accounts in the Third Quarter of 2011 by the Palestinian Central Bureau of Statistics, the Services Sector in the Palestinian Territories contributes 20.10% of the Gross Domestic Product, while Transport, Storage and Communications contribute 7.70%.

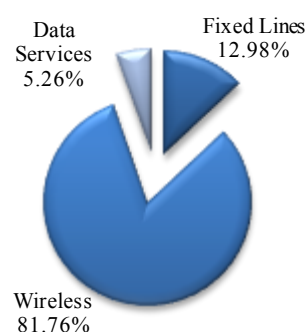
The chairman of PALTEL, Mr. Sabih Al Masri said "PALTEL works with deliberated plans and qualified personnel leading to its development and growth. Today PALTEL is one of the fastest growing companies in the region after developing a good infrastructure in Palestine and providing new services to its customers. PALTEL has adopted a good strategy and future plans that help to maintain its growth such as: intensively investing in infrastructure and modern technologies, services diversification and lowering their costs to subscribers, regionally spreading and providing many technological solutions. This was reflected on the group in stability and demand, therefore PALTEL has become an important factor over the years to attract investment to Palestine".

Major Shareholders as of Dec 31, 2010	# of shares	% of Ownership
Palestine Development & Investment (PADICO)	39,056,674	29.6%
Palestine Investment Fund	8,776,649	6.67%
Blakeney L.P.T	6,940,994	5.27%

## Growth in Subscribers Base by 8.68%

- Palestine Telecommunications PALTEL reported a growth of 8.68% in its total number of subscribers to reach 2.97 million as of December 31, 2011; including fixed line, wireless (Mobile) and data services compared to 2.73 million at the end of 2010.
- Wireless services subscribers - which account for 81.76% of the total figure -, increased by 7.40% to reach 2.42 million in 2011 compared to 2010. Sustaining the strong performance in the wireless subscribers came amid rising the competition in the Palestinian Telecommunications sector.
- Fixed line subscribers- the second contributor by 12.98%- reached 0.38 million in 2011, up by 6.06% compared to the end of 2010. According to PALTEL; this increase is attributed to the intensive offered price campaigns which aim to increase the service's usage through providing several motives and advantages to subscribers.
- Data services (ADSL) subscribers - which contributed the least to the total base by 5.26%-, increased significantly by 44.44%, standing at 0.16 million in 2011. This was accompanied with a rise in the penetration rate of ADSL among fixed line to reach 40.52% compared to 29.75% in 2010.

Sector	2010	2011	Δ
Fixed Lines	363,000	385,000	6.06%
Wireless	2,258,000	2,425,000	7.40%
Data Services	108,000	156,000	44.44%
<b>Total</b>	<b>2,729,000</b>	<b>2,966,000</b>	<b>8.68%</b>

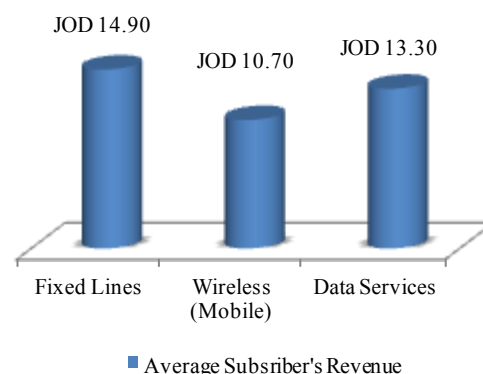


## Income Statement

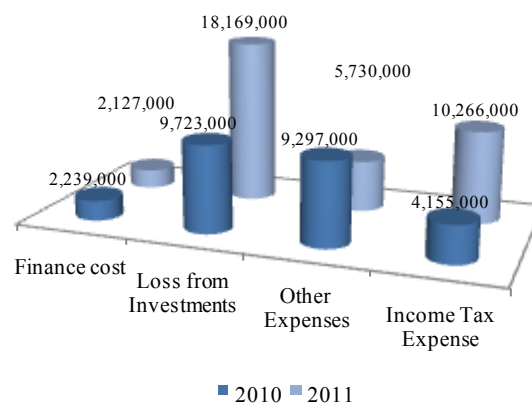
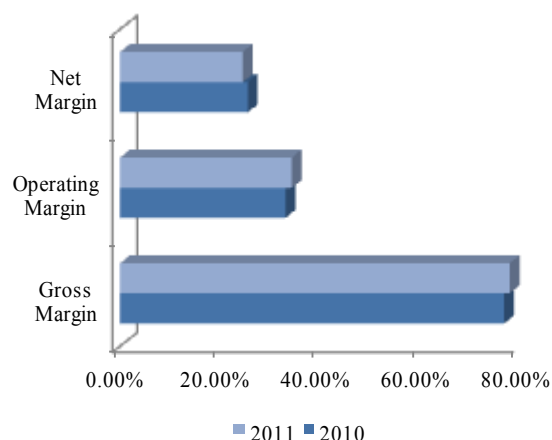
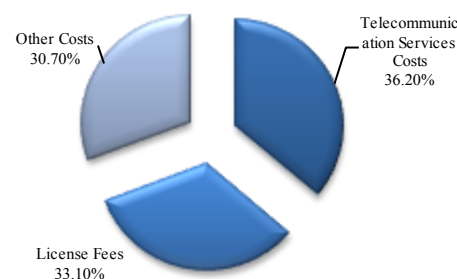
### Net income rises 5.11% on higher operating income

- PALTEL recorded operating revenues of JD370.20 million in 2011 compared to JD338.30 million in 2010; up by 9.43% - a value of JD32.00 million. This increase was attributed to the growth in all of the main sectors' revenues.
- Wireless services' revenues grew by 9.70% in 2011 contributing about 76% to the annual change. Historically, Wireless services' revenues account for approximate 73% of the total operating revenues. Average monthly revenues per subscriber in this sector dropped slightly by 1.83% to stand at JD 10.70 in 2011 compared to JD10.90 in 2010. According to PALTEL, the company succeeded to maintain the same level of the figure amid sever competition.
- Fixed line' revenues also recorded an increase of 9.70% in 2011, accompanied by a growth in the average monthly revenues per subscriber for the fixed line sector to reach JD 14.90 in 2011 compared to JD 14.30 in 2010; up by 4.20%. This was ascribed to the intensive fixed line campaigns.
- Data services' revenues - the least contributor to total revenues- soared by 81.40% in 2011 compared to 2010. On the other hand, the average monthly revenues per subscriber in the data services' sector declined by 27.32% to JD13.30 in 2011 compared to JD18.30 in 2010 due to the switch of large portion of subscriptions to Bit-stream access system (BSA) in addition to the huge increment in data subscribers.

Item	2010	2011	Δ
Revenues	338,300,000	370,200,000	9.43%
Gross Profit	259,442,000	288,072,000	11.04%
Operating Profit	111,750,000	127,036,000	13.68%
Investments Loss	9,723,000	18,169,000	86.87%
Net Income	86,336,000	90,744,000	5.11%
Earnings Per Share	0.656	0.689	5.11%



- Cost of revenues increased consequently to aggregate at JD82.13 million in 2011 compared to JD78.86 million in 2010; up by 4.15%. Generally, cost of revenues includes Telecommunication services costs, license fees and others. Telecommunication services costs that mainly comprise of interconnection costs and international roaming due to other telecommunications companies advanced by 5.98% hitting JD29.73 million and accounting for 36.20% of total cost of revenues. In addition, license fees increased by 9.81% hitting JD27.19 million, whereby PALTEL pays the Palestinian National Authority PNA a license fee of 7% on all wireline and wireless operating revenues, while other costs that represent mainly: commissions paid to employees and dealers, cost of mobile handsets sold, cost of SIM cards and prepaid scratch cards, cost of media services and others decreased by 3.21% standing at JD25.22 million.
- Accordingly, gross income advanced by 11.04% settling at JD288.07 million in 2011 compared to JD259.44 million in 2010, leading the gross margin to record a percentage of 77.82% due to the significant growth in the overall revenues, in addition to maintaining an approximate level of cost of revenues compared to revenues.
- General and operating expenses which consist mainly of: payroll and related employees' expenses, advertising, depreciation and amortization, maintenance, provision for doubtful debts and other expenses increased by 9.04%; settling at JD161.04 million. Therefore, operating income soared by 13.68% hitting JD127.04 million in 2011 compared to JD111.75 million in 2010; operating margin stood at 34.32%; up by 3.88% compared to 2010 driven by the gross income enhancement that overcome the increment in the general and operating expenses.
- PALTEL's losses from investments increased by 86.87%, reaching JD18.17 million in 2011 compared to a loss of JD9.72 in 2010, reflecting the company's stake in associates' results of operations. It is worth mentioning that PALTEL owns approximately 25% of VTel Holding Company and 40.3% in PAL Aqar for Real Estate and invested in "Jericho Gate Real Estate Investment Company" with an amount of JD15.6 million during 2011.
- Financing cost decreased by 5.00% in 2011 standing at JD2.13 million compared to JD2.24 million in 2010. While other expenses which consist of provision for governmental fees that represent the final settlement reached with the PNA regarding claims for additional fees related to prior years decreased by 38.37%, amounting to JD 5.73 million.
- PALTEL incurred an income tax expense of JD10.27 million in 2011 compared to JD4.15 million in 2010. Palestine Cellular Communications (Jawwal) is entitled of 78.87% of this figure - an amount of JD8.10 million-, where the company is now subject to income tax partially after the period of full income tax exemption has ended.
- In aggregate, PALTEL recorded an increase in its net income by 5.11% to stand at JD90.74 million in 2011 compared to JD86.34 million in 2010. Net margin slightly decreased by 3.95%, hitting 24.51% in 2011 compared to 25.52% in 2010 as a result of the noticeable increase in the investment losses in addition to the almost doubling in the investment losses. In the bottom line; Earnings per share grew to hit JD0.689 at the end of the year 2011.



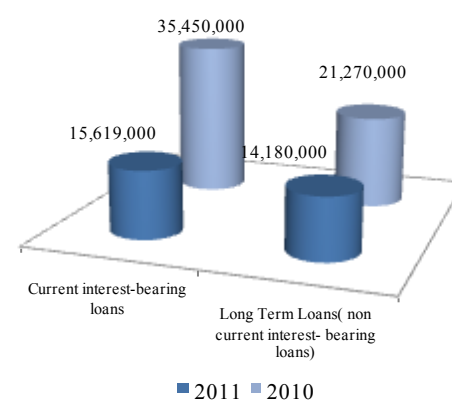
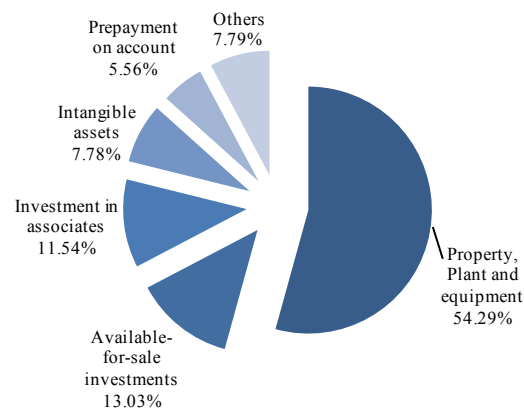
## Balance Sheet

### Total loans drop by 30.58%

- PALTEL's total assets increased by 4.28% to settle at JD574.84 million in 2011 compared to JD551.26 million in 2010. This increase was caused by the growth of the major contributor- noncurrent assets— opposed to a drop in current assets.
- PALTEL's noncurrent assets soared by 13.09% to total JD382.23 million in 2011, driven by the recorded growth of 9.12% in investment in plants, properties & equipments to hit JD207.51 million reflecting primary investment in wireless and wire line networks. Investment in plants, properties & equipments contributes about 54.29% to noncurrent assets. The second contributor to noncurrent assets - available for sale financial assets - increased significantly by 158.88% to hit JD49.82 million in 2011 representing shares in companies whether quoted or unquoted in financial markets. It should be mentioned that PALTEL has expanded its investment in the ARAB Bank - quoted in Amman Stock Exchange— during 2011. Also, investment in associates increased by 5.00% amounting to JD44.12 million. On the other hand, the balance of prepayment on account amounted to JD21.27 million in 2011— which is the remaining “outstanding un due” balance of license fees to the PNA - witnessed a significant drop of 34.03% compared to the end of 2010. Also, the intangible assets decreased by 11.11% reaching JD29.72 million in 2011, representing the net book value of goodwill, license and line costs and rights of use of fiber cables.
- Current assets dropped by 9.68% to settle at JD192.61 million in 2011. This drop was explained by the reduction in “other current assets” item which represent mainly prepaid expenses and advance license fees by 35.95% from JD54.40 million in 2010 to reach JD34.85 million in 2011, in addition to the drop in cash & cash equivalents by %10.42 due to financing PALTEL's investments and paying out part of its loans in addition to finance its operating cycle that was accompanied by the revenues growth and a decline in inventories. Also, financial assets held for trading, also declined by 15.58% reaching JD8.24 million in 2011 representing shares quoted in Palestine Stock Exchange and other regional markets. On the other hand, accounts receivables increased to JD79.75million; up by 14.51% compared to 2010 in parallel to operations expansion.
- PALTEL's total liabilities decreased by 8.62% to settle at JD146.11 million in 2011 compared to JD159.89 million in 2010, enhanced by the drop of 22.22% in non-current liabilities - an amount of JD13.53 million-. Noncurrent liabilities dropped to JD47.38 million in 2011 compared to JD60.91 million in 2010 as a result of paying out part of PALTEL's loans, where long term loans balance declined by 40.00% to amount JD21.27 million in 2011. On the other hand, the provision for employees' indemnity increased by 2.54% standing at JD26.11million.
- On the other hand, current liabilities slightly decreased by 0.24% reaching JD98.73 million as an effect of the decrease in the accounts payables by 6.38% to reach JD32.41 million in 2011. Also, the item of current interest-bearing loans dropped by 9.21% to settle at JD14.18 million in 2011 compared to JD15.62 million in 2010. While, the item of “other current liabilities” which reflects deferred revenues & accrued expenses increased to JD49.17 million; up by 0.90%.

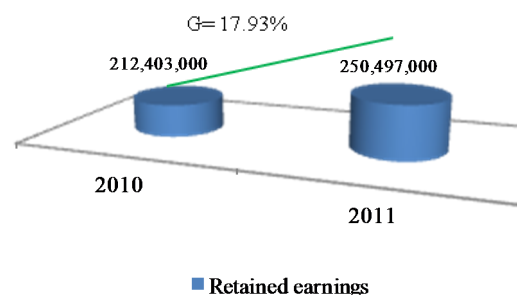
Item	2010	2011	Δ
Current assets	213,260,000	192,609,000	-9.68%
Noncurrent assets	338,001,000	382,233,000	13.09%
Total Assets	551,261,000	574,842,000	4.28%
Current Liabilities	98,972,000	98,730,000	-0.24%
Noncurrent Liabilities	60,915,000	47,382,000	-22.22%
Total liabilities	159,887,000	146,112,000	-8.62%
Capital	131,625,000	131,625,000	0.00%
Retained Earnings	212,403,000	250,497,000	17.93%
Shareholders' Equity	391,374,000	428,730,000	9.54%

### Noncurrent Assets Allocation



### Book value soars by 9.54% to JD3.26 per share

- PALTEL's shareholders equity grew by 9.54% to aggregate at JD428.73 million in 2011 compared to JD391.37 million in 2010. This growth came due a significant advance of 17.93% in retained earnings that amounted to JD250.50 million in 2011 compared to JD212.40 million in 2010 following the 2011 net income.
- In consequence, book value per share soared by 9.54% to stand at JD3.26 in 2011 compared to JD2.97% in 2010 and JD2.67 in 2009. This consistent ascending in the book value is enhanced by the progressing growth in operating and net profits along the period, despite the continuous policy of cash dividends distribution.



### BOD Recommendation: 40% cash dividends

- According to Palestine Telecommunications PALTEL's board of directors' meeting that took place on 07/02/2012, it was decided to raise a recommendation for its general assembly that will hold its meeting on 05/04/2012, to distribute **40% cash dividends** to its shareholders.
- According to this proposition; Dividend yield will report similar level to 2010, following the slight increase in the price. But dividend payout will decline given the growth in income.

Item	2010	2011	Δ
EPS	0.656	0.689	5.11%
Market Price	5.28	5.29	0.19%
Dividends	0.40	0.40 (Proposed)	0.00%
Dividend yield	7.58%	7.56%	-0.19%
Dividend Payout	60.98%	58.06%	-4.86%

### PALTEL's Share Dynamics in 2011

- During the year 2011, PALTEL's share traded between 2011's low of JD4.95 and a full year high of JD5.55.
- The last price closed at a discount of 4.68% to the 2011's high that was hit on January 17, 2011, and at a premium of 6.87% of the year's low on May 17.
- The share closed at a premium of 1.19% to 2011's moving average price (MAP) of JD5.23, and at a premium of 1.73% to its volume weighted price (VWP) of JD5.20.

Item	2011
High	5.55
Low	4.95
Closing	5.29
Discount to high	-4.68%
Premium to low	6.87%
Moving Average Price	5.23
Closing to MAP	1.19%
Volume weighted Price	5.20
Closing to VWP	1.73%

### PALTEL's Market Indicators in 2011

- PALTEL's share price increased by 0.19% in 2011 compared to 2010, and approximately experiencing stability compared, to record a market capitalization of JD696.29 million.
- The share is trading above its book value, and 2011's closing recorded 162% compared to it, stimulated by a major growth in the book value and stability in price.
- Trading volume of PALTEL reached 18.19 million shares until the end of 2011; recording a turnover of 13.82%.
- PE ratio recorded a very attractive level at the end of 2011; 7.66x compared to a PE of 8.05x in 2010.

Item	2010	2011
Price	5.28	5.29
P/BV	177.57%	162.41%
Market Capitalization JD	694,980,000	696,296,250
Trading Volume	23,510,626	18,191,089
Trading sessions	248	247
Turnover	17.86%	13.82%
PE Ratio	8.05	7.67

## PALTEL's Share Performance in 2011



## Financial Analysis

- Following the significant growth in revenues; gross and operating margins witnessed a noticeable increase in 2011 compared to 2010. The controllable increase in direct cost of revenues despite the increase in the G&A expenses, had a major role in enhancing these figures, while net profit margin decreased slightly at the end of 2011 due to the increase in the losses from associates and the recorded higher income tax expenses.
- Solvency status for PALTEL was positively seen in all of the capital structure indicators for the year 2011.
- Currently, PALTEL is holding a very strong equity position along with lower leverage ratios due to the reduction in the long term loans, in parallel to the growth in assets and shareholders equity. Loans ratios dropped remarkably since the end of 2010 and along the year of 2011.
- The expansion in the operations and what has followed of an increase in the accounts receivables led to report a lower operating liquidity but with good turnover ratio following the revenues soar, that reflects management' efficiency. Working capital declined in 2011 by 17.86% compared to 2010 due also to the reduction in cash and cash equivalent, that was reinvested in available for sale assets and associates, in addition to the reduction the other current assets item .

Item	2010	2011	Δ
Current Ratio	2.15	1.95	-9.46%
Cash flow ratio	1.45	1.70	17.60%
Equity Ratio	71.00%	74.58%	5.05%
Deb to equity Ratio	40.85%	34.08%	-16.58%
Long term debt to equity	15.56%	11.05%	-28.99%
Interest coverage	41.42	48.49	17.08%
Gross Margin	76.69%	77.82%	1.47%
Operating Margin	33.03%	34.32%	3.88%
Net Margin	25.52%	24.51%	-3.95%
ROaA	15.95%	16.12%	1.04%
ROaE	23.25%	22.13%	-4.83%
Price to sales	2.05	1.88	-8.44%
Q ratio	1.26	1.21	-3.92%
Cash/Cap	0.12	0.10	-11.21%

## Palestine Telecommunications Vs. Jordan Telecom

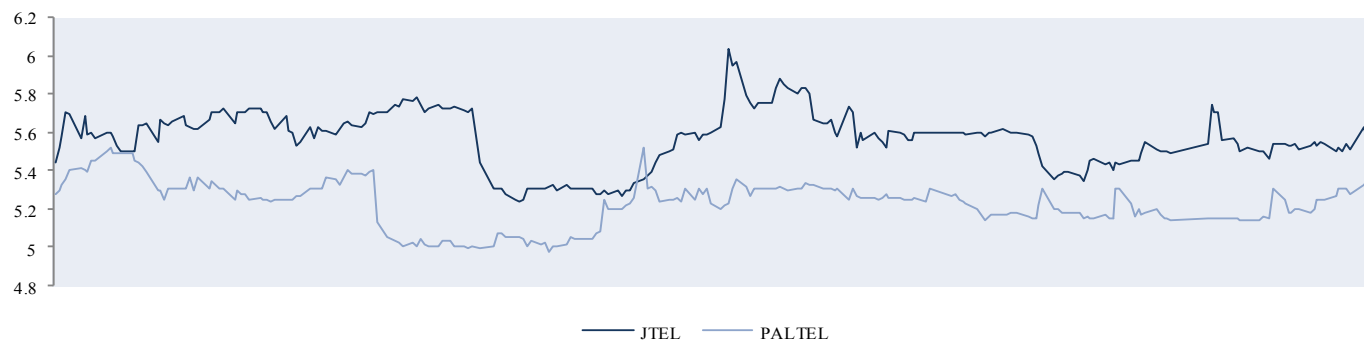
### JTEL

Jordan Telecom JTEL is a Jordanian telecommunication company that has major objectives to Operate, Manage, Expand and improve communication networks in Jordan. It has around 2060 employees. Its operating businesses are organized and managed according to four segments: Orange Home business unit specializes in offering Small and Medium business (SMEs), fixed and Internet offers to the residential customers; Orange Personal business unit specializes in meeting the requirements of customers looking for mobile line solutions; Orange Enterprise business unit specializes in gathering and combining all aspects of the relationship with corporate customers such as companies, banks, public and private institutions under one (mobile, fixed and Internet), and Orange Innovations and Corporate Integrated solutions business unit handles group offers such as Internet Protocol TV (IPTV) and manages projects implementation. JTEL is the first, and currently the only, 3G+ provider in Jordan. With 98% market share, state of the art infrastructure, skilled workforce, and support from France Telecom, JTEL is expected to continue to dominate the services sector in Jordan.

### Major Comparison

Item	JTEL	PALTEL
Paid in Capital	JD 250 Million	JD 131.625 Million
Subscriber base	3.55 Million	2.97 Million
Change in Revenues	2.41%	9.43%
Change in Cost of Revenues	8.70%	4.15%
Change in Operating Income	-5.89%	13.68%
Change in Net Income	-5.57%	5.11%
Change in Subscribers Base	17.67%	8.79%
EPS %	35.92%	68.94%
Operating margin	39.61%	34.32%
Net Margin	21.81%	24.51%
Price to Sales	3.36	1.88
Proposed DPS	0.36	0.40
Dividends Yield	6.51%	7.56%
Payout Ratio	100.22%	58.02%
Closing Price 2011	5.53	5.29
PE Ratio	15.40	7.67

### Price Movement: PALTEL Vs. JTEL –2011





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

Item	2009		2010		2011	
Revenues	315,092,000	100.00%	338,300,000	100.00%	370,200,000	100.00%
Telecommunication Services Costs	22,251,000	7.06%	28,050,000	8.29%	29,728,000	8.03%
License Fees	22,807,000	7.24%	24,756,000	7.32%	27,185,000	7.34%
Other Costs	30,759,000	9.76%	26,052,000	7.70%	25,215,000	6.81%
Gross Income	239,275,000	75.94%	259,442,000	76.69%	288,072,000	77.82%
Operating & Administrative Expenses	134,920,000	42.82%	147,692,000	43.66%	161,036,000	43.50%
Operating Income	104,355,000	33.12%	111,750,000	33.03%	127,036,000	34.32%
Finance cost	2,380,000	0.76%	2,239,000	0.66%	2,127,000	0.57%
Loss from Investments	16,280,000	5.17%	9,723,000	2.87%	18,169,000	4.91%
Other Expenses	13,807,000	4.38%	9,297,000	2.75%	5,730,000	1.55%
Income Tax Expense	1,553,000	0.49%	4,155,000	1.23%	10,266,000	2.77%
Net Income	70,335,000	22.32%	86,336,000	25.52%	90,744,000	24.51%
Earnings Per Share	0.534	-	0.656	-	0.689	-

*Common Size Analysis- Balance Sheet*

Item	2009		2010		2011	
Current assets						
Inventories	11,271,000	2.12%	8,926,000	1.62%	6,592,000	1.15%
Accounts receivable	63,313,000	11.92%	69,642,000	12.63%	79,749,000	13.87%
Prepayments and other current assets	28,890,000	5.44%	54,401,000	9.87%	34,846,000	6.06%
Financial assets held for trading	10,825,000	2.04%	9,764,000	1.77%	8,243,000	1.43%
Cash and cash equivalents	64,061,000	12.06%	70,527,000	12.79%	63,179,000	10.99%
Total Current assets	178,360,000	33.57%	213,260,000	38.69%	192,609,000	33.51%
Noncurrent assets						
Property, Plant and equipment	163,156,000	30.71%	190,173,000	34.50%	207,508,000	36.10%
Intangible assets	35,250,000	6.64%	33,438,000	6.07%	29,722,000	5.17%
Projects in progress	14,144,000	2.66%	4,378,000	0.79%	6,809,000	1.18%
Materials	14,217,000	2.68%	16,504,000	2.99%	16,229,000	2.82%
Investment in associates	46,807,000	8.81%	42,024,000	7.62%	44,124,000	7.68%
Available-for-sale investments	8,436,000	1.59%	19,244,000	3.49%	49,818,000	8.67%
Real-Estate Investment	-	-	-	-	6,753,000	1.17%
Prepayment on account	70,900,000	13.35%	32,240,000	5.85%	21,270,000	3.70%
Total Noncurrent assets	352,910,000	66.43%	338,001,000	61.31%	382,233,000	66.49%
Total assets	531,270,000	100.00%	551,261,000	100.00%	574,842,000	100.00%
Current Liabilities						
Accounts payable	31,245,000	17.35%	34,623,000	21.65%	32,414,000	22.18%
Current interest-bearing loans	19,678,000	10.93%	15,619,000	9.77%	14,180,000	9.70%
Income Tax impairments	-	-	-	-	2,967,000	2.03%
Other current liabilities	56,884,000	31.59%	48,730,000	30.48%	49,169,000	33.65%
Total Current Liabilities	107,807,000	59.86%	98,972,000	61.90%	98,730,000	67.57%
Noncurrent liabilities						
Long Term Loans( non current interest- bearing loans)	51,360,000	28.52%	35,450,000	22.17%	21,270,000	14.56%
Provisions for employees indemnity	20,918,000	11.62%	25,465,000	15.93%	26,112,000	17.87%
Total Noncurrent liabilities	72,278,000	40.14%	60,915,000	38.10%	47,382,000	32.43%
Total liabilities	180,085,000	100.00%	159,887,000	100.00%	146,112,000	100.00%
Paid in capital	131,625,000	37.48%	131,625,000	33.63%	131,625,000	30.70%
statutory reserve	32,906,000	9.37%	32,906,000	8.41%	32,906,000	7.68%
voluntary reserve	6,756,000	1.92%	6,756,000	1.73%	6,756,000	1.58%
special reserve	7,950,000	2.26%	7,950,000	2.03%	7,950,000	1.85%
foreign currency translation	18,000	0.01%	26,000	0.01%	31,000	0.01%
Available-for-sale reserve	170,000	0.05%	240,000	0.06%	973,000	0.23%
Retained earnings	172,136,000	49.02%	212,403,000	54.27%	250,497,000	58.43%
Shareholders' equity	351,185,000	100.00%	391,374,000	100.00%	428,730,000	100.00%



**Appendix 2 : PALTEL's Major Financial Ratios (2009-2011)**

Ratios	2009	2010	2011
<b>Liquidity Ratios</b>			
Current Ratio	1.65	2.15	1.95
Quick Ratio	1.28	1.51	1.53
Cash ratio	0.69	0.81	0.72
Cash flow ratio	1.04	1.45	1.70
Working Capital	70,553,000	114,288,000	93,879,000
Net working Capital ratio	0.13	0.21	0.16
<b>Leverage Ratios</b>			
Financial leverage Ratio	1.51	1.41	1.34
Degree of financial leverage DFL	1.03	1.02	1.02
Degree of operating leverage DOL	0.67	0.96	1.45
<b>Capital structure and solvency ratios</b>			
Deb to equity Ratio	0.51	0.41	0.34
Equity Ratio	0.66	0.71	0.75
Loans to equity	0.20	0.13	0.08
Loans to assets	0.13	0.09	0.06
Long term debt to equity	0.21	0.16	0.11
<b>Assets coverage Ratios</b>			
Fixed assets to Equity capital	0.46	0.49	0.48
Net tangible assets to long term debt	4.37	5.88	8.42
Total liabilities to net tangible assets	0.57	0.45	0.37
<b>Earnings coverage ratios</b>			
Interest coverage	31.21	41.42	48.49
<b>Activity Ratios</b>			
Accounts receivables turnover	4.91	5.09	4.96
Total assets turnover	0.63	0.63	0.66
Working Capital turnover	4.47	2.96	3.94
<b>Profitability Ratio</b>			
Gross Margin	75.94%	76.69%	77.82%
Operating Margin	33.12%	33.03%	34.32%
Net Margin	22.32%	25.52%	24.51%
<b>Return on investment capital</b>			
ROaA	14.16%	15.95%	16.12%
ROaE	20.57%	23.25%	22.13%
<b>Market ratios</b>			
EPS	0.534	0.656	0.689
BV	2.67	2.97	3.26
PE	9.62	8.05	7.67
P/BV	1.93	1.78	1.62
Earning yield	0.10	0.12	0.13
Dividends yield	0.65	0.61	0.58
Price to sales	2.15	2.05	1.88
Q ratio	1.27	1.26	1.21
Cash/Cap	0.11	0.12	0.10

## Board of Directors

Sabih Taher Masr- Chairman
Arab Supply & Trading Company - Majd Shwaikeh
Cario-Amman Bank - Ghiath Munir Sukhtian
Palestine Development & Investment - Farouq A. Zuaier
Arab Bank - Basel Abdel Nabi
Al-Maseera International Company - Ma'moon Abu Shahla
Management Consulting Services - Walid Najjab
Palestine Industrial Estate Development Co. - Sharhabil Al-Zaim
Birzeit Pharmaceutical Co. - Talal Nasiruddin
Palestine Development & Investment - Laith Muneeb Rashid Al Masri
Palestine Development & Investment - Samir Othman Halileh

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