



Annual Report 2011



# Annual Report 2011

## Palestine Securities Exchange Company P. L. C.

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# 15

Years  
of  
Challenges  
and  
Achievements

The PEX seeks to be a model for Arab and regional stock exchanges, through innovative services, optimal investment opportunities, state-of-the-art technology, adherence to the principles of corporate governance, and the development of strong relations with Arab, regional and global markets.



## Board of Directors



**Prof. Rami Hamdallah**  
Chairman



**Dr. Farouq Zuaier**  
Vice Chairman



**Mr. Ziad Turk**  
Member



**Mr. Samir Hulileh**  
Member



**Dr. Basim Makhool**  
Member



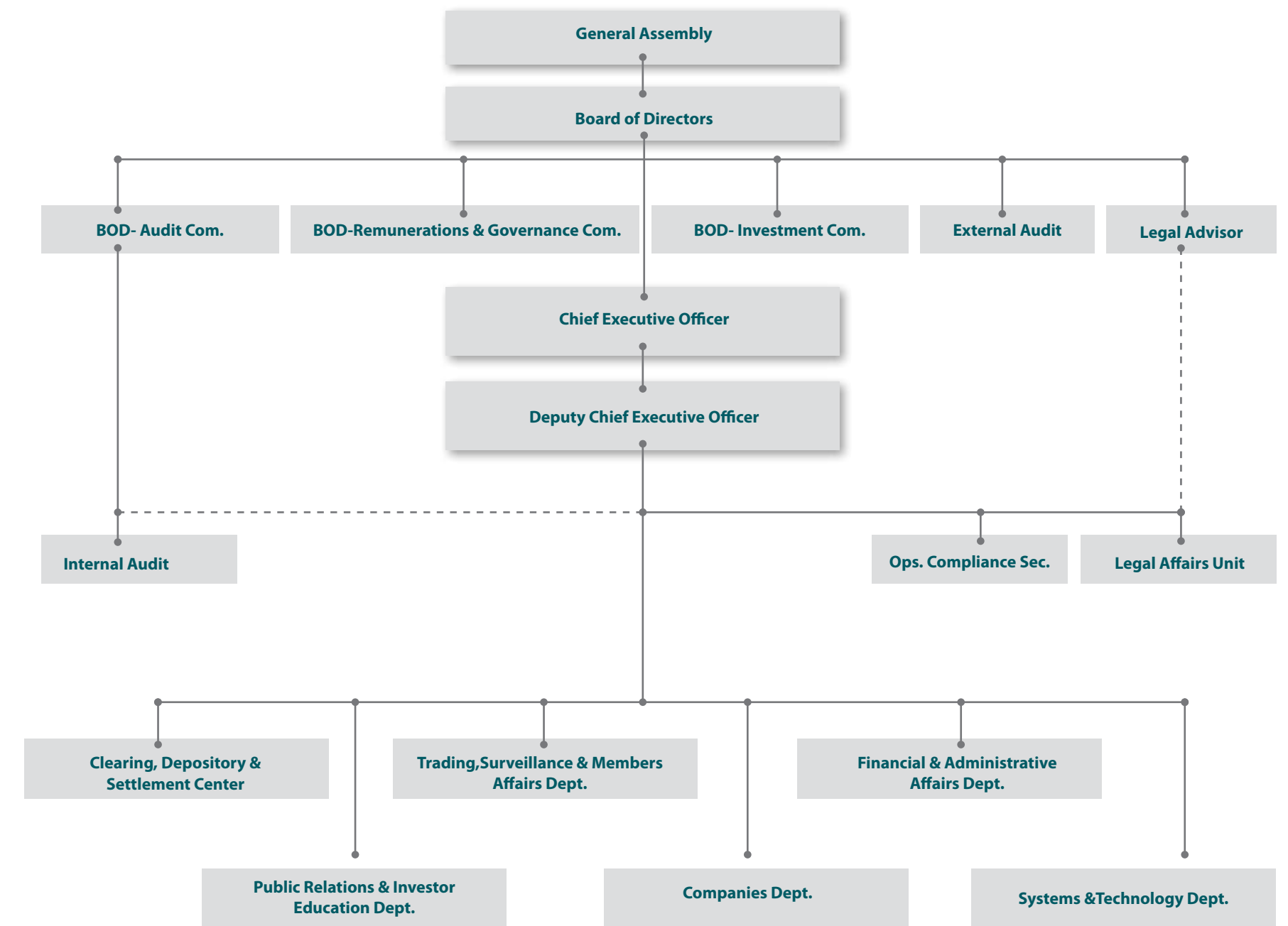
**Mr. Romen Mathieu**  
Member



**Dr. Mounther Alomari**  
Member



# PSE Organizational Structure



# Executive Management



**Mr. Ahmad Aweidah**  
Chief Executive Officer



**Mr. Khaled Jihan**  
Deputy CEO  
Financial & Administrative  
Affairs Dept. Manager



**Mrs. Nagham Salameh**  
Trading, Surveillance &  
Members Affairs Dept.  
Manager



**Mr. Mohammad Hijaz**  
Companies Dept. Manager



**Mr. Khaled Hamdan**  
Clearing, Depository &  
Settlement Dept. Manager



**Mr. Mohammad Obeid**  
Systems & Technology Dept.  
Manager



**Mrs. Fida Azar**  
Public Relations & Investor  
Education Dept. Manager  
Manager of PEX Rep. Office -  
Rammallah

# Table of Contents

12	<b>Chairman's Statement</b>	46	2011 Media & Outreach Highlights
14	<b>CEO Statement</b>	46	PEX Publications
16	<b>PSE Financial Performance Summary</b>	49	Stock Simulation Activities
20	<b>2011 Economic Performance</b>	50	Human Resources
22	<b>Future Outlook</b>	52	Corporate Social Responsibility
26	<b>Palestine Securities exchange (PSE)</b>	53	New Ramallah Representative Office
27	About the PSE	53	2011 PEX Brokerage Firms Performance
27	PSE milestones	54	<b>PEX Performance 2011</b>
28	Shares and shareholders	56	PEX Main Indices
29	Independent external auditor	59	Trading Volumes
29	Legal advisors	62	Foreign and institutional investment
29	Affiliates	65	Comparison with other markets
30	Competitive status	69	Transactions Excluded from Trading (off-Floor transfers)
30	Investment Policy	69	Capital Increases
30	Risks and challenges	70	<b>Palestine Securities Exchange Governance</b>
31	Control	71	A corporate governance leader
31	Privileges	71	Board of Director transactions of PSE shares
31	Research and Development	71	The Board of Directors
32	Procedures and legal issues	79	Board Committees
32	Resolutions of financial influence	79	The Board of Directors Meeting in 2011
32	Non-recurrent operations	79	Benefits & Remuneration of the Board of Directors and Executive Management
32	Dependence on key providers and clients	79	Internal surveillance and compliance systems efficiency
32	Association Memberships and Memoranda of Understanding	80	Transactions with Related Parties
34	<b>Palestine Exchange 2011 Achievements</b>	80	Voting Issues
35	2011: A Record Year for Listings	82	<b>Financial Statements and Auditors' Report</b>
36	Legislative Review	85	Independent Auditor's Report
38	IT Developments	86	Statement of Financial Position
39	Disclosure & Information Dissemination	87	Income Statement
41	Two Member Companies Merge	88	Statement of Comprehensive Income
41	Clearing Depository & Settlement Center (CDS)	89	Statement of Changes in Equity
43	Fifth Annual Capital Market Forum	90	Statement of Cash Flows
43	London Roadshow	91	Notes to the Financial Statements
44	Local, Arab and International Participation	105	<b>Statistical Appendix</b>



## Chairman's Statement

On behalf of the PSE Board of Directors, it is once again my honor to report to you as we look back on an important year in our history. As in previous years, 2011 saw its share of challenges and opportunities. I'm proud to say each was met with characteristic enthusiasm, professionalism and determination.

The year was perhaps most notable for the successive events that echoed the Arab Spring which still flourishes in many countries. At the same time, the international financial crisis, stretching from Washington, through the euro zone to Dubai, played an important role in the region's deteriorating investment mood. This interaction between the Arab political crisis and the global financial crisis led to recession in all Arab Stock Exchanges except for the Iraqi and Qatari markets. A quick look at the Union of Arab Stock Exchanges' 17 stock market indices will show the PEX ranked third following Iraq and Qatar.

Indeed, despite the international volatility represented in the global financial crisis, the political changes in the Arab world and the domestic economy resulting from the Israeli occupation of the West Bank and the siege of Gaza, Al Quds index fell only 12.67 points (2.59%). This resilience reflects the PEX's robustness and stability, stimulated by the Palestinian economy's remarkable capacity to adapt to changing economic and investment climates. Along with Palestinian private sector performance improvements, the Palestinian National Authority has also played a key role in combating corruption, ending political division and moving toward self reliance. This improved political performance has led to increased international support for the Palestine cause making the extreme Israeli government increasingly isolated.

Underlining that confidence, PEX welcomed seven new companies to the exchange in 2011 (for a year-end total of 46) making it the best listings year ever.

Meanwhile, the PEX has worked hard to build global bridges and attract foreign investors. A successful roadshow program, highlighted by a visit to London, represented a long-term investment that will promote the Palestinian presence both regionally and internationally. The PEX's status upgrade at

the World Federation of Exchanges (WFE) in mid 2011 was an additional recognition of our progress. Locally, increased investment awareness culminated in the Fifth Annual Palestinian Capital Market Forum. Focusing on family-owned businesses, a vital sector in the Palestinian economy, the Forum addressed the inevitable challenges facing these firms now and in the future and called for an internal dialogue among family partner firms to study their various options.

Looking forward, we will continue our efforts to build a sophisticated investment culture and robust capital market in support of our national economy to be ready for the forthcoming free, modern Palestine.

I would like to thank all those who have contributed to promoting investment in this holy part of the world, especially my colleagues on the Board of Directors, the staff of the PEX and all its listed companies and members, Palestinian and non-Palestinian investors and the Palestine Capital Market Authority.

I hope 2012 will prove to be a rewarding year for investment in Palestine.

**Prof. Rami Hamdallah**  
**Chairman**





## CEO Statement

In a year marked by local, regional, and international crisis, both financial and political, Al-Quds index continued to rise in the first two-thirds of the year 2011. It finished the year with a modest 2.59 percent decline. This limited decrease is a reassuring message to investors. The Palestine Exchange is stable, solid, and fruitful.

Seven companies were listed on the exchange in 2011 – a one-year record. Today, most public shareholding companies operate under an umbrella of supervision and control which enhances disclosure and transparency. The PEX focuses on attracting large, family-owned enterprises. By increasing their financing options, these companies are better placed to face future challenges and serve the Palestinian national economy. The PEX crowned its efforts with the Fifth Annual Palestinian Capital Market Forum in 2011 which specially addressed family-owned businesses. In line with its role organizing a fair trading venue while promoting the Palestinian investment environment, PEX published “The Initial Public Offering and Listing Guide in Palestine”. The Guide is a roadmap for firms transforming themselves into public shareholding companies. In addition, PEX also issued “The Investor Relations Guide” aimed at helping publicly listed companies enhance their market presence, investor relations and governance so as to achieve a fairer valuation of their stock. The year 2011 also witnessed the first merger of two PEX members. At the regional and international level, PEX endeavored to reach out to investors through a series of roadshows including a successful visit to London. The bridges we continue to build with the international investment community help us weather any economic disturbances and position us for a promising 2012.

As for trading activity, despite year-over-year declines in volume (20%), value of shares traded (19%) and number of transactions (25%) and an Al Quds index decrease of 2.59%, the total market capitalization of listed companies increased 13.6 percent today thanks to the 2011 listings.

We look to the future with optimism. The fact that the book value of most listed companies is less than their market value

indicates an especially attractive opportunity. I believe the winds of change blowing through our region, though with initial negative impacts on stock exchanges, will lead to positive changes when truly democratic governments emerge. Following years of market stability and outstanding performance by most listed companies, we anticipate renewed investor faith in our market and the investment promise it makes.

Finally, I would like to thank PEX’s Chairman and Board of Directors who, along with all PEX staff, devoted endless hours of dedicated work. Thanks also to all our stakeholders including listed companies, members and investors. I also would like to express a special thanks to our regulator the Palestine Capital Market Authority. May 2012 be a year of exceptional opportunity for the Palestine Exchange and all its stakeholders.

**Ahmad Aweidah**

**Chief Executive Officer**

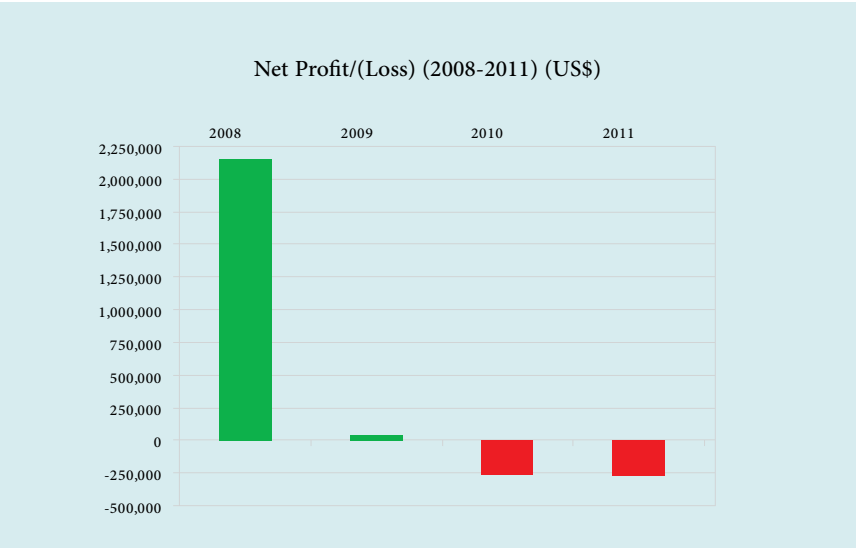
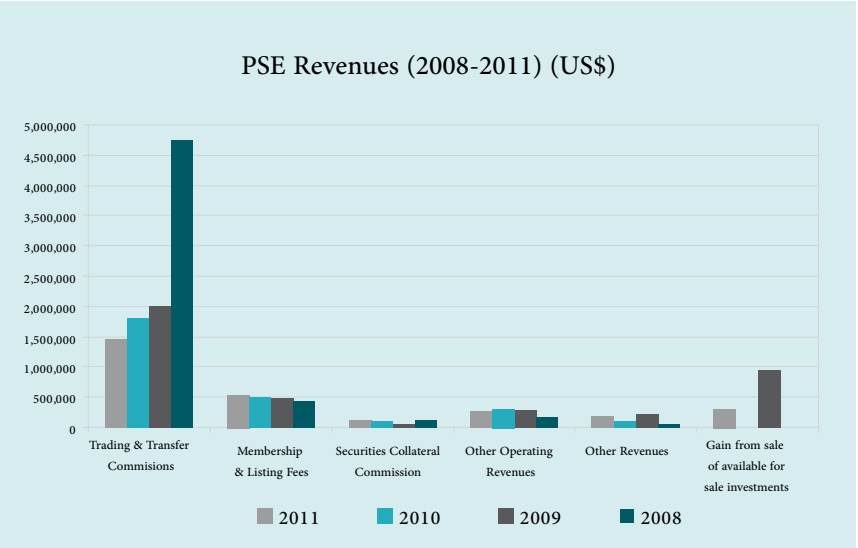
# PSE Financial Performance Summary

Since trading fees are its main revenue source, PSE financial performance was affected by 2011’s 20 percent trading decline. The table below shows the main financial indicators in the last five years:

#	Revenue (US\$)	2011	2010	2009	2008
1	Trading &Transfer Commissions	1,470,446	1,816,442	2,012,075	4,747,671
2	Membership & Listing Fees	544,085	506,667	490,868	445,429
3	Securities Pledge Commission	136,300	114,365	54,640	120,643
4	Other Operating Revenues	278,470	313,117	284,435	159,882
5	Other Revenues	180,710	102,768	230,540	64,458
6	Gain from sale of available-for-sale investments	320,064	-	-	-
7	Gain from sale of investment property	-	-	939,111	-
	Total	2,930,075	2,853,359	4,011,669	5,538,083

#	Ratio	2011	2010	2009	2008
1	Current Ratio	2.29	1.88	4.81	2.19
2	Earning Per share	(0.027)	(0.026)	0.005	0.216
3	Return on Equity	(0.024)	(0.023)	0.004	0.171
4	Return on Assets	(0.021)	(0.021)	0.004	0.148
5	Debt Ratio (Total Liabilities/Total Assets)	12%	7%	7%	14%
6	Debt-to-equity Ratio (Total Liabilities/Equity)	14%	8%	7%	16%
7	Cash Ratio	123%	81%	43%	160%







## 2011 Economic Performance

According to data gathered by the Palestinian Central Bureau of Statistics, the estimated population of the Palestinian territories was 4.17 million in mid 2011 (2.58 million in the West Bank, 1.59 million in the Gaza Strip). The population grew some 2.8 percent a year. Those aged 15–29 make up about 30 percent of the total. The illiteracy rate in this group was about 0.8 percent. For those 15 years and over, it is 5.1 percent. The poverty rate (according to actual consumption patterns) was 25.7 percent in 2010.

Gross Domestic Product (GDP) grew 10.5 percent in Q3 of 2011 <sup>(1)</sup>, compared to the same period in 2010. Construction activity recorded the highest growth rate (32.5%). GDP per capita grew by 7.2 percent in the quarter. The total number of workers increased 11.9 percent during the first three quarters of 2011 with the unemployment rate dropping from 23.8 percent to 20.9 percent compared to the same period in 2010.

With respect to Palestinian external trade, the year's first three quarters recorded a 16 percent increase in exports and a ten percent rise in imports compared with 2010. The 2011 cost of living index increased 2.88 percent over 2010. The average consumer price index peaked at 132.71 compared with 129.00 the previous year (base year 2004=100).

Banking sector data issued by the Palestinian Monetary Authority show total banking assets amounted to US\$9 billion, US\$6.9 billion of which are deposits and US\$100 million more than 2010. Deposit backed facilities rates exceeded 50 percent, and shareholder equity reached more than US\$1.1 billion. The total number of banks operating in Palestine declined from 21 to 18 and further mergers will likely bring that number to 16.

1 () As this report was being prepared, most of the Palestinian economic indicators had not been published by the relevant institutions.



## Future Outlook





PSE seeks to develop Palestine's capital market and to enhance its qualitative presence amongst its regional and international peers. We aim to:

1. Strengthen market governance through improving our legislation, regulation, systems, operational procedures, information security, and internal audit mechanisms in keeping with best practice.
2. Enhance our relationship with the PCMA, member brokers, the listed companies and other stakeholders to provide premium timely responses to investor needs and market evolution.
3. Increase Market depth and expand our investor base, through:
  - Completing the listing of public shareholding companies, and continuing our educational outreach to qualified family-owned firms.
  - Including the exchange in the MENA frontier market indices such as those provided by MSCI, S&P and FTSE.
  - Encouraging Diaspora Palestinians to invest in Palestinian listed companies.
  - Further enhance our continued outreach campaigns and road shows towards promoting PEX to institutional and retail investors (local and regional).
4. Diversify our sources of income through:
  - Expansion of our central depository services.
  - Developing better data dissemination channels and building an online trading and companies database.
5. Strengthen our relationship with regional and international markets, and to obtain full membership of the World Federation of Exchanges (WFE).
6. Promote the development of effective, best practices for corporate governance and investor relations in Palestinian companies.



## Listing the Palestine Securities Exchange on the PEX

We've come far in the 17 years since our foundation. As the region's first private sector owned exchange company, we created the first fully automated Arab stock exchange. Our mission was to provide a fair, transparent, and efficient market for securities trading, one that served and protected investor interests, enhanced investment culture and contributed to the national economy. Our dream was to go public on our own exchange.

Today we seek to be a model for Arab and regional financial markets. With significant investments in human capital, we use state of the art technology to provide innovative services to investors and our growing number of listed companies. We leverage good corporate governance to help attract investment both at home and abroad. We've seen our Al-Quds Index top the world (in 2005) and despite daily challenges and global financial turmoil, recent years' performance has compared very well with regional indices.

Now, at last, the PSE is ready to list on our own exchange in the beginning of April, 2012. We believe this pioneering move will position us for further growth and contribute to an increasingly vibrant capital market. We hope this publication sheds informative light on why.

### Our listing aims to:

1. Adhere to the Securities Law No. 12 of 2004.
2. Respond to the principles of transparency and good governance.
3. Restructure and diversify the PSE's ownership base.
4. Achieve fair valuation for PSE stock.
5. Establish the PSE as a model for other public shareholding companies.
6. Achieve other listing advantages.



# Palestine Securities exchange (PSE)

## About the PSE

The PSE was founded in 1995 as a private shareholding company and, in 2010, converted into a public shareholding company. This transformation was accompanied by the launch of its new corporate identity, bearing the trade name «Palestine Exchange» and the slogan «Palestine of Opportunities.» The first trading session, held February 18, 1997, used an electronic trading system. Thus the Palestine Exchange became the first fully automated Arab financial market. The PSE operates from its headquarters in Nablus and a representative office in Ramallah.

Since its inception, the Palestine Exchange has sought to utilize the latest financial market technology as well as to keep up with the latest laws and regulations to ensure a market with the utmost transparency, integrity and investor protection. It uses the HORIZON system to carry out trading transactions and the SMARTS system to monitor trading as well as the EQUATOR system for depository and shareholder record keeping. Settlement and clearing transactions are carried out on the CDS electronic system which is tightly coupled with the Trading system. During the settlement process, securities are transferred from the seller to the buyer in T+3 while the clearing process is done through the settlement bank (Arab Bank). HSBC bank acts as a custodian that preserves and manages securities on behalf of foreign investors.

On December 31, 2011, 46 companies, with a total market value of some US\$2.78 billion, were listed on the Palestine Exchange. These encompassed five economic sectors: banking and financial services, insurance, investment, industry, and services. Half of the listed companies trade in Jordanian dinars, while the other half trade in US dollars. At present only ordinary shares are traded but there remains the possibility and readiness for trading other securities in the future.

With the merger of two member securities companies at the Palestine Exchange in late 2011, the number of member brokerage firms declined to nine; these serve all cities in the West Bank and Gaza Strip.

## PSE milestones

-  **2011:** Listing a record seven new companies.
-  **2010:** Became a public shareholding company. Adopted a new corporate identity.
-  **2009:** The Palestine Exchange was rated second among Arab exchanges and 33rd globally in providing investor protection.
-  **2007:** Launched an online trading service (E-Trading).
-  **2006:** Launched an Investor Education program.
-  **2005:** Al-Quds Index grew 306%, making PEX the world's best performing stock market.
-  **1997:** The first trading session is held.
-  **1995:** The Palestine Securities Exchange incorporates as a private shareholding company.

## Shares and shareholders

### Shareholder base:

On December 31, 2011 the PSE had ten shareholders that owned a total of 10 million shares. Work is under way to restructure ownership of the Palestine Securities Exchange.

### Major shareholders and ownership percentages:

#	Shareholder	No. of shares on 31\12\2011	Percentage	No. of shares on 31\12\2010	Percentage
1	Palestine Development and Investment (PADICO/ Liberia)	6,923,756	69.24 %	6,900,000	69.00%
2	Al-Sanabel for Trade and Investment	1,700,000	17.00 %	1,700,000	17.00%
3	Palestine Development and Investment (PADICO/ Palestine)	500,000	5.00 %	500,000	5.00%
4	EuroMena Limited Partnership Co.	500,000	5.00 %	500,000	5.00%
	Total	9,623,756	96.24%	9,600,000	96.00%

### PSE share trading activity

The Palestine Securities Exchange hasn't yet been listed on the Palestine Exchange. This step is expected in 2012. Preparations have begun including changes associated with the ownership structure, noting that, during 2011, some changes took place through a number of transactions.

### Information delivery to shareholders:

Invitations to all shareholders to attend the meeting of the General Assembly are sent at least two weeks prior to the scheduled date. The annual report is distributed among shareholders before the meeting and posted online (www.pex.ps).

### Exchange Shareholder Overview:

- **Palestine Development and Investment PADICO (Liberia):**

PADICO is a limited liability public holding company established according to the Liberian nonresident company law on October 14, 1994.

Among its corporate purposes is the development and promotion of investments in various sectors including industry, real estate, tourism, housing, services, as well conducting technical research and providing consultancy services — all through the establishment of subsidiaries or projects managed either wholly or partially by it or through its subsidiaries, and to cooperate with subsidiaries and those linked to its purposes.

- **Al-Sanabel Trading and Investment Company Ltd.**

A private limited liability shareholding company with a share capital of US\$50,000,000 registered in Palestine with the Companies Controller under registration number (562482216) on February 17, 2009. It's registered place of business is in the city of Ramallah and according to its Bylaws, it may establish branches in Palestine and abroad.

- **Palestine Development and Investment Company Ltd.**

A private limited liability shareholding company with a share capital of 100,000 Jordanian Dinars registered with the Controller of Companies under registration number (562419689) in 1995. It seeks to develop, promote, and manage investments in various fields, including financial, commercial, industrial, and tourism, as well as provide investment and technical research and consulting services.

- **Palestine General Trading Co. Ltd.**

A private limited liability shareholding company with a share capital of 100,000 Jordanian Dinars registered with the Controller of Companies under registration number (562423350) in 1995. It seeks to engage in general trade, import and export, manufacturing, transport, supply, marketing, and financial brokerage, and handling automated equipment, systems and tools.

- **Palestine Packaging & Canning Co. Ltd.**

A private holding limited company, with capital of 100,000 Jordanian Dinars, established in the year 1995, registered under No. (562423376). Its objectives include carrying out a variety of commercial activities including import/export, as well as industrial, packaging and canning all types of food products.

- **Palestine for the Transfer of Technology Co. Ltd.**

A private limited liability shareholding company with a share capital of 100,000 Jordanian Dinars registered with the Controller of Companies under registration number (562423384) in 1995. It seeks to engage in general trade including collection, installation and import and export of modern technology.

- **Palestine Company for Basic Chemical Products Ltd.**

A private limited liability shareholding company with a share capital of 100,000 Jordanian Dinars registered with the Controller of Companies under registration number (562423368) in 1995. It engages in general trade including import, export and the manufacturing of various chemicals.

- **EuroMena Limited Partnership Co.**

Capital Trust is a company with a share capital of sixty three million dollar. It was established in 2006 and registered in England under registration number LP 11131. It specializes in providing private equity contributions to businesses engaged in private and commercial real estate activities. It operates in the Middle East and North Africa, Europe and the United States through its subsidiaries. The group has offices in London and New York, Washington and Beirut. The Fund "EuroMena", which is managed from the Headquarters of the "Capital Trust" in Beirut, is the eighth fund of the group, and the second regional fund focused on the Middle East and North Africa. Capital Trust established a second fund, "EuroMena II" following the first "EuroMena".

- **AlRafah Microfinance Bank**

Established in 2006, AlRafah Microfinance Bank provided a variety of services to individuals and businesses with a concentrated effort on the Microfinance industry in the Palestinian market. Starting

in the year 2011 and in accordance with the development in the banking sector locally and internationally, the bank's management adopted a new vision and a new strategy to provide all kinds of retail services, Commercial services to companies and institutions, expanding the scope of E-banking and Credit Card services.

AlRafah Bank, seeking to provide a comprehensive bundle of banking services, is currently enhancing the internal procedures and applying a customer care and service quality programs in order to serve all its current and potential clients in the fastest and efficient way possible, saving our esteemed clients time and effort.

- **Mr. Talal Naser Aldeen**

- Holds the master's degree in Industrial Chemistry from the American University in Beirut in 1974.
- General manager of Birzeit Pharmaceuticals Co. and has been the chairman since 1990.
- Chairman of AlRafah Microfinance Bank.
- Chairman of Al-Takaful Palestinian Insurance Co.
- Chairman of Lotus Financial Investments Co.
- Chairman of the Palestinian Mineral Lube Oil Co. (Petropal Company).
- Member of board of directors in Palestine Telecommunications Co.

## Independent external auditor

Ernst & Young

## Legal advisors

Al-Zubi Office for Law

## Affiliates

There were no affiliates to the Palestine Exchange during the year 2011.

## Competitive Edge

Our success and development rests on many factors, including:

- From inception, we sought to use modern technology; we were the first fully automated electronic Arab financial market.
- Our listed companies are among the largest and most innovative in Palestine, contributing enormously to the Exchange's success and evolution.
- Prospects are good for increasing the number of listed companies based on the provisions of the Securities Law No. 12 for the year 2004.
- A vital component of any economy, the exchange is a primary source for capital raising by public shareholding companies and provides investment opportunities for a multitude of investors, including bank portfolios, The Exchange is favored by investors who seek to trade swiftly and easily as they follow clear and transparent PSE rules.

The Exchange serves small and large investors alike. Any amount of capital investment is possible in a diverse range of companies.

## Investment Policy

In its operations and returns, the PSE depends mainly on fees and commissions obtained from trading activity. However, its regulations and rules allow it to carry out measured investment activities in order to diversify its returns beyond heavily volatile trading commissions. This enhances the efficiency of the PSE's financial asset management and gives it a pivotal role in serving both its owners and the Palestinian economy.

The investment market policy has a disciplined investment philosophy based on the preservation of capital while seeking opportunities to maximize returns. Balancing investment objectives with risk analysis, it seeks safe, liquid, long term opportunities. It avoids speculation; a top priority is working with promising domestic investments that serve the national

economy. An investment committee of the PSE Board has been formed to administer these investments based on the investment policy. It operates according to three main principles: safety, liquidity and profitability.

The investment policy defines areas of investment to include investment in capital productivity and service companies, investment in monetary market tools and debt tools and real estate investment.

## Risks and challenges

The major risks the PSE faces are those common risks associated with politics, the Palestinian internal situation and the regional and international financial situation.

### Risks Factors:

No investment is totally risk free. Investors, before making investment decisions, must carefully consider all information and data contained in this Report and take into account the potential risks and uncertainties stated in it. Note that the potential risks and uncertainties are not necessarily limited to the ones stated in this Report as they may not be the only ones to be encountered in trading on the Exchange. There are unknown risks as well.

Additionally, there are events that can result in substantial negative impact on the operations of the Exchange and its financial position. Should these events occur, investors might be exposed to partial losses of their investments.

There are two kinds of risks. The first is related to the Exchange's activities and scope of work, and the other kind is particularly related to investing in any Palestinian company. Investors should be aware that actual investment results may vary from expectations.

It is noteworthy that information in this Report should not be regarded as a promise or guarantee that the PSE will perform accordingly in the future.

Investors seeking to buy shares should seek professional advice

before investing in the PSE. The following are some investment considerations and risks associated with shares:

### 1. Political and economic trends:

The Exchange is registered in Palestine with headquarters based in the city of Nablus. It has a branch office in Ramallah. Palestine has been influenced by political fluctuations over the past years and especially during the years of the Intifada, which have adversely affected the Palestinian economy causing high unemployment rates leading to poverty and limited investment.

### 2. Risks of legislation

Despite the significant change created by the adoption of the Securities Law No. 12 in 2004, the legislative branch has yet to complete the enactment the entire package of commercial and financial sector laws, which would have enhanced the investment environment in Palestine. Any change in existing legislation may affect the activities of the Exchange.

The Exchange is supervised by the Capital Market Authority and the instructions it issues; it is the regulator of the non-bank financial sector, including the securities industry, brokerage firms and their activities, securities advisers and others persons working in the securities sector. Any changes to the rules and regulations issued by the Capital Market Authority may affect the activities of the Exchange. Also note that the Capital Market Authority receives fees assessed as a percentage of the Exchange's commissions, being the main source of income for the Exchange.

### 3. Competitive edge

Like other countries in the region (except the United Arab Emirates which has a special political characteristic), Palestine has one exchange only. Considering most other countries, including the most dominant ones, also have only one exchange, it is not expected that a second exchange will be established. Further, the Exchange has captured most public limited liability shareholding companies (46 as of

31/12/2012). The real competition lies in nearby markets which sometimes drain liquidity from our economy and Exchange since local investors invest in other Arab markets especially in Jordan, Egypt and the UAE.

### 4. Stock price volatility

Despite the controls placed on the trading of shares following listing, share prices are subject to market fluctuations. There will be no guarantee that the value of the shares will rise or that the share price does not fall once listed.

### 5. Exchange dividend policy

Our dividend policy depends upon profitability and the availability of sufficient reserves to distribute those dividends to shareholders. Dividend distribution is not guaranteed.

### 6. Risk of legal action

The Exchange has no pending legal actions. Foreseeable potential legal risks that we may be exposed to may arise from third party claims in relation to multi-party trading. As of Dec 31, 2011, there have been no such claims or any other claims brought against the Exchange.

## Control

Palestine Development & Investment Company (PADICO) owns more than 69 percent of the PSE's shares. This control by one shareholder will change when new strategic investors emerge and the PSE is listed giving the public the possibility to have a portion of shares.

## Privileges

The PSE has no privileges or government protection under the Securities Act or other laws and regulations. Moreover, it has no patents or rights of excellence.

## Research and Development

The Palestine Exchange offers no products that require setting a written policy on research and development or allocating a budget



in this regard. It constantly develops its services and stays abreast of the latest news and developments in the domain. Research studies are annually conducted by departments at the Palestine Exchange, the Listing Membership & Trading Committee or by outsourcing to third parties.

Procedures and legal issues

During 2011, the PSE took no material legal action against a certain party or individual and, at the same time, no actions that may affect PSE’s financial status were held by any party against it. Moreover, there are no legal actions outstanding from previous years, either taken by the PSE or held against it.

Resolutions of financial influence

No resolutions were issued by the executive, judicial, legislative authorities or by international organizations or from any other source in 2011 that financially affected the services provided by the Palestine Exchange or its competitiveness and sustainability.

Non-recurrent operations

No operations of a non-recurrent nature were witnessed in 2011 that may have affected PSE’s data.

Dependence on key providers and clients

Top five PSE providers in 2011:

#	Provider’s Name	Volume of Transactions (US\$)	Percentage
1	Mabany for Building and Development	701,006	42.60%
2	Class Solution Co.	93,992	5.71%
3	Trust Real Estate	93,239	5.67%
4	Palestine Telecommunications	87, 672	5.33%
5	Zoom Advertising	79,536	4.83%

Following is a list of the top five clients the PSE dealt with in 2011:

#	Client’s Name	Transactions Percentage
1	Lotus Financial Investments	14.55%
2	Sahem Trading & Investments	10.48%
3	Target Investment and Securities	9.69%
4	Al-Wasata Securities	7.88%
5	United Securities	6.66%

Association Memberships and Memoranda of Understanding:

The Exchange is an active member of many associations, including:

- Federation of Arab Stock Exchanges
- Federation of Euro-Asian Stock Exchanges (FEAS)
- World Federation of Exchanges - WFE (Affiliate Member)
- Forum of Islamic Stock Exchanges
- Africa & Middle East Depositories Association (AMEDA)
- International Forum for Investor Education (IFIE)
- Organization of the Islamic Conference (OIC)
- Association of National Numbering Agencies (ANNA)

The Exchange signed Memoranda of Understanding with:

- Swedish Exchange, Nasdaq OMX
- Egyptian Exchange
- Arab Monetary Fund



# Palestine Exchange 2011 Achievements

## 2011 A Record Year for Listings

The year 2011 saw PEX welcome an unprecedented seven new companies raising the number of listed firms to 46. We believe this underlines our market’s stability, adaptability, and promising future.

The newly listed companies are distributed across a wide range of business sectors: insurance (2), industry (2), banking & financial services (1), investment (1) and services (1).

Please note Al-I’timan for Investment & Development (whose shares were suspended from trading from 08/07/2008 until 01/10/2011) was delisted in 2011 in accordance with listing rules.

### New listed companies 2011:

#	Company's Name	Trading Symbol	First Trading Date	No. of Listed Shares	No. of Shareholders
1	WATANIYA PALESTINE MOBILE TELECOMMUNICATIONS	WATANIYA	09/01/2011	258,000,000	13,863
2	GLOBAL UNITED INSURANCE	GUI	31/03/2011	5,000,000	547
3	PALESTINE MORTGAGE & HOUSING CORPORATION	PMHC	13/04/2011	20,000,000	12
4	AI AQARIYA TRADING INVESTMENT	AQARIYA	25/04/2011	5,511,947	1,327
5	AI- TAKAFUL PALESTINIAN INSURANCE	TIC	04/05/2011	8,500,000	524
6	AI SHARK ELECTRODE	ELECTRODE	17/05/2011	750,000	261
7	NATIONAL ALUMINUM & PROFILE	NAPCO	30/11/2011	6,900,000	704





### Legislative Review:

#### 2011 PEX Regulations:

- Listed company capital decrease instructions, issued 14/3/2011.
- Brokerage firms financial manager professionalism, issued 17/6/2011.
- Trading on the last working day of a fiscal year is allowed: issued 22/12/2011 as an amendment to article (6) of PEX Trading Rules.
- Listed and brokerage companies' boards double membership: article (2/k) amendment took effect 28/12/2011. A board member is eligible for membership of a brokerage firm and listed company at the same time.
- PCMA approved that cash settlement to be implemented by CDS via Palestine Monetary Authority, issued 27/12/2011.

#### 2011 PCMA Regulation of Capital Market Sector:

- Instructions for the Issuer License issued by PCMA 6/6/2011.
- Global Depository Receipts (GDRs) versus PEX securities, issued 25/7/2011.
- A temporary action regarding rules prohibiting PEX listed companies board chairs and members from trading their company's shares before 10 days of the board meeting date, in spite of the board's meeting, now allowed by the PCMA between 14/12/2011-31/12/2011 provided that the board announces its agenda free of any items that may impact its share price.
- Listed and brokerage companies' boards double membership: article (48) of Brokerage Firms Licensing regulations amendment took place 28/12/2011. A board member is eligible for membership of a brokerage firm and listed company at the same time.

#### PEX Bylaw Amendment:

Responding to the principles of good governance and the Palestine Corporate Governance Code, and preparing itself for listing, PEX board, during an extraordinary meeting to be endorsed by the assembly meeting in the first quarter of 2012, approved a set of bylaw amendments at the end of 2011.. All new amendments aim at promoting PEX governance by adopting the 21 principles favored by the PCMA to enhance transparency and corporate governance practices. The new amendments affect the board of directors and executive management benefits and remuneration, in addition to board sub-committees, field of work, methods, formations, etc.

#### GDR Rules

PEX prepared Global Depository Receipts (GDR) Rules in cooperation with PCMA. They were approved and circulated by PCMA to all stakeholders.

#### New AI Quds Index Sample Methodology

By the end of 2011, PEX made its annual review of AI Quds index sample in accordance with a new amended methodology. The new methodology relies on strict determinants that include modification dates, trading activity period, procedures, information resources, modification determinants and techniques. Following the review,, the number of companies included in the index rose from 12 to 15 out of 46 as of 28/12/2011. The modified 2012 sample represents 83 percent of total market capitalization. AI Quds Index 2012 includes the following listed companies:

#	Sector	Company	Trading Symbol
1	Investment	Palestine Development & Investment	PADICO
2		Palestine Industrial Investment	PIIC
3		Palestine Real Estate Investment	PRICO
4		Union Construction & Investment	UCI
5	Banking & Financial Services	Arab Islamic Bank	AIB
6		Bank of Palestine	BOP
7		Palestine Islamic Bank	ISBK
8		AlRafah Microfinance Bank	AMB
9	Insurance	Ahliea Insurance Group	AIG
10	Services	Palestine Telecommunications	PALTEL
11		Palestine Electric	PEC
12		Wataniya Palestine Mobile Telecommunications	WATANIYA
13	Industry	Birzeit Pharmaceuticals	BPC
14		Jerusalem Cigarette	JCC
15		Golden Wheat Mills	GMC





**IT Developments:**

Technology improvements and enhancements to the IT services and infrastructures have been ongoing for four years and 2011 was no different with a range of initiatives aimed at upgrading and improving IT services levels and ensuring PEX remains a leader in using and utilizing state-of-the-art technologies and products.

**PEX 2011 IT projects and achievements:**

**Automation of all Exchange Processes (BPM, ECM, ERP, and HR Systems):**

This project is the top 2011 PEX IT achievement. The ERP system was successfully internally implemented using Best-of-bread technologies from Microsoft. This system was launched in the productive environment within only two month period putting PEX in a leading position in Palestine in implementing ERP systems. Regarding the business processes management system (BPM), PEX purchased it to be implemented internally during 2012, the purchased BPM system from IBM considered as one of the top leader products in this domain.

**Development and launch of a mobile friendly PEX website:**

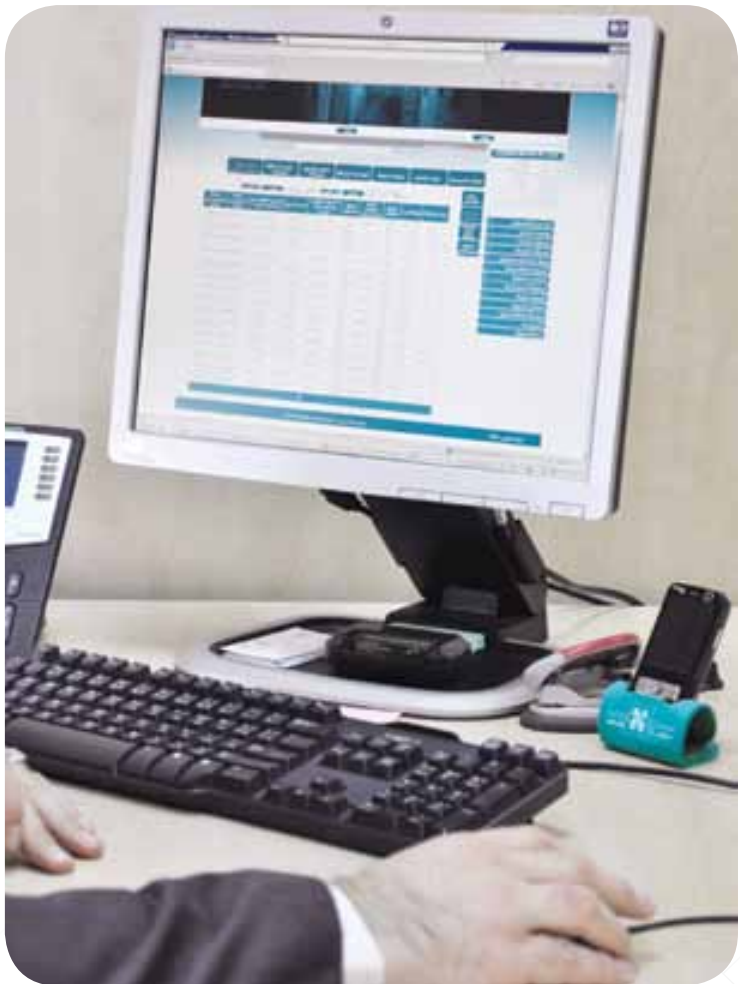
PEX upgraded its website services in 2011 to be compatible with mobile technology. The new version allow users to access trading information from their mobiles and without the need of having laptops or desktops.

**PEX Data Dissemination and Website services Upgrade and Modernization:**

An Arabic version of “Market Watch” was launched and the PEX website was updated to be compatible with most popular browsers including Explorer, Chrome, Firefox, Safari and Opera.

**Information Security Developments and Improvements:**

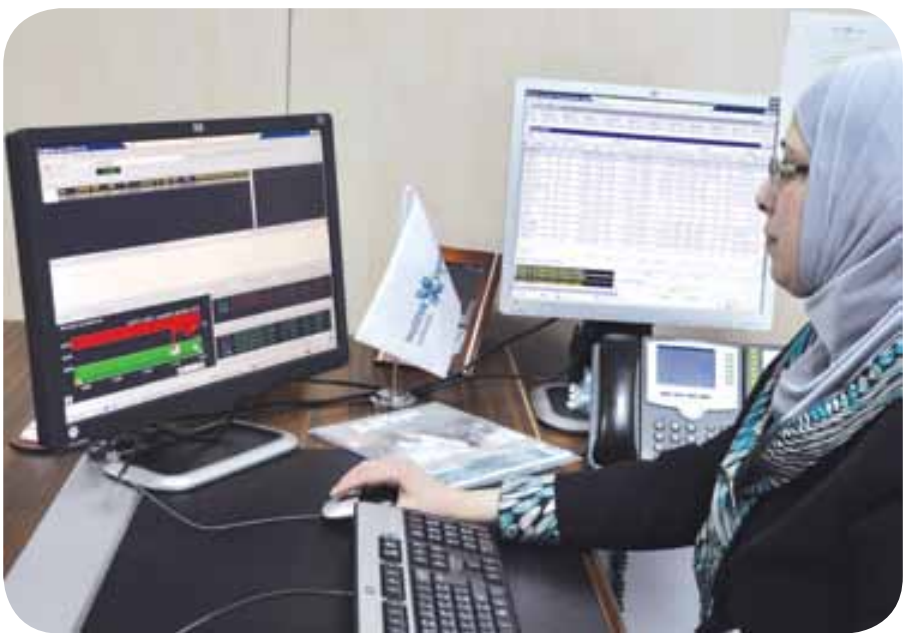
An advanced security and surveillance system was implemented on IBM systems databases which intended to host Trading and CSD systems. Security information and Event management system(SIEM) was purchased from RSA which considered one



of the top leaders in this domain, SIEM system is vital for IT auditing, managing and empowering information security, and will be implemented in 2012 in which PEX will be in a leading position in Palestine in implementing SIEM systems.

**SMARTS System**

SMARTS system enters its second year as the PEX’s main surveillance system. SMARTS converted to Desktop Application in 2011 providing more flexible, alerting criteria modification. A guideline of analyzing alerts concerning marking the close price approved by PCMA was put. These guidelines were designed to illustrate the analysis framework which will be reflected positively on standardization and continuity.



**Disclosure & Information Dissemination**

**2011 periodical disclosures:**

Periodical Disclosure	Financial Period End	Financial Disclosure Start	Financial Disclosure End	Disclosure Period (Days)
Preliminary Year-End 2010	31/12/2010	01/01/2011	15/02/2011	45
Annual Report 2010	31/12/2010	01/01/2011	31/03/2011	90
Q1/2011 Financial Statements	31/03/2011	01/04/2011	30/04/2011	30
Semi-Annual/ 2011 Report	30/06/2011	01/07/2011	15/08/2011	45
Q3/ 2011 Financial Statements	30/09/2011	01/10/2011	31/10/2011	30



The following table shows the results of disclosing within the statutory periods:

Periodical Disclosure	Financial Statements Auditing	No. of Disclosed Companies	No. of Traded Companies Not Disclosed on Time	Suspended Companies Due to not Disclosing	Listed Companies Total	No. of Suspended Trading Companies
Preliminary financial statements 2010	Internal Audit	40	0	1	41	2
Annual Report	External Audit	40	1	1	42	2
Q1 2011 Financial Statements	Internal Audit	43	1	1	45	2
Semi-Annual 2011	External Audit	43	1	2	46	3
Q3 2011 Financial Statements	Internal Audit	45	0	0	45	2

Regarding non-periodical disclosures, companies became more eligible and ready to deal with such types which demand disclosure of vital issues influencing stock value. Companies are expected to provide their disclosures on the announced dates within their general assembly schedules, Boards of Directors meetings and resolutions and any changes may a company be subject to.

Information Dissemination

A new policy was adopted in 2011 to disseminate trading information on the local, regional and global levels and charge fees for the service.



Two Member Companies Merge

Target Investment & Securities Co. and Jordan & Palestine for Financial Investments Co. (whose PEX membership expired on 01/01/2012) completed their merger process at the end of 2011 and a united entity emerged 1/1/2012. The new company, named “Target Jordan Palestine Securities Company” brings the number of PEX members in the West Bank and Gaza Strip to nine. This is the first merger among PEX members.



Clearing Depository & Settlement Center (CDS)

Depository Transactions

The 2011 clearing depository transactions amounted to 2,568, in contrast to 3,558 in 2010. Total fees reached US\$222,600 compared to US\$222,030 in 2010.

Transactions and their fees:

#	Transaction Type	Fees 2010 (US\$)	Fees 2011 (US\$)	Transactions 2010 (US\$)	Transactions 2011 (US\$)
1	Family Transfers	21,313	27,800	313	370
2	Inheritance Transfers	48,769	18,677	257	203
3	Pledges	114,365	136,300	53	67
4	Ownership Certificates	1,170	1,179	117	118
5	Issuing Sharebooks	5,600	8,039	56	81
6	Corporate Actions	17,331	23,119	8	11
7	Transferring Securities Among Brokers	9,135	4,081	1,305	583
8	Additional Accounts Opening	4,347	3,405	1,449	1,135
9	Total	222,030	222,600	3,558	2,568

### Investor Numbers (IN)

To enhance qualitatively and quantitatively the statistics derived from investor and shareholder structure data, PEX issued in 2011 Investor Numbers (IN) to approximately 38% of its 80,000 investors. PEX also updated investor data in terms of gender and investor type. The percentage ownership of males, females, and institutional inventors in listed companies was 30%, 8%, and 62% respectively.

### CDS Audit

In 2011, PEX transformed the majority of CDS audit from classical style into e-auditing.

### 2011 PEX Corporate Actions

#	Company	Symbol	Procedure Type
1	Palestine Investment Bank	PIBC	Stock dividends 6%
2	AL Mashriq Insurance	MIC	2 million shares capital decrease
3	Jerusalem Cigarette	JCC	42.85% Stock dividends
4	The Ramallah Summer Resorts	RSR	<ul style="list-style-type: none"><li>389,007 shares secondary public offering</li><li>%3.84 Stock dividends</li></ul>
5	Arab Islamic Bank	AIB	6,975,545 shares secondary public offering
6	Trust International Insurance	TRUST	21.21% Stock Dividends
7	Birzeit Pharmaceuticals	BPC	7.5% Stock Dividends
8	Bank of Palestine	BOP	20% Stock Dividends
9	Palestine Poultry	AZIZA	12% Stock Dividends
10	The National Carton Industry	NCI	Capital Decrease from 5 million JOD to 5 million USD (par value was changed from 1.00 JOD to 1.00 US\$).

### Fifth Annual Capital Market Forum

#### Family Businesses..... Strategies for the Future

PEX Fifth Annual Capital Market Forum 2011, themed “Family Businesses .... Strategies for the Future” was held November 21 in Ramallah City under the auspices and presence of Prime Minister Dr. Salam Fayyad. It was attended by a multinational array of guest speakers, private & public sector businessmen, family-run company representatives, listed companies, PCMA, brokerage personnel, local, regional and global press. The forum highlighted the potential of family companies to transform into public shareholding companies and be listed on the exchange.

A set of national companies sponsored the forum: PADICO was the diamond sponsor, Ernest & Young and Palestine Investment Fund were silver sponsors. The forum received unprecedented media coverage from Ellam TAM and PR-Newswire (Media sponsor) and other international press networks.



### London Roadshow

#### PEX Day at London’s Capital Market

In June, PEX organized a roadshow to London spending a day at its Exchange. Participants included representatives from top listed companies and member brokerage firms and featured Palestine Telecommunications (PALTEL Group) as the main sponsor, Palestine Development & Investment (PADICO), Bank of Palestine, Wataniya Palestine Mobile Telecommunications, Palestine Investment Fund and Rasmala Palestine Equity Fund.





The roadshow featured an official opening of a trading session at London Stock Exchange along with more than 30 meetings between the PEX delegation and the following leading global and British institutional investors:

Arisaig, Black Rock, Blakney Management, Genesis, HSBC, JP Morgan, MENA Fund, PICTET, Plounin

The ceremony was distinguished as PADICO Holding signed a memorandum of understanding on issuing the first Palestinian Global Depository Receipt (GDR) with the Bank of New York Mellon. Meanwhile, a round table discussion with top British media outlets including PR-Newswire, discussed recent disclosure and investor relations developments.

### Local, Arab and International Participation

Seeking more ties with the surrounding world, PEX took part in multiple activities during 2011, including meetings, conferences, regional and global events.

#### PEX Upgraded at World Federation of Exchanges (WFE)

At its June 8 Board of Directors meeting the World Federation of Exchanges (WFE) approved upgrading PEX from (Correspondent) to (Affiliate) member. A recognition of PEX's growing status in this region and beyond, this step helps the PEX benefit from closer international stock markets dialogue and further opens the gate to foreign investment.

#### PEX Local Promotional Campaign

In June and July 2011, PEX launched a local roadshow targeting individual investors. Communication tools included newspaper and radio ads, billboards, a PEX Facebook page, e-ads at MAANEWS website and Facebook page, along with a media campaign via local newspapers and multi media. At the same time, in cooperation with local Chambers of Commerce, seminars in nine Palestinian cities addressed the merits of investing in PEX.



#### 2011 PEX Global Networking

- World Federation of Exchanges (WFE) General Assembly, Johannesburg
- Union of Arab Stock Exchanges Annual Conference, Abu Dhabi
- Africa & Middle East Depositories Association (AMEDA), Egypt
- Association of National Numbering Agencies (ANNA), Jordan
- Merrill Lynch Bank MENA 2011 Annual Conference, Dubai
- Middle East and North African Task Force of Stock Exchanges for Corporate Governance, OECD Conference, France
- RASMALA Palestine Equity Fund Roadshow, UAE, Abu Dhabi
- FEAS on-site training program, Istanbul
- A visit to Financial Technologies Ltd, India, evaluating the company's solutions for PEX major systems.

#### 2011 PEX Local Networking

- PEX hosted an official British delegation headed by London's Mayor at its Ramallah representative office. The meeting, which showcased opportunities at PEX, was attended by listed company and brokerage representatives.
- An American-Palestinian Delegation visit to PEX Nablus Headquarters.
- An American Baptist Churches Representative delegation visit to PEX Nablus Headquarters to assess investment choices.
- PEX took part in a PCMA consultation meeting focusing on the securities sector.
- Co - Hosted Harvard University delegation at PMA office.
- A meeting with the British Fund, Blakney, at Ramallah representative office.
- Public Relations & Investor Education Dept. staff took part in Webinar about the Best Practices in Data Provision addressing the latest international progress in information dissemination – organized by FEAS.



## 2011 Media & Outreach Highlights

PEX has been in the news. The year 2011 saw a leap in media communication with dozens of interviews held with leading local, regional and international outlets such as CNBC, Reuters, Mother Jones Magazine, EURONEWS, Mena Fund Review, along with German and French TV and radio.

### Top 2011 Media Activities

- Daily, periodical, annual and quarterly disclosures of listed company news circulated via local newspapers and websites.
- Press releases and reports highlighting PEX activities and role in promoting a successful investment environment.
- Reporting PEX activities through FEAS magazine and website.

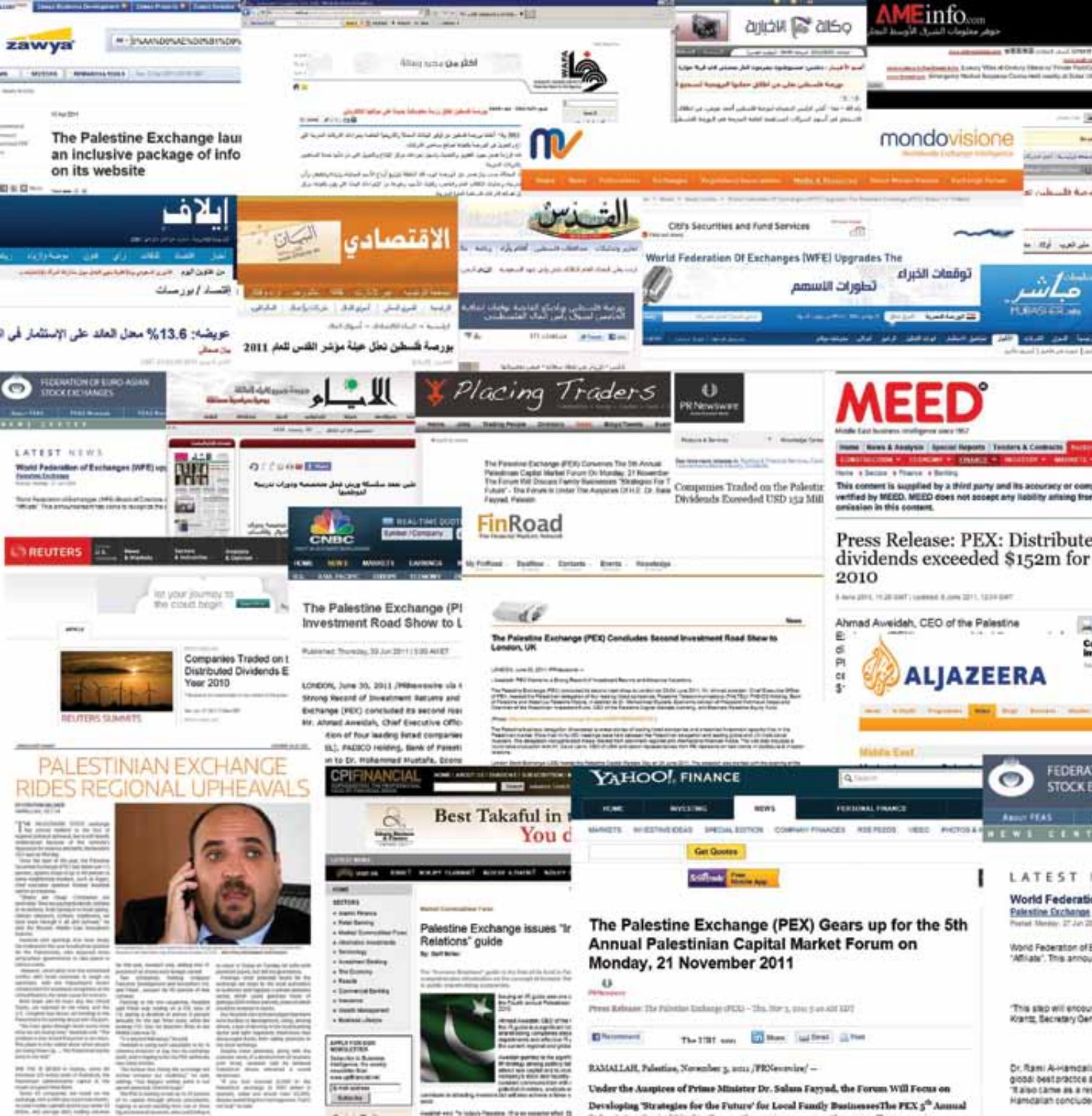
### Local Outreach

PEX focuses on various Palestinian communities, including students, to stimulate investment understanding and involvement. Our PEX Nablus and Ramallah representative offices welcomed more than one thousand student delegations from various educational institutions. PEX staff answered questions and provided a comprehensive presentation of PEX milestones, mandates and functions.

## PEX Publications

### IPO & Listing Guide

PEX published the Palestine Initial Public Offering (IPO) & Listing Guide in November on the occasion of the 5th Annual Capital Market Forum. A reference and roadmap for private sector companies, both family and non-family, seeking the benefits of a public shareholding structure, the Guide was widely distributed.



### IR Guide

PEX published the Investor Relations (IR) Guide, a first in Palestine. Published following Fourth Annual Palestinian Capital Market Forum recommendations, it contains comprehensive information about IR's critical role.



### Companies Guide

PEX issued Companies Guide 2010, sponsored by Palestine Commercial Bank. Available in both hard copy and CD, Arabic and English, it contains a broad range of illustrated information on all listed companies and the economy. It was widely distributed at local, Arab and regional levels.



### Souk El-Mal Magazine

Souk El-Mal Magazine has become a model of economic journalism in Palestine. Four issues were published in 2011 dealing with the Palestinian capital market and economic issues in general.

### Trading Newsletters

PEX continued issuing periodical trading activity newsletters transmitted via the PEX website and stakeholders' emails. Addressing international investors and media, it includes trading summaries, statistics and PEX and listed companies news. These periodicals include:



**Daily Trading Report:** published in both Arabic and English, dealing with daily trading volumes and shares prices.

**Weekly Trading Summary:** published in both Arabic and English, a round up of trading activities and shares prices in the form of statistics, diagrams and comparisons.

**Monthly Statistical Newsletter (TADAWUL):** published in Arabic and English, contains detailed statistical data on monthly trading compared to previous periods, as well as listed company news.

**Monthly Investor Newsletter:** A resource for foreign investors, it includes key statistical indicators and monthly comparisons with Arab exchanges.

### Other Publications

Hardman & Co, based in London, published a report titled "Palestine...Value and Opportunity". It contained details about listed companies' activities, in addition to Rasmala Palestine Equity Fund news.

### Stock Simulation Activities

#### Stock Simulation Competition in Palestinian Universities

PEX concluded the 4th session of this competition in 2011 by announcing winners' names and distributing rewards for the top five. It opened the 5th session of the academic year in November 2011 with the participation of seven universities: An-Najah National University in Nablus, Birzeit University, Al Quds University in Abu Dees, Hebron University, Islamic University in Gaza, in addition to Palestine Ahliya in Bethlehem and Palestine Technical – Khadoori in Tulkarem (which took place in the 4th session).

The new session, sponsored by (Jawwal), was characterized by expanded scope of participation and the adoption of a singular four month-session during the academic year .





### Human Resources

Four new employees were recruited by PEX in 2011, while four other employees resigned. The total number of PEX staff by the end of the year was unchanged (55 employees). The following tables show staff distribution according to various criteria:

#### 2011 PEX Employees Distribution by Location:

Location	No.	Rate
Head Office	48	87 %
Ramallah Office	7	13%
Total	55	100 %

#### 2011 PEX Employees Distribution by Gender

Sex	No.	Rate
Male	37	67 %
Female	18	33 %
Total	55	100 %

#### 2011 PEX Employees Distribution by Education

Degree	No.	Rate
Master's Degree	8	15 %
Bachelor's Degree	32	58 %
Diploma	6	11 %
High School or Less	9	16 %
Total 55	55	100 %



### Training

PEX has always focused on providing employees with the knowledge and experience needed to perform their duties effectively and efficiently in an everchanging stock markets environment. In 2011, 48 employees (88% of staff total), took part in some 600 total training hours conducted through 26 programs and workshops on a diverse range of technical and managerial topics.

Moreover, 2011 conducted training for a number of undergraduates in all PEX departments within a training frame graduation prerequisite.



### Summary of 2011 PEX Training Activities

#### Internal Training Courses:

#	Program	No. of Employees
1	Change Attitudes	17
2	Information Technology Infrastructure Library :ITIL	9
3	Etiquette – for Secretaries	8
4	Financial Statements	11
5	Cayzon Principles of Ongoing Improvement, Change, Development	16
6	Change Attitudes	19

### External Training Courses

#	Program	No. of Employees
1	Taxes Consultant	2
2	Diploma of Audit	1
3	New Trends in Strategic Planning	1
4	Money Laundering (PAMLA)	2
5	Best Practice-IR	2
6	HR Strategic Management	1
7	English Course Level 4	1
8	FEAS on site training program	1

### Seminars, Conferences & Workshops

#	Program	No. of Employees
1	Virtual Computing	1
2	Money Laundering (Workshop)	1
3	Bond Issuance (Show)	2
4	EMC VNX Storage System (Seminar)	1
5	Growing Trends Towards Enhancing Human Capital (Workshop)	1
6	Human Resources Conference	1
7	Economic Media Reality in Palestine	2
8	Annual Meeting and Workshop by (ANNA)	1
9	IFRS updates	3
10	Corporate Finance	1

### Visits Abroad

#	Program	No. of Employees
1	Jordan Central Bank and Depository Center	2

Corporate Social Responsibility

Despite the especially challenging circumstances of recent years, PEX remains committed to its responsibility towards its staff and Palestinian society in general.

2011 PEX Donations

#	Beneficiaries	Donation(US\$)
1	Disadvantaged Undergraduates at An-Najah University	10,000
2	Orphans at At Tadamun Charitable Society	9,412
3	Palestinian Fund for Protection & Work	6,054



New Ramallah Representative Office

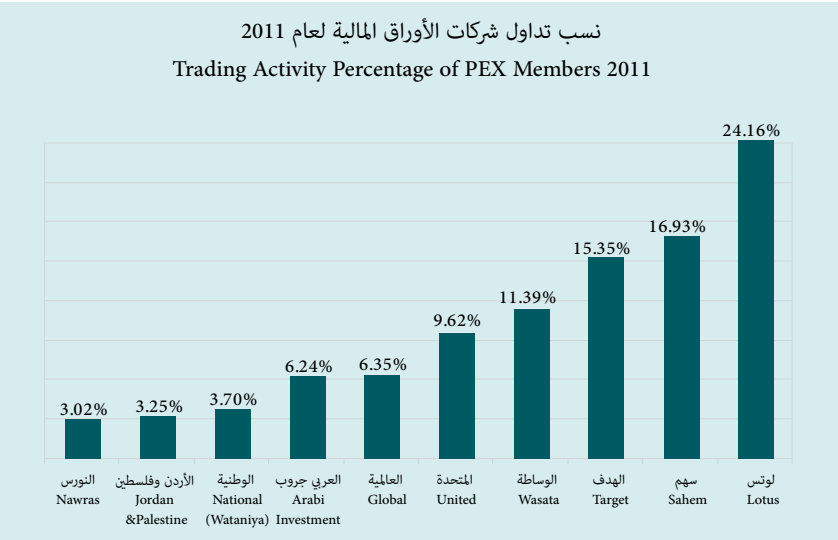
PEX’s representative office in Ramallah moved in 2011 to a new location in PADICO House Building, 6th floor. A PEX property, the new office is well equipped, with the best-quality security systems.



2011 PEX Brokerage Firms Performance

#	Member	Trading (*) (US\$)	Rate (%)	Ranking
1	Lotus Financial Investments	171,986,515	24.16 %	1st
2	Sahem Trading & Investments	120,514,281	16.93 %	2nd
3	Target Investment & Securities	109,250,725	15.35 %	3rd
4	Al Wasata Securities	81,063,882	11.39 %	4th
5	United Securities	68,458,842	9.62 %	5th
6	Global Securities	45,190,530	6.35 %	6th
7	Al Arabi Investment Group	44,455,606	6.24 %	7th
8	National Company for Securities Investments	26,357,955	3.70 %	8th
9	Jordan & Palestine for Financial Investment	23,125,824	3.25 %	9th
10	AL-NAWRAS Financial Investments	21,481,328	3.02 %	10th

(\*) Off-Floor transactions are not included.





## PEX Performance 2011



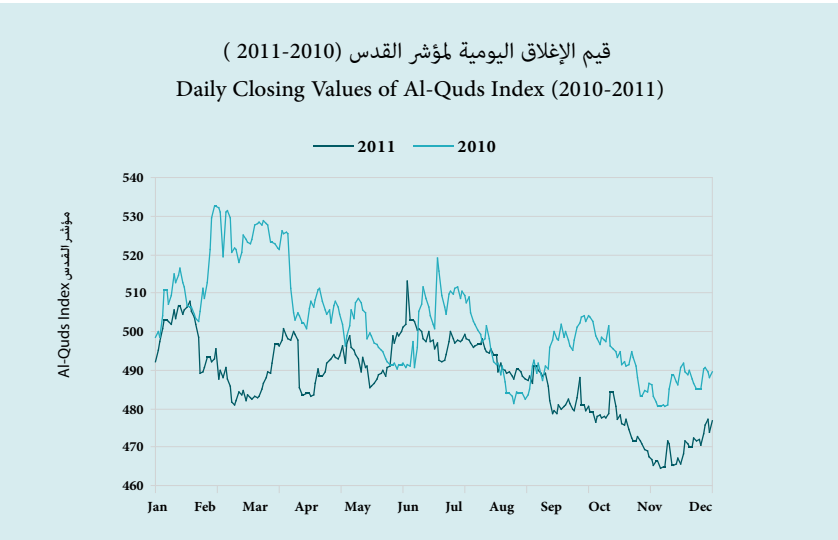
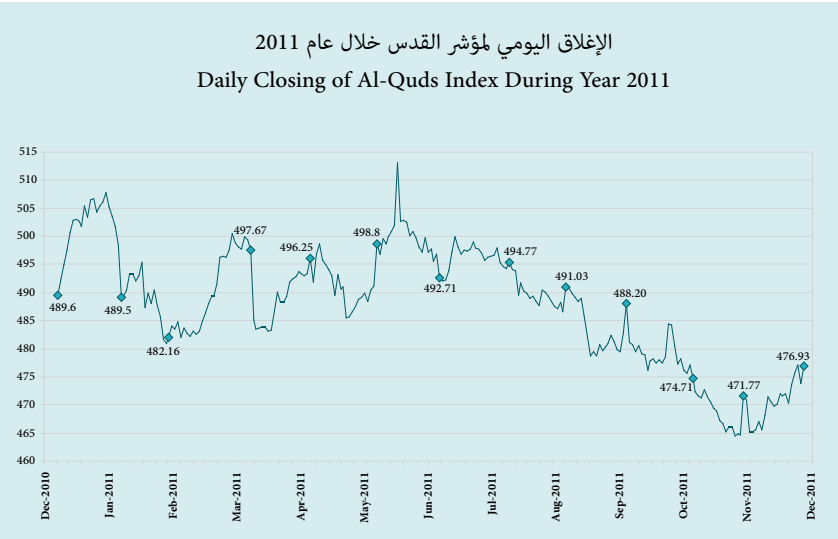


### PEX Main Indices

#### Al-Quds Index

In 2011, Al-Quds Index closed at 476.93 points, down 12.67 points (2.59%) from 2010. This was the lowest rate of decline for any Arab stock market except for Qatar and Iraq which witnessed increases. Palestine thus ranked third out of 15 Arab markets (excluding the Libyan market, closed for some period, and Khartoum, for which 2010 comparative figures could not be obtained). It is noteworthy that the base figure for Al-Quds Index is 100 points and the base year is 1997.

Al-Quds Index overall decline was due to weakness in all sector indices except the Banks and Financial Services index which showed a slight increase. In reviewing Al-Quds 2011 performance, we notice it reached its highest level, 513.25 points, in May and hit its lowest level, 464.53, in October. The index started the year on a slight decline. In January and February it fell 0.02% and 1.5%, respectively. It then recovered in March by 3.22%. In the second quarter, the month of May saw the index reach its 2011 peak of 513.25 points. That month, it grew 0.51%. However, the Index was down again in June, declining 1.22% to close the first half of the year at 492.71. During the second half of 2011, the index values saw significant declines except in July and December, in which the index showed an increase of 0.42% and 1.09% respectively.



### Sector indices

Indices of all sectors declined in 2011 except Banking and Financial Services which witnessed a slight increase. The Investment sector index fell 10.38%, closing at 20.98 points. The Insurance sector was down 3.65%, closing at 45.68 points. The Industry sector index fell by 1.45%, to close at 65.99. Finally, the Services sector index was down by 1.15% to close at 50.85 points. For its part, the Banking and Financial Services sector rose 0.72%, closing at 95.76 points. The index base figure for each sector is 100 points and the base year is 2003.

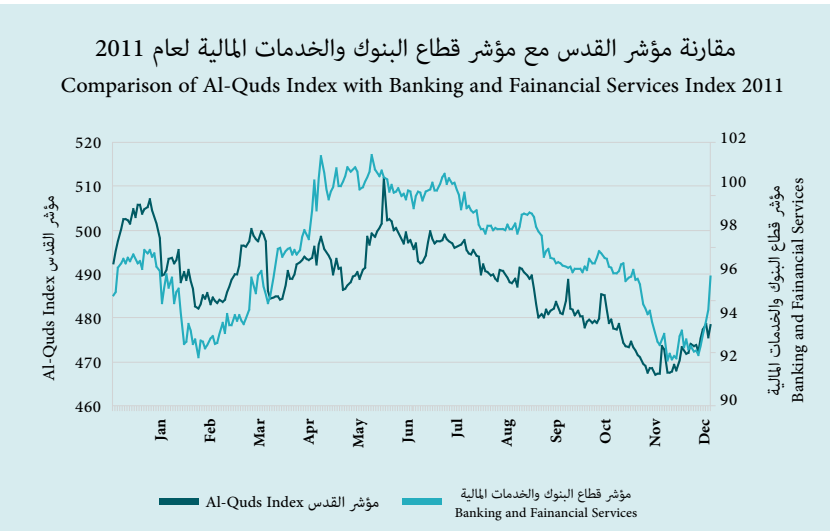
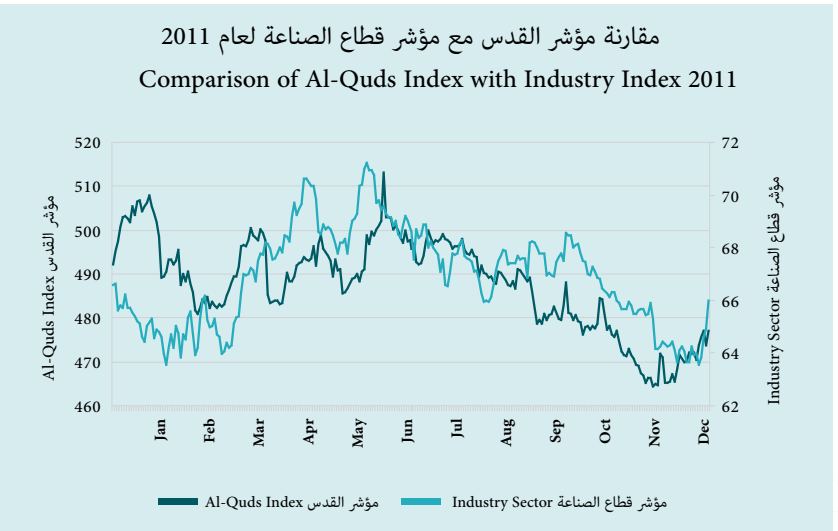
The following table shows the closing values of sector indices during 2011 vs. Al-Quds Index:

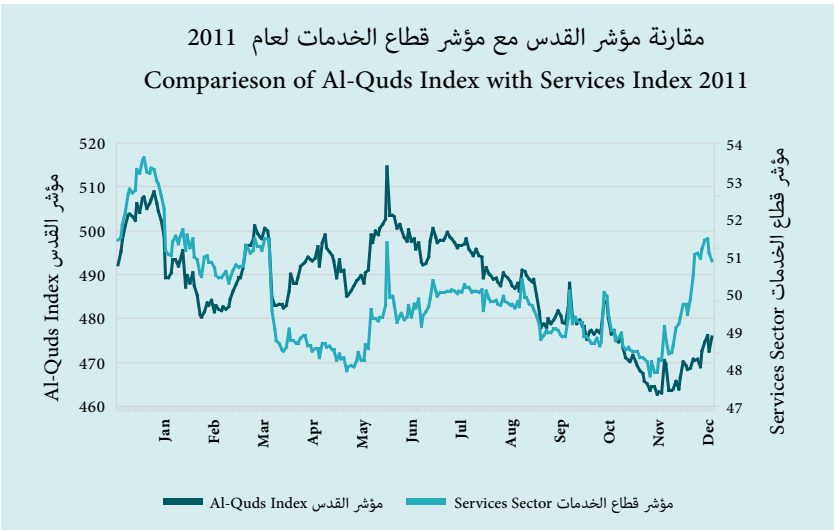
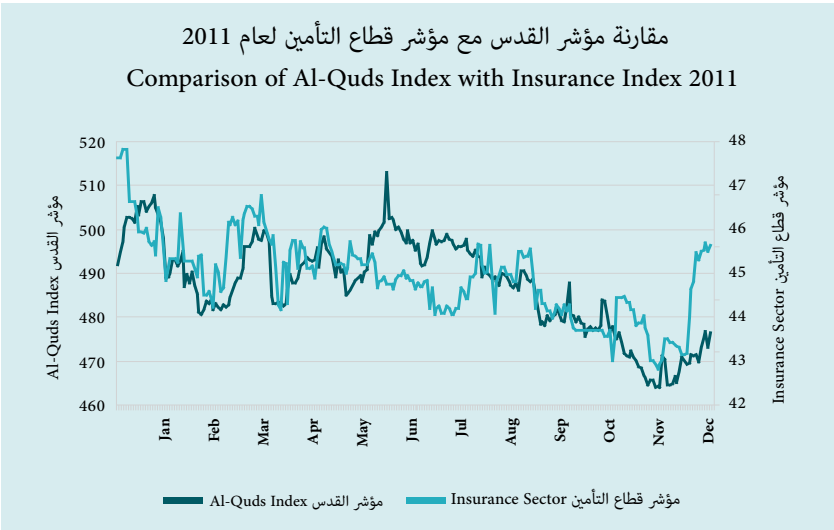
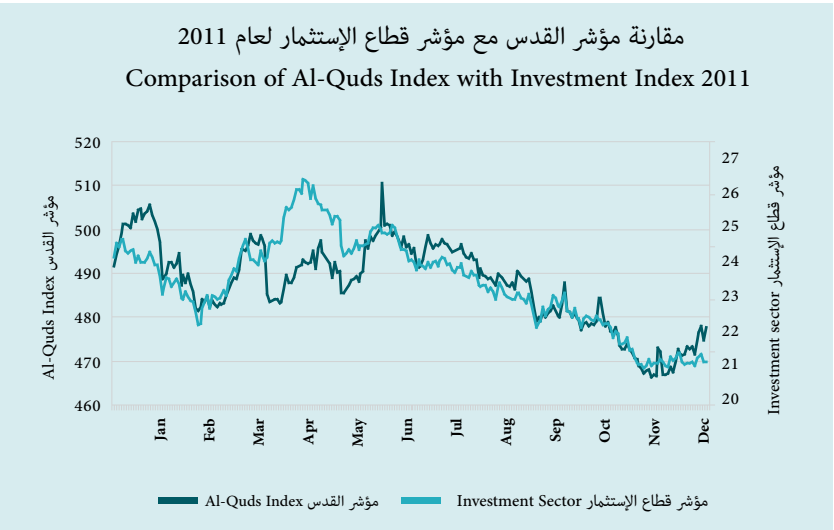
Index	Closing	Opening	Change (in points)	Change (percentage)
Al-Quds(*)	476.93	489.60	-12.67	-2.59%
General(**)	253.27	259.81	-6.54	-2.52%
Banking and Financial Services(***)	95.76	95.08	0.68	0.72%
Industry(***)	65.99	66.96	-0.97	-1.45%
Insurance(***)	45.68	47.41	-1.73	-3.65%
Investment(***)	20.98	23.41	-2.43	-10.38%
Services(***)	50.85	51.44	-0.59	-1.15%

(\*) PEX main index, base year 1997 and base figure 100.

(\*\*) Includes all listed companies, base year 2003 and base figure 100.

(\*\*\*) Includes all sector companies, base year 2003 and base figure 100.





## Trading Volumes

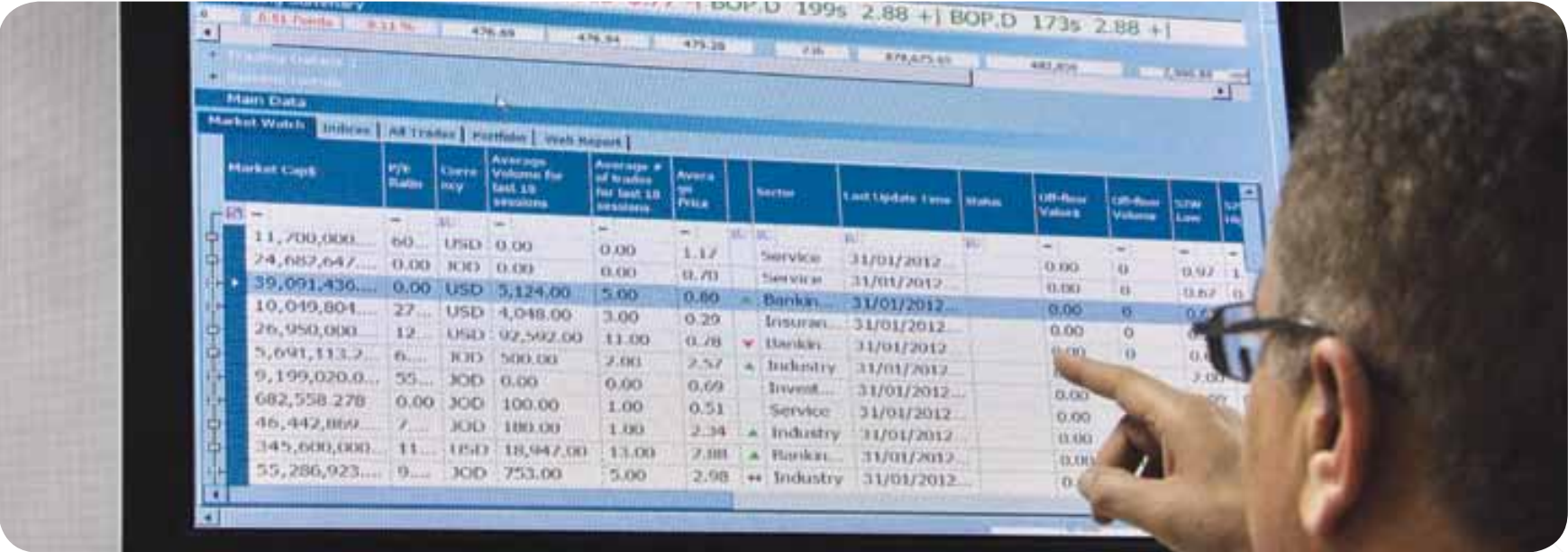
### Overall

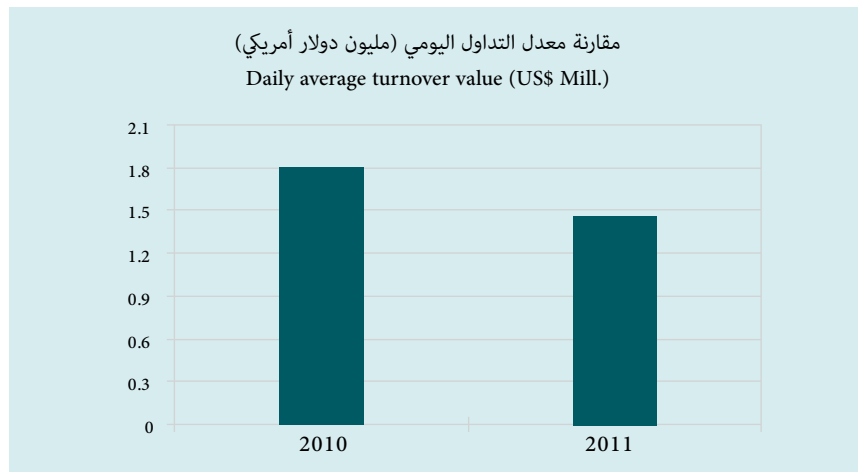
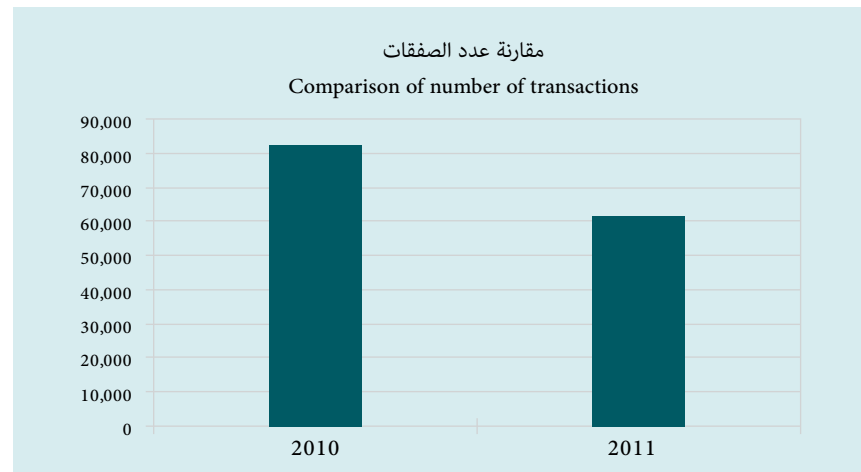
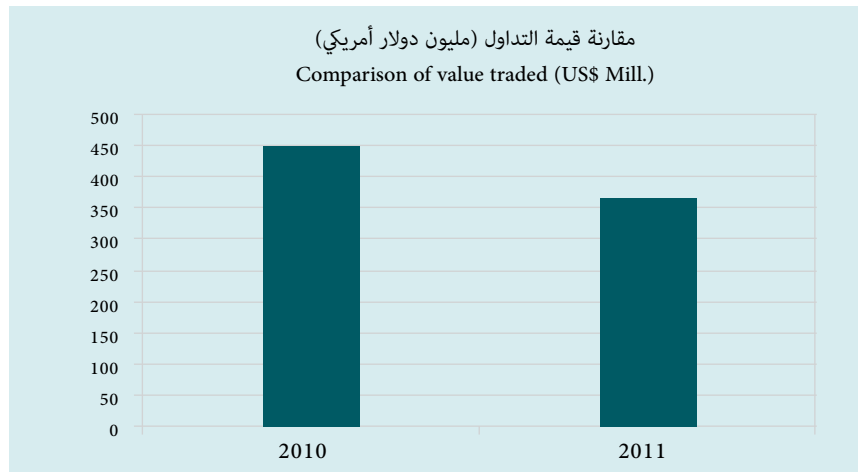
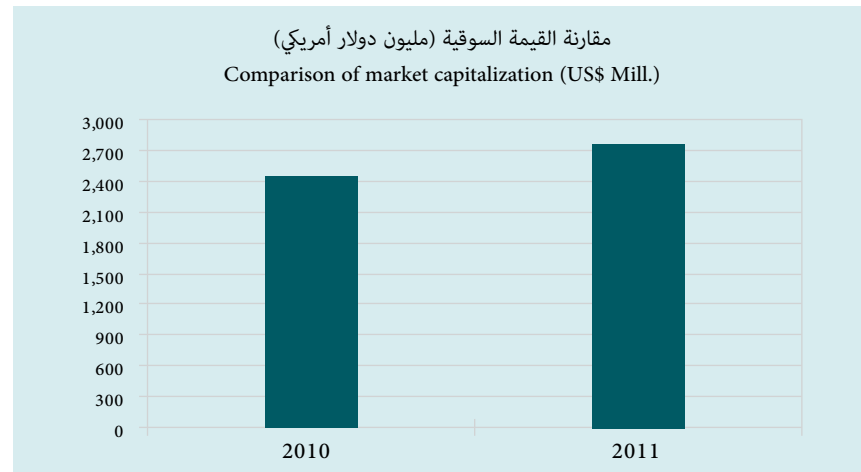
In 2011, PEX held 248 trading sessions in which 184,544,375 shares were traded, worth US\$365,648,215, through 61,928 trades. The daily average trading value was some US\$1,474,388.

Listed companies market capitalization reached US\$2,782,469,900 at the end of 2011, up 13.57% from 2010. This was due mainly to the addition of seven new listings during 2011. The total value of traded shares declined 18.96% relative to 2010 to US\$365,648,216.

Comparing 2011 with 2010:

Period	No. of Trading Sessions	Al-Quds Index	Market Capitalization (US\$)	Daily Average Turnover Value (US\$)	Volume (shares)	Value (US\$)	No. of Transactions
2010	249	489.60	2,449,901,545	1,812,082	230,516,370	451,208,529	82,625
2011	248	476.93	2,782,469,900	1,474,388	184,544,375	365,648,216	61,928
Change	-0.40%	-2.59%	13.57%	-18.64%	-19.94%	-18.96%	-25.05%





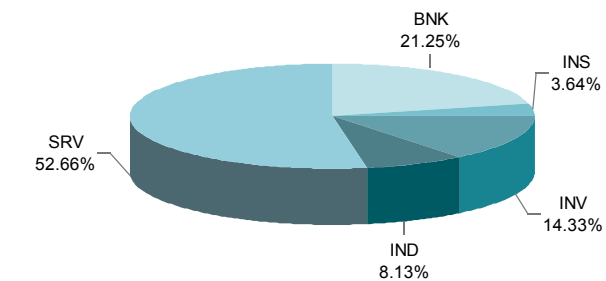
## By Sector

With 44.57%, the Services sector made up the largest portion of total traded value at PEX in 2011. The Investment sector accounted for 26.88% followed by the Banking and Financial Services sector at 18.75%.

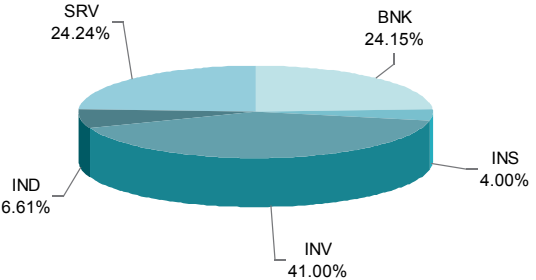
With 52.66% of total PEX capitalization, the Services sector still dominates the market. In terms of market capitalization, the Banking and Financial Services sector ranked second with 21.25%.

Sector	Market Capitalization (US\$)	No. of Transactions	Value (US\$)	Volume (shares)	No. of Listed Companies
Banking & Financial Services	591,178,656	13,279	68,548,544	44,564,832	8
Insurance	101,170,817	2,390	7,460,229	7,383,592	7
Investment	398,695,700	21,408	98,283,998	75,668,213	8
Industry	226,198,909	5,939	28,387,306	12,194,155	11
Services	1,465,225,818	18,912	162,968,139	44,733,583	12
Total	2,782,469,900	61,928	365,648,216	184,544,375	46

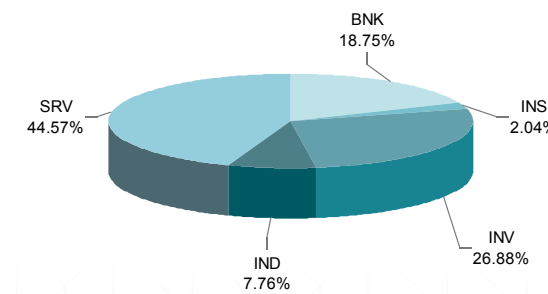
التوزيع النسبي للقيمة السوقية حسب القطاع  
Percentage of market capitalization per sector



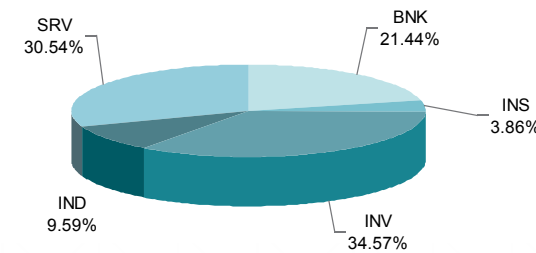
التوزيع النسبي لحجم الأسهم المتداولة حسب القطاع  
Percentage of traded shares per sector



التوزيع النسبي لقيمة الاسهم المتداولة حسب القطاع  
Percentage of value traded per sector



التوزيع النسبي للصفقات حسب القطاع  
Percentage of transactions per sector





Foreign and institutional investment

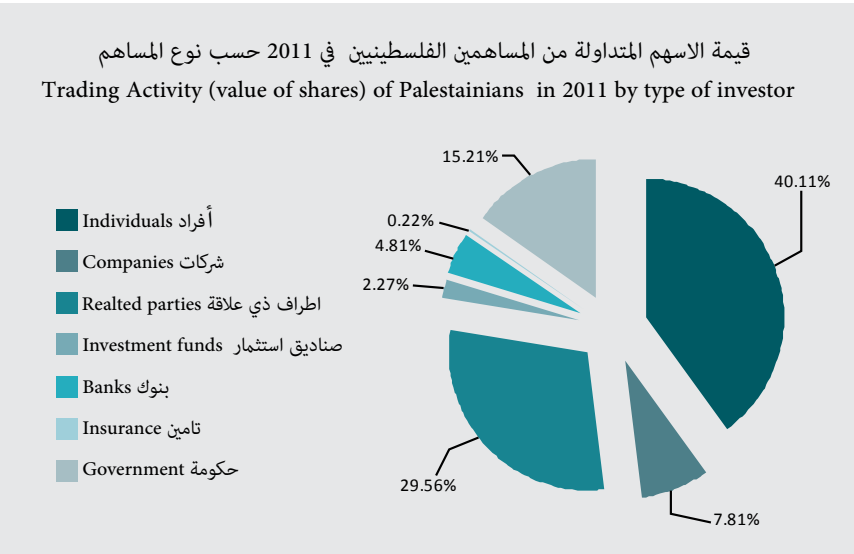
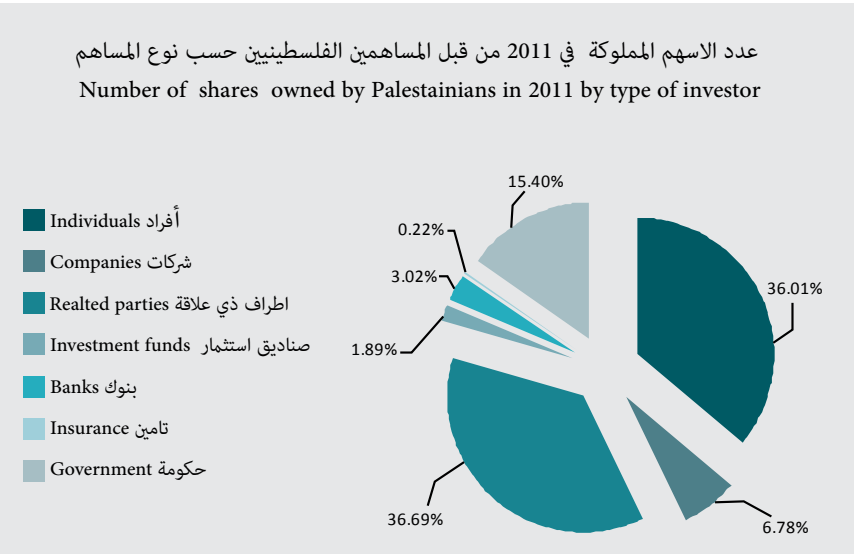
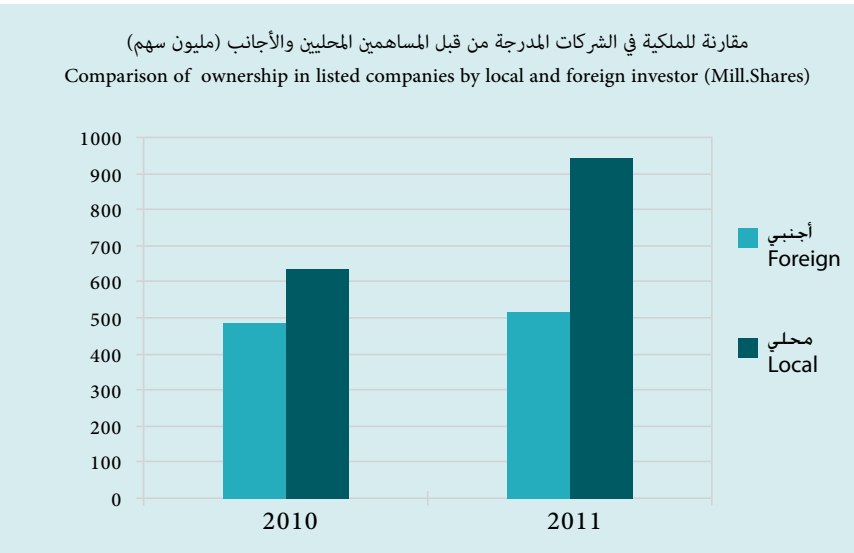
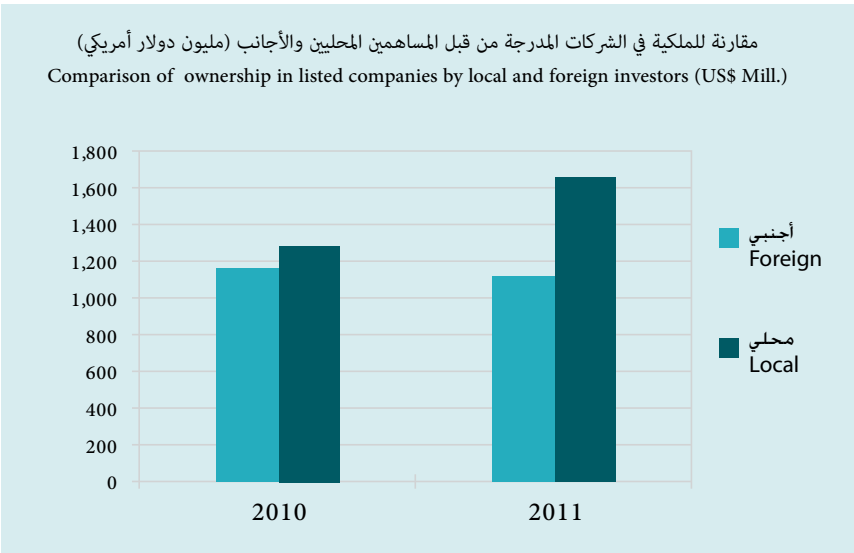
Ownership distribution of listed companies

The following table shows the number of local and foreign investors and the number and value of shares held in 2010 and 2011:

Period	Shareholders		No. of Shares		Value of shares (US\$)	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
2010	68,506	3,732	638,716,590	486,709,863	1,288,290,034	1,161,614,538
2011	77,265	3,620	944,483,368	517,236,722	1,658,075,658	1,124,394,242
Change	12.79%	-3.00%	47.87%	6.27%	28.70%	-3.20%

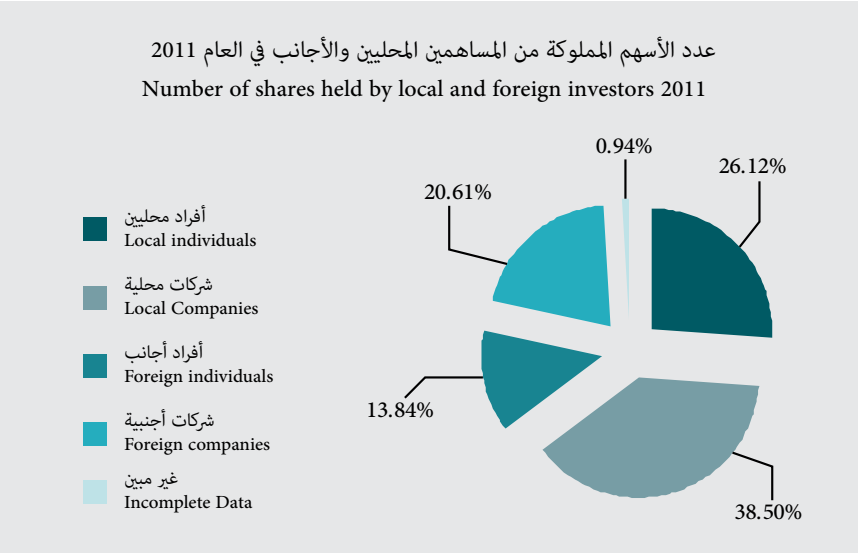
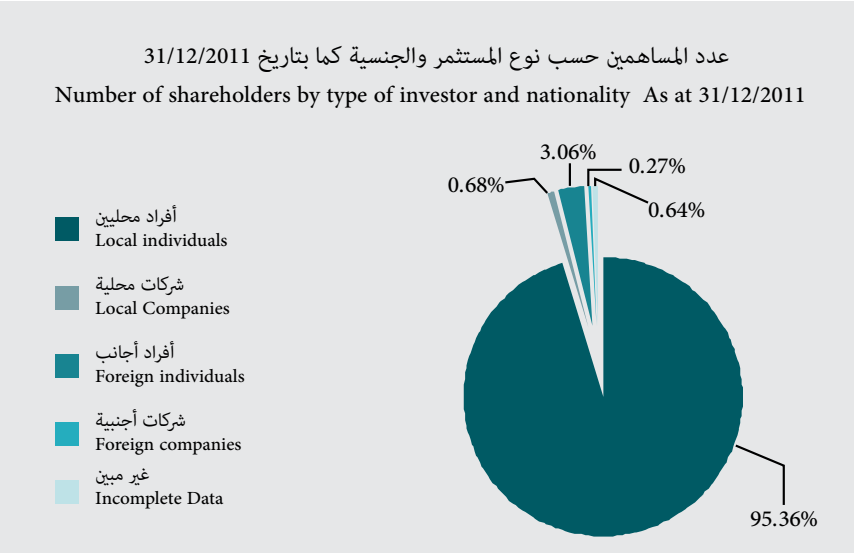
Domestic and foreign investments in 2010 and 2011:

Year	Shares Sold				Shares Purchased			
	No. of shares		Value (US\$)		No. of shares		Value (US\$)	
	domestic	Foreign	domestic	Foreign	domestic	Foreign	domestic	Foreign
2010	169.092.891	53.178.301	323,271,126	113,126,246	190,253,067	32,018,125	317.530.328	118.987.005
2011	115.784.317	63.764.503	205.465.977	150.476.769	126,223,328	53,325,792	256.009.490	99.933.256
Change%	-31.52%	19.95%	-36.44%	33.02%	-33.65%	66.54%	-19.37%	-16.01%



Investment in PEX by foreign and local individuals and institutions in 2011:

	domestic individuals	domestic companies	Foreign individuals	Foreign companies	Holdings with incomplete data	Total
No. of shareholders	107,181	760	3,434	306	715	112,396
Percentage	95.36%	0.68%	3.06%	0.27%	0.64%	100%
No. of shares	381,782,233	562,701,135	202,255,409	301,194,220	13,787,093	1,461,720,090
Percentage	26.12%	38.50%	13.84%	20.61%	0.94%	100%



Comparison with other markets

Comparison with other Arab Markets

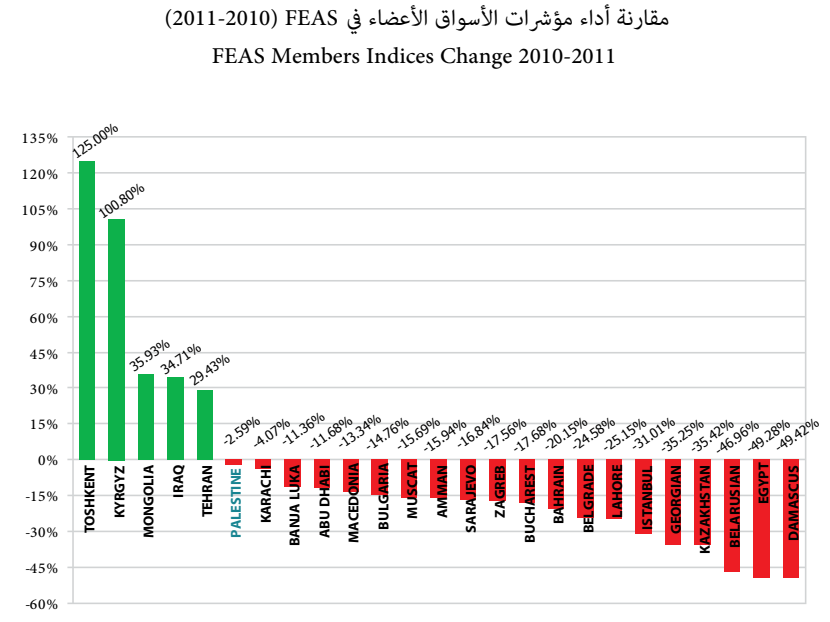
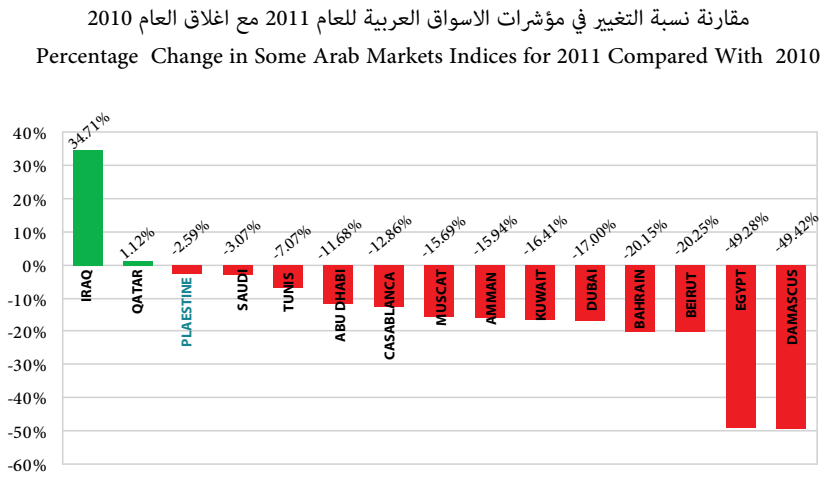
Most Arab capital markets saw declines in 2011. Compared with 2010, indices of all members of the Union of Arab Stock Exchanges fell except for Iraq and Qatar which increased 34.71% and 1.12% respectively.

Damascus Securities Exchange recorded the highest decline, its index down -49.42%. The Egyptian Exchange fell -49.28% followed by the Beirut Stock Exchange which declined by -20.25%.

PEX's Al-Quds Index fell least. It declined -2.59% to close at 476.93 points.

Comparison of performance of indices of FEAS members 2011-2010 (Eurasian Federation of Exchanges)

The chart below presents a comparison of performance indices of FEAS members for 2010 – 2011. No information was available for the following exchanges: Baku Stock Exchange, Tirana Stock Exchange, Moldovan Stock Exchange and NASDAQ OMX Armenia





**Comparison of trading activity of members of Union of Arab Stock Exchanges**

**No. of traded shares**

#	Market (*)	2011 (Mill. Shares)	Percentage change 2010	2010 (Mill. Shares)	Percentage change 2009	(2009 Mill. Shares))
1	Palestine	184.5	-20%	230.5	-4%	238.9
2	Amman**	4,072.3	-42%	6,988.9	16%	6,022.5
3	Damascus**	17.8	158%	6.9	305%	1.7
4	Beirut	64.3	-76%	271.1	164%	102.6
5	Egypt**	16,881.6	-39%	27,758.8	-2%	28,462.0
6	Tunis	231.4	-15%	272.0	44%	189.0
7	Casablanca	148.6	-58%	356.3	24%	286.4
8	Sudan	N/A	N/A	167.0	24%	135.0
9	Iraq**	492,371.6	93%	255,209.5	32%	193,861.2
10	Saudi	48,540.0	46%	33,330.0	-42%	57,130.0
11	Muscat**	2,367.2	-22%	3,019.4	-46%	5,549.4
12	Dubai	23,100.2	-40%	38,392.0	-65%	110,648.0
13	Abu Dhabi**	11,316.1	-36%	17,611.2	-48%	33,679.4
14	Kuwait	33,653.9	-55%	74,769.0	-30%	106,338.0
15	Qatar	2,302.8	10%	2,094.4	-39%	3,450.1
16	Bahrain**	560.0	-9%	612.2	-28%	852.2

\* Includes all members of the Union of Arab Stock Exchanges except Libyan Stock Market.

\*\* Source: Website of the Federation of Euro-Asian Stock Exchanges (FEAS).

\*\*\* The numbers posted on the PEX website have been converted from Qatari Riyal to US Dollar at the exchange rate of 3.64.

**Value of traded shares**

#	Market (*)	2011 (US\$ Mill.)	Percentage change 2010	2010 (US\$ Mill.)	Percentage change 2009	(2009 US\$ Mill.)
1	Palestine	365.6	-19%	451.2	-10%	500.4
2	Amman**	4,020.1	-57%	9,435.8	-31%	13,632.3
3	Damascus**	164.5	-15%	192.9	-430%	36.4
4	Beirut	545.3	-71%	1,870.6	80%	1,038.1
5	Egypt**	17,128.1	-54%	37,166.4	-30%	52,739.0
6	Tunis	954.1	-49%	1,871.0	38%	1,360.0
7	Casablanca	5,760.8	-58%	13,881.0	-14%	16,226.0
8	Sudan	N/A	N/A	1,018.0	1%	1,006.0
9	Iraq**	790.1	134%	337.9	-42%	587.5
10	Saudi	293,020.0	45%	202,450.0	-40%	337,070.0
11	Muscat**	2,548.6	-23%	3,307.1	-36%	5,129.0
12	Dubai	8,026.9	-50%	16,075.0	-66%	47,239.0
13	Abu Dhabi**	5,932.5	-36%	9,295.0	-77%	40,191.6
14	Kuwait	18,697.8	-57%	43,772.0	-58%	103,772.0
15	Qatar	22,944.4	24%	18,457.8	-27%	25,319.9
16	Bahrain**	279.2	-3%	288.2	-39%	473.7

\* Includes all members of the Union of Arab Stock Exchanges except Libyan Stock Market.

\*\* Source: Website of the Federation of Euro-Asian Stock Exchanges (FEAS).

\*\*\* The numbers posted on the PEX website have been converted from Qatari Riyal to US Dollar at the exchange rate of 3.64.

Market capitalization

#	Market (*)	2011 (US\$ Mill.)	Percentage change 2010	2010 (US\$ Mill.)	Percentage change 2009	(2009 (US\$ Mill.)
1	Palestine	2,782.5	14%	2,449.9	3%	2,375.4
2	Amman**	27,183.0	-12%	30,829.6	-3%	31,835.1
3	Damascus**	1,488.6	-56%	3,379.0	163%	1,285.8
4	Beirut	16,409.0	29%	12,676.5	-1%	12,842.7
5	Egypt**	48,681.4	-42%	84,103.0	-8%	91,004.3
6	Tunis	9,994.6	-6%	10,612.0	15%	9,237.0
7	Casablanca	62,039.9	-11%	69,386.0	-6%	74,186.0
8	Sudan	N/A	N/A	2,446.0	-19%	3,033.0
9	Iraq**	4,108.5	41%	2,908.6	10%	2,637.9
10	Saudi	338,890.0	-4%	353,440.0	11%	318,800.0
11	Muscat**	26,863.3	-5%	28,315.9	20%	23,616.0
12	Dubai	49,518.1	-9%	54,692.0	-6%	58,095.0
13	Abu Dhabi**	71,656.7	-7%	77,080.7	0%	76,872.7
14	Kuwait	102,708.1	-10%	113,883.0	21%	93,824.0
15	Qatar	125,646.0	2%	123,334.5	40%	87,969.0
16	Bahrain**	16,634.1	-17%	20,113.1	23%	16,305.9

\* Includes all members of the Union of Arab Stock Exchanges except Libyan Stock Market.

\*\* Source: Website of the Federation of Euro-Asian Stock Exchanges (FEAS).

\*\*\* The numbers posted on the PEX website have been converted from Qatari Riyal to US Dollar at the exchange rate of 3.64.

Transactions Excluded from Trading (off-Floor transfers)

CDS data indicate that off-floor transfers (mainly inheritance and family transfers) declined in 2011 to approximately 4,995,555 shares with a total value of US\$9,705,469 against 8,245,178 shares with a total value of US\$14,691,195 in 2010. Trading values and volumes in 2011, including off-floor transfers stood at 184,544,375 shares with a total value of US\$365,648,216.

Capital Increases

The value of capital increases carried out by listed companies during 2011 stood at approximately US\$ 40.07 million, compared to US\$ 29.71 million in 2010.

The Following table shows details of capital increases in 2011:

#	Company	Trading Symbol	Capital before increase	Capital after increase	Increase value ( US\$)	Type of increase
1	Arab Islamic Bank	AIB	40,696,939 (US\$)	47,672,484 (US\$)	6,975,545	Secondary public offering for shareholders
2	Palestine Poultry	AZIZA	12,000,000 (JOD)	13,440,000 (JOD)	2,023,898	Stock dividends
3	Bank of Palestine	BOP	100,000,000 (US\$)	120,000,000 (US\$)	20,000,000	Stock dividends
4	Birzeit Pharmaceuticals	BPC	12,100,000 (JOD)	13,066,145 (JOD)	1,364,612	Stock dividends of 907,500 shares to shareholders, and 58,645 to company staff
5	Jerusalem Cigarette	JCC	7,000,000 (JOD)	10,000,000 (JOD)	4,237,288	Stock dividends
6	Palestine Investment Bank	PIBC	50,000,000 (US\$)	53,000,000 (US\$)	3,000,000	Stock dividends
7	Ramallah Summer Resorts	RSR	2,500,000 (JOD)	3,000,000 (JOD)	706,215	Secondary public offering for shareholders by 389,007 shares and Stock dividends of 110,993 shares to shareholders
8	Trust International Insurance	TRUST	8,250,000 (US\$)	10,000,000 (US\$)	1,750,000	Stock dividends
					Total:	US\$40,067,558

Al-Mashriq Insurance Company (MIC) also decreased its capital by US\$2 million in 2011 to US\$5.2 million. The National Carton Industry Company (NCI) changed the par value of its shares from one JOD to one US\$ bringing its capital to 5 million US dollars instead of 5 million Jordanian dinars.



# Palestine Securities Exchange Governance

## A corporate governance leader

The PSE not only complies with the principles of good corporate governance but also strives to be a model for Arab and regional financial markets in protecting the interests of all stakeholders and contractors. The PSE continuously endeavors to enhance its governance structure. In recent years, in compliance with the “Rules of Corporate Governance in Palestine”, it has separated the position of Chairman of the Board of Directors from that of the Chief Executive Officer, supported the Board of Directors with independent directors, disclosed its annual report, amongst other best practices.

## Board of Director transactions of PSE shares

There were no transactions for members of the Board of Directors on PSE shares.

## The Board of Directors

Pursuant to PSE bylaws, the Board of Directors consists of seven members elected by the General Assembly by secret ballot for a period of four years. The current Board was elected on the 14/3/2010 and consists of seven members representing two legal entities (PADICO and Al-Sanabel)



Members of the Board of Directors:



Name	Prof. Rami Al-Hamdallah
Title	Chairman of the Board of Directors Representative of Palestine Development and Investment Co. (PADICO)
Date of Membership	14\3\2010
Date of Birth	10\8\1958
Academic Qualifications	PhD in Applied Linguistics
Current Position and Experiences	<ul style="list-style-type: none"><li>• President of An-Najah National University\ Nablus</li><li>• Chairman of PEX Board of Directors since October 2008. (He also was in the mentioned position at PEX from Dec. 2003 until Jan. 2006).</li><li>• Member of the Palestinian Council for Higher Education and the Council of Palestinian Universities.</li><li>• Member of the Executive Council of the Association of Arab Universities.</li><li>• Former member of the executive committee of the European- Palestinian Cooperation in Education 2000-2005.</li><li>• Member of the Steering Committee of the Federation of the Universities of the Islamic World.</li><li>• Member of the Executive Committee of UNIMED.</li><li>• Chairman of PEACE project for academic affairs (2005-2007).</li><li>• Member of the Commission for Universities and Communities in the EuroMed Region (EMUNI University, Slovenia) since 2009.</li><li>• Member of the Trustee Council and the Board of Directors of the Yasser Arafat Foundation.</li><li>• Secretary-General of the Central Elections Commission in Palestine since 2002.</li><li>• Member of the Advisory Council for the Palestinian Academy for Security Sciences/ Jericho since 2009.</li><li>• Published many articles and publications in Applied Linguistics.</li></ul>



Name	Dr. Farouq Zuaiter
Title	Vice Chairman Representative of Palestine Development and Investment Co. (PADICO)
Date of Membership	14\3\2010
Date of Birth	29\5\1936
Academic Qualifications	DBA in Accounting, Economics and Statistics from Texas Tech University
Current Position and Experiences	<ul style="list-style-type: none"><li>• Highly qualified executive investment manager</li><li>• Extensive managerial and technical experience in direct and indirect investment in Europe, the United States, and Arab countries.</li><li>• Appointed General Manager of Rawan International Investment Company (RIIC) in Amman, a subsidiary of Palestine Development and Investment Co. (PADICO) from 6\2008-12\2010</li><li>• PADICO CEO from 3\1999-5\2008</li><li>• Economic Advisor for the Kuwaiti Fund for Arab Economic Development as well as Financial Advisor of the Arab Fund for Economic and Social Development in Kuwait (1975-1979)</li><li>• Deputy General Manager and Head of Direct Investment Department for Coast Investment &amp; Development Company in Kuwait</li><li>• Senior Executive Vice President of Jordinvest, (1998-1999)</li><li>• Chairman of Hisham Hijjawi College of Technology, Nablus and Vice Chairman of the Board of Trustees of An-Najah National University</li><li>• Board Member of : Palestine Telecommunications Co. (PALTEL), Cairo Amman Bank, Palestine Investment Bank, and Jordan Vegetable Oil Industries.</li></ul>





Name	Mr. Ziad Turk
Title	Board member Representative of Palestine Development and Investment Co. (PADICO)
Date of Membership	14\3\2010
Date of Birth	28\6\1947
Academic Qualifications	Civil and Commercial Aviation Certificate Certificate in Business Administration
Current Position and Experiences	<ul style="list-style-type: none"><li>• Board Member of Palestine Real Estate Investment Co.</li><li>• Vice Chairman of the Board of Palestine for Touristic Investment Co.\ Intercontinental-Bethlehem \ Palestine</li><li>• Board Member of Jerusalem for Development and Investment (Jedico), British Islands.</li><li>• Jerusalem Tourism Investment co.\ Jerusalem \ Palestine.</li><li>• Board Member of Trading and Investment Co. ( Taico) \ Jordan*</li><li>• Board Member of Al-Marafeq Investment Company \ Jordan. Board Member of Mawaqif Investment Company\ Jordan.</li><li>• Board Member of Palestine Real Estate Investment (PRICO JORDAN)</li><li>• Board member of Al Mashtal Tourism Investment Co. Gaza\Palestine</li><li>• Regional Representative of PRICO - Jordan</li><li>• Vice Chairman of the Board of the Rum Agricultural Co. \ Jordan</li><li>• Executive Council Member and Delegated Director of the Agricultural South Company \ Jordan</li><li>• Member of the Internal Auditing Committee at Palestine Development and Investment (PADICO)</li><li>• Member of the Internal Auditing Committee at PSE</li><li>• Member of the Governance Committee at Palestine Real Estate Investment</li><li>• Former positions and experience</li><li>• Retired Civil Pilot</li><li>• Operations Controller of Aircrews</li><li>• Director of Royal Eagles Club</li><li>• Deputy General Director of Astra construction Co.</li><li>• General Director of the Astra Transportation Co.</li><li>• Deputy General Director of the Rum Agricultural Co. \ Jordan</li><li>• Administrative Manager of Sirenko Contracting Company</li><li>• Board Member of Palestine Industrial Investment Co.\ Nablus \ Palestine</li><li>• Board Member of Palestine Plastic Industries Co.\ Nablus \ Palestine</li><li>• Board Member of Palestine for Electronic &amp; Electrical Co. Nablus \ Palestine</li><li>• Board Member of AlRafah Microfinance Bank \ Ramallah \ Palestine</li><li>• Member of the Executive Committee \ Palestine Development and Investment ( PADICO)</li><li>• Chairman of the Internal Auditing Committee and Governance \ Palestine Real Estate Investment.</li></ul>



Name	Mr. Samir Hulileh
Title	Board Member Representative of Palestine Development and Investment (PADICO)
Date of Membership	14\3\2010
Date of Birth	11\5\1957
Academic Qualifications	MA in Economics from the American University \ Beirut 1983
Current Position and Experiences	<ul style="list-style-type: none"><li>• PADICO CEO since 2008.</li><li>• Held various positions in the public and private sectors such as: Cabinet Secretary of the Palestinian Government (2005-2006).</li><li>• Former Assistant Under Secretary for the Ministry of Economy and Trade between the years 1994 and 1997.</li><li>• Managing Director of Portland Trust office in Palestine.</li><li>• Marketing General Director at Nassar Stone Group Co.</li><li>• Lecturer at Birzeit University during the 1980s.</li><li>• A current Board representative of PADICO Holding and some of its subsidiaries: Palestine Telecommunications (PALTEL), Palestine Securities Exchange (PSE), Palestine Real Estate Investment Co (PRICO), Palestine Mortgage &amp; Housing Corporation (PMHC).</li><li>• Chairman of the Jericho Gate for Real Estate Investment Board of Directors</li><li>• Chairman of the Board of the Palestine Trade Centre (PALTRADE)</li><li>• from 2004 to2005 and a board member since 2002</li><li>• A board member at the Applied Research Institute-Jerusalem (ARIJ), Arab Thought Forum and Palestinian Banking Corporation (PBC)</li><li>• A Member of the Friends School Board of Trustees, the Palestinian Banking Association, the Palestinian Institute for Political Research</li><li>• Chairman of Birzeit University Graduates Association.</li></ul>



<b>Name</b>	Dr. Basim Makhool
<b>Title</b>	Board Member Representative of Palestine Development and Investment (PADICO)
<b>Date of Membership</b>	14\3\2010
<b>Date of Birth</b>	21\1\1966
<b>Academic Qualifications</b>	PhD in Industrial Economics and Econometrics - University of Utah
<b>Current Position and Experiences</b>	<ul style="list-style-type: none"><li>• Chairman of Creative Business Solutions Co. (CBS).</li><li>• Former Professor of Economics at An-Najah National University (1994-2010).</li><li>• Lecturer at Birzeit University.</li><li>• A senior researcher and research coordinator at the Palestine Economic Policy Research Institute (MAS) until 2007</li><li>• Worked as an Economic Advisor to PALTEL Group and several NGOs</li><li>• Published many studies about the Palestinian economy</li><li>• Won the Abdul Hameed Shoman Foundation Prize for Young Arab Researchers in 2001</li><li>• A Board Member of AlRafah Microfinance Bank.</li><li>• He was a Board Member of: Palestine International bank, the Palestinian Institute for Financial and Banking Studies, and Palestine Cellular Communications Co. (Jawwal)</li></ul>



<b>Name</b>	Mr. Romen Mathiew
<b>Title</b>	Board Member Representative of Palestine Development and Investment (PADICO)
<b>Date of Membership</b>	14\3\2010
<b>Date of Birth</b>	3\8\1970
<b>Academic Qualifications</b>	Holds two graduate degrees in Finance (DESS and Magistère) Master's degree in Management from the University of Paris – Sorbonne
<b>Current Position and Experiences</b>	<ul style="list-style-type: none"><li>• Managing Director of The EuroMena Funds since 2004</li><li>• Has more than 15 years experience in corporate transactions and advising family owned businesses, covering Europe and the MENA region</li><li>• Headed Ernst &amp;Young's MENA desk in France and was a Partner of Ernst &amp; Young Corporate Finance (EYCF) and M&amp;A in France. Prior to that, he worked with Lazard Frères in the M&amp;A and financial affairs team</li><li>• From 1996 to 1998, he headed the credit department of Banque Saradar in Lebanon and was a member of the bank's credit committee</li><li>• He began his career with Arthur Andersen in its corporate restructuring and finance division in France</li><li>• He is fluent in Arabic, English and French</li><li>• Sits on the Board of many companies in the MENA region</li></ul>





Name	Dr. Mounther Al-Omari
Title	Board Member Representative of Al-Sanabel for Trading and Investment
Date of Membership	14\3\2010 Al-Sanabel named its representative in the Board on 16/09/2010.
Date of Birth	29\8\1966
Academic Qualifications	PhD in Finance – Oklahoma State University. MBA in Business Administration- An-Najah National University. BA in Mechanical Engineering- San Francisco State University.
Current Position and Experiences	<ul style="list-style-type: none"><li>• Senior Advisor for Research and Studies and the Head of Research and Financial Analysis at the Emirates Securities &amp; Commodities Authority</li><li>• CFA level III candidate</li><li>• A CFA member</li><li>• Worked as a Professor of Finance at a number of universities for ten years including: The University of Houston, Fort Hays State University in Kansas and Oklahoma State University, the Arab American University, An-NajahNational University, and the King Fahd University of Petroleum and Minerals</li><li>• Consultant for many institutions including the Government of Dubai and the Palestine Exchange</li><li>• Published his first book and 40,000 copies are available on the shelves of bookstores in 22 countries</li><li>• Published many professional and academic works in top refereed journals in the US</li><li>• Participated as a presenter of his, and discussant of other, scholarly works in conferences including:<ul style="list-style-type: none"><li>- Financial Management Association meetings, Southwestern</li><li>- Finance, Southeastern Finance and the International Academy for Business and Economics</li></ul></li><li>• Delivered numerous training and awareness workshops and sessions to brokers and financial analysts and the general investing public alongside university students and other professionals such as custodians and compliance officers in the UAE, DIFC and Palestine</li></ul>

Board Committees

First: Audit Committee

Vice Chairman of the Board of Directors	Dr. Farouq Zueiter	Chairman
Board Member	Ziad Turk	Member
Board Member	Dr. Basim Makhool	Member

Second: Governance and Compensation Committee

Chairman of the Board of Directors	Prof. Dr. Rami Al-Hamdallah	Chairman
Board Member	Samir Hulileh	Member
Board Member	Dr. Basim Makhool	Member

Third: Investment Committee

Vice Chairman of the Board of Directors	Dr. Farouq Zueiter	Chairman
Board Member	Samir Hulileh	Member
CEO	Ahmad Aweidah	Member

The Board of Directors Meeting in 2011

PEX Board of Directors held six meetings in 2011:

#	Meeting	Date
1	1st Meeting	09\03\2011
2	2nd Meeting	04\04\2011
3	3rd Meeting	26\6\2011
4	4th Meeting	29\10\2011
5	5th Meeting	7\12\2011
6	6th meeting	27\12\2011

Benefits & Remuneration of the Board of Directors and Executive Management

#	Item	2011 (US\$)	2010 (US\$)
1	Salaries and Related Benefits	365,738	332,847
2	Executive Management's share of Employees' Indemnity	39,965	30,350
3	Board of Directors Remuneration and transportation	88,889	103,989

Internal surveillance and compliance systems efficiency

In a significant step forward, the Clearance, Depository and Settlement Center (CDS) has supplemented much of its traditional auditing operations with a new e-auditing program. Now, most audits are almost entirely automated which ensures data integrity and efficient operations management.

The year 2011 was also marked by the expansion of auditing activities to include trading indices, securities affiliate activity reports and financial data, as well as PEX personnel and their relatives’ transactions and the transactions of listed company officers. Meanwhile, operations such as listing, delisting, and changes to public shareholding companies’ share capital formed a major part of audits. In terms of disclosure, listed company financial disclosure consistency with applicable systems and international accounting standards shaped a large part of audit operations.

At the end of 2011, as part of PEX’s continuing efforts to organize and shape its internal work environment, the Audit Department was renamed “Operations Compliance”. Its purpose is to detect and prevent any activities non-compliant with PEX laws and regulations governing listing, trading and settlement of securities via a professional conduct compliance program that allows the detection of errors, corruptions, potential risks and illegal practices, while taking appropriate corrective and remedial measures.

### Transactions with Related Parties

Transactions with related parties in 2011 compared to 2010:

#### Statement of the Financial Position:

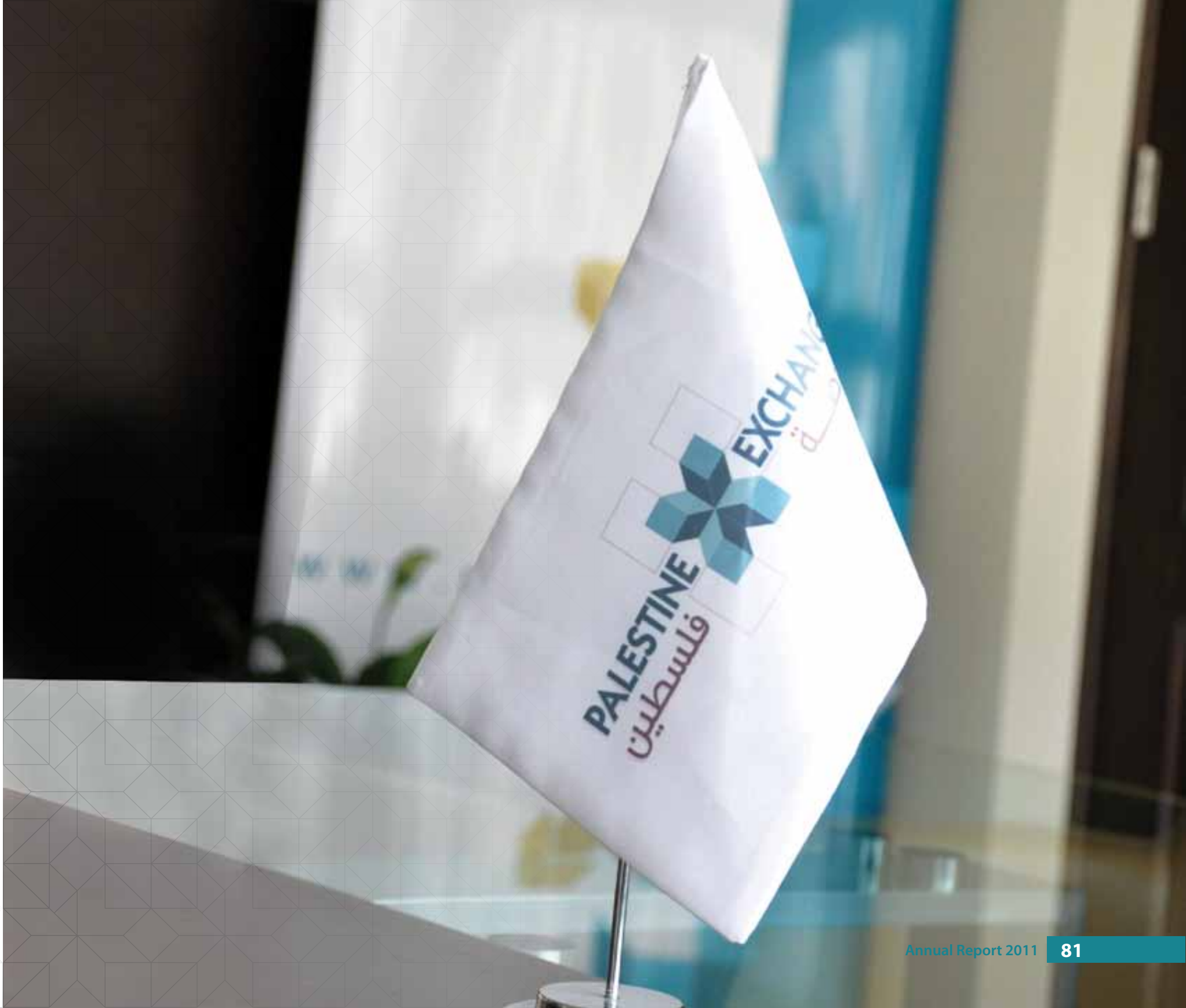
#	Item	2011 (US\$)	2010 (US\$)
1	Loan Granted to PADICO Holding	5,000,000	2,674,181
2	Accounts Receivables from parent company	412,216	25,000
3	Accounts Receivables from sister companies	2,000	2,000
4	Accounts payable of sister companies	594,351	54,942
5	Available-for-sale investments	1,921,473	6,341,296

#### Income Statement/ Revenues:

#	Item	2011 (US\$)	2010 (US\$)
1	Listing Fees	47,764	47,183
2	Securities Pledge commission	53,018	28,000
3	Other Fees	21,255	15,229
4	Interest Income	157,056	86,819
5	Sponsorship Revenues	126,000	156,000
6	Gain on sale of investment property	320,064	-

### Voting Issues

No issues were submitted to voting by any PSE party at the General Assembly Meeting in 2011.

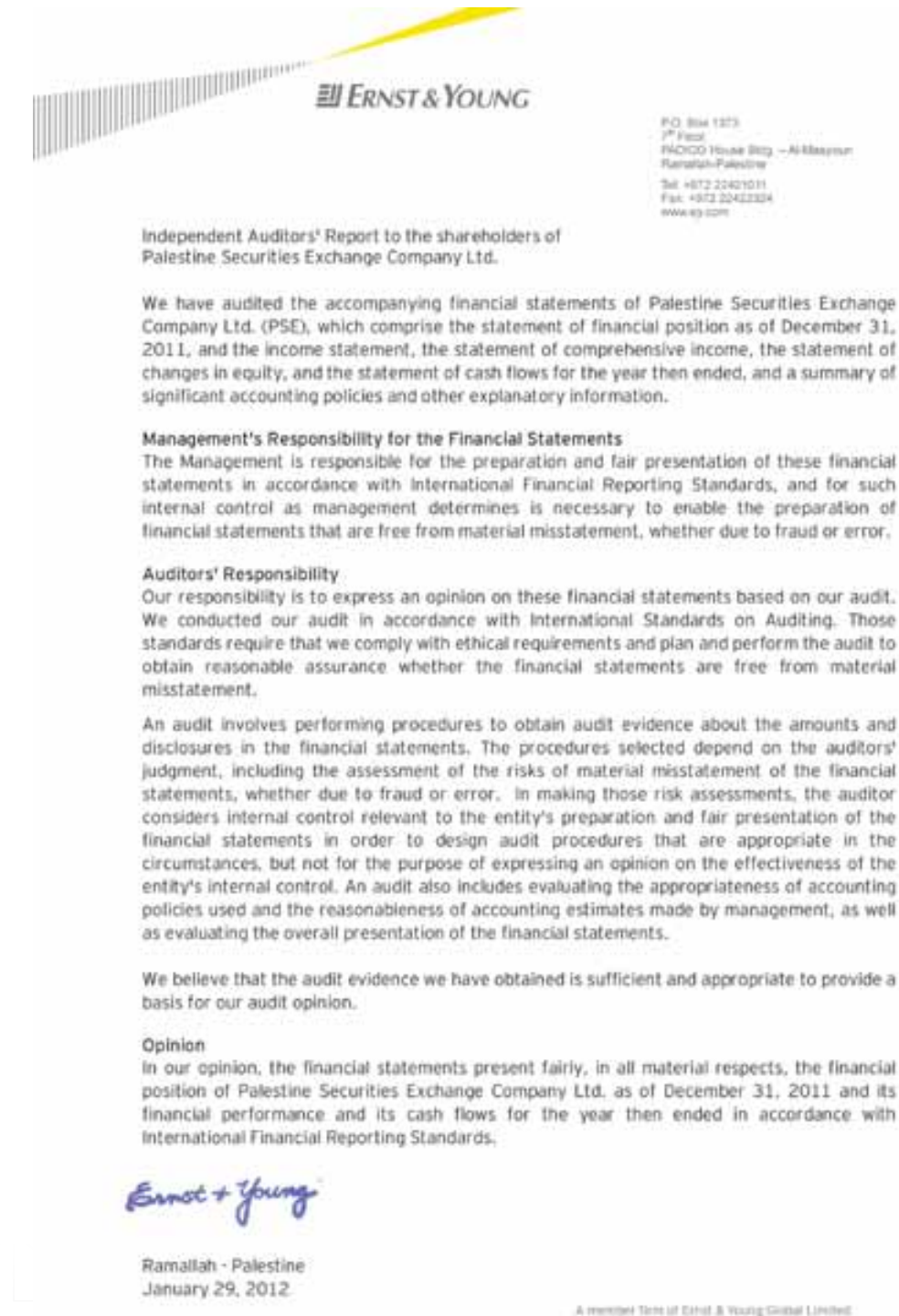




# Financial Statements and Auditors` Report

- 85 Independent Auditors Report
- 86 Statement of Financial Position
- 87 Income Statement
- 88 Statement of Comprehensive Income
- 89 Statement of Changes in Equity
- 90 Statement of Cash Flows
- 91 Notes to the Financial Statements

Palestine Securities Exchange Company Ltd.  
Financial Statements  
As of December 31, 2011





Palestine Securities Exchange Company Ltd.

STATEMENT OF FINANCIAL POSITION  
December 31, 2011

	Notes	2011 USD	2010 USD
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	3	3,503,525	2,439,448
Securities trading software systems	4	1,629	19,884
Available-for-sale investments	5	2,166,674	6,648,628
Loan granted to the holding company	6	5,000,000	2,674,181
		<u>10,671,828</u>	<u>11,782,141</u>
<b>Current assets</b>			
Accounts receivable	7	652,745	112,672
Other current assets	8	263,465	307,853
Cash and cash equivalents	9	<u>1,069,972</u>	<u>320,036</u>
		<u>1,986,182</u>	<u>740,561</u>
<b>Total assets</b>		<u><u>12,658,010</u></u>	<u><u>12,522,702</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid-in share capital	10	10,000,000	10,000,000
Statutory reserve	11	1,562,832	1,562,832
Available-for-sale reserve	5	(7,443)	181,839
Accumulated losses		<u>(423,711)</u>	<u>(157,436)</u>
<b>Net equity</b>		<u>11,131,678</u>	<u>11,587,235</u>
<b>Non-current liabilities</b>			
Provision for employees' indemnity	12	<u>658,831</u>	<u>540,544</u>
		<u>658,831</u>	<u>540,544</u>
<b>Current liabilities</b>			
Accounts payable	13	657,361	103,749
Other current liabilities	15	<u>210,140</u>	<u>291,174</u>
		<u>867,501</u>	<u>394,923</u>
<b>Total liabilities</b>		<u>1,526,332</u>	<u>935,467</u>
<b>Total equity and liabilities</b>		<u><u>12,658,010</u></u>	<u><u>12,522,702</u></u>

The attached notes 1 to 26 form part of these financial statements

Palestine Securities Exchange Company Ltd.

INCOME STATEMENT  
For the Year Ended December 31, 2011

	Notes	2011 USD	2010 USD
<b>Revenues</b>			
Trading and transfer commissions	16	1,470,446	1,816,442
Membership and registration fees	17	544,085	506,667
Securities collateral commission		136,300	114,365
Other operating revenues	18	<u>278,470</u>	<u>313,117</u>
		<u>2,429,301</u>	<u>2,750,591</u>
<b>Other Revenues (expenses)</b>			
General and administrative expenses	19	(2,832,700)	(2,771,964)
Depreciation and amortization	20	(303,650)	(249,701)
Gain from sale of available-for-sale investment	5	320,064	-
Impairment of available-for-sale investments	5	(60,000)	-
Other revenues	21	<u>180,710</u>	<u>102,768</u>
<b>Loss before income tax</b>		<u>(266,275)</u>	<u>(168,306)</u>
Income tax expense	14	-	(95,238)
		<u>(266,275)</u>	<u>(263,544)</u>
<b>(Loss) profit for the year</b>		<u>(266,275)</u>	<u>(263,544)</u>
<b>Basic and diluted earnings per share</b>			
	22	<u>(0.027)</u>	<u>(0.026)</u>

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME  
For the Year Ended December 31, 2011

	2011 USD	2010 USD
Loss for the year	(266,275)	(263,544)
Other comprehensive income		
Cumulative change in fair value	70,782	179,169
Impairment loss on available-for-sale investments recognized in the income statement	60,000	-
Gain from sale of available-for-sale investments recognized in the income statement	(320,064)	-
Other comprehensive income for the year	(189,282)	179,169
Total comprehensive income for the year	(455,557)	(84,375)

STATEMENT OF CHANGES IN EQUITY  
For the Year Ended December 31, 2011

	Paid-in share capital	Statutory reserve	Available-for-sale reserve	(Accumulated losses) Retained Earnings	Total Equity
2011	USD	USD	USD	USD	USD
As at January 1, 2011	10,000,000	1,562,832	181,839	(157,436)	11,587,235
Loss for the year	-	-	-	(266,275)	(266,275)
Other comprehensive income	-	-	(189,282)	-	(189,282)
Total comprehensive income for the year	-	-	(189,282)	(266,275)	(455,557)
As at December 31, 2011	10,000,000	1,562,832	(7,443)	(423,711)	11,131,678

	Paid-in share capital	Statutory reserve	Available-for-sale reserve	Retained Earnings (accumulated losses)	Total Equity
2010	USD	USD	USD	USD	USD
As at January 1, 2010	10,000,000	1,562,832	2,670	106,108	11,671,610
Loss for the year	-	-	-	(263,544)	(263,544)
Other comprehensive income	-	-	179,169	-	179,169
Total comprehensive income for the year	-	-	179,169	(263,544)	(84,375)
As at December 31, 2010	10,000,000	1,562,832	181,839	(157,436)	11,587,235

The attached notes 1 to 26 form part of these financial statements



Palestine Securities Exchange Company Ltd.

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2011

	2011 USD	2010 USD
<b><u>Operating activities</u></b>		
Loss for the year	(266,275)	(168,306)
<b>Adjustments for:</b>		
Depreciation and amortization	303,650	249,701
Reversal from provision for doubtful debts	-	(5,936)
Gain from sale of available-for-sale investment	(320,064)	-
Impairment of available-for-sale investments recognized in the income statement	60,000	-
Loss from sale of property and equipment	55,387	1,775
Interest Revenue	(178,197)	(87,691)
Provision for employees' indemnity	135,537	123,461
	(209,962)	113,004
<b>Working capital adjustment:</b>		
Accounts receivable	(98,857)	(31,233)
Other current assets	44,388	(134,908)
Accounts payable	(39,140)	13,085
Other current liabilities	(81,034)	895
Employees' indemnity paid	(17,250)	(23,987)
Income tax paid	-	(106,180)
<b>Net cash flows from operating activities</b>	<b>(401,855)</b>	<b>(169,324)</b>
<b><u>Investing activities:</u></b>		
Purchase of property and equipment	(834,460)	(47,888)
Proceeds from sale of property and equipment	22,353	322
Purchase of available-for-sale investments	-	(25,500)
Sale of available for sale investments	3,926,917	-
Loan granted to the holding company	(1,700,000)	-
<b>Net cash (used in) from investing activities</b>	<b>1,414,810</b>	<b>(73,066)</b>
<b><u>Financing activities</u></b>		
Due from related parties	(275,093)	310,459
Interest revenue received	12,074	872
<b>Net cash (used in) from financing activities</b>	<b>(263,019)</b>	<b>311,331</b>
<b>Increase in cash and cash equivalents</b>	<b>749,936</b>	<b>155,760</b>
Cash and cash equivalents, beginning of year	320,036	164,276
<b>Cash and cash equivalents, end of year</b>	<b>1,069,972</b>	<b>320,036</b>

Palestine Securities Exchange Company Ltd.

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2011

**1. Activities**

Palestine Securities Exchange Company Ltd. (PSE) is a private limited shareholding Company registered and incorporated in Palestine on March 27, 1995 under registration No. 563108810.

On April 27, 2006, PSE General Assembly decided to amend the Article of Incorporation to become a public shareholding company. On February 4 2010, PSE registered as public shareholding company at the Companies Registrar in Palestine under registration No. 562601187.

PSE's objectives include the establishment of a securities exchange market in Palestine and the organization of issuance and trading of securities. The operations of the security exchange market commenced on February 18, 1997.

PSE is a subsidiary of Palestine Development and Investment Company Ltd. (PADICO), which owns 76.24% of PSE's share capital. PSE's financial statements are consolidated with PADICO's financial statements.

PSE's financial statements for the year ended December 31, 2011 were authorized for issuance by the Board of Directors on January 29, 2012.

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

The financial statements have been presented in United States Dollar, which is the functional currency of PSE.

The financial statements are prepared under the historical cost convention except for the measurement of available-for-sale investments at fair value.

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except that PSE has adopted the following new and amended IFRS:

IAS 24 – Related Party Disclosures (Amendment)

IAS 32 – Financial Instruments: Presentation (Amendment)

The following standards have been issued but are not yet mandatory, and have not been adopted by PSE. These standards are those that PSE reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. PSE to adopt these standards when they become effective.

IAS 1 - Financial Statement Presentation\*

IFRS 9 - Financial Instruments\*\*

IFRS 13 - Fair Value Measurement\*\*\*

\* The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future date would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on PSE's financial position or performance. This standard will become effective for annual periods beginning on or after July 1, 2012.

\*\*IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the PSE's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. PSE will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture. This standard will become effective for annual periods beginning on or after January 1, 2015.

\*\*\* IFRS 13 provides guidance on how to measure fair value under IFRS when fair value is required or permitted. PSE is currently assessing the impact that this standard will have on the financial position and performance. This standard will become effective for annual periods beginning on or after January 1, 2013.

**Significant accounting judgments, estimates and assumptions**  
The preparation of PSE's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Revenue recognition**  
Revenues from security trading and transfer commissions, memberships of brokerage firms, registration fees for listed companies, and collateral commissions are recognized when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at date of the statement of financial position.

Interest revenue is recognized as the interest accrues using the effective interest method.

Dividend revenue is recognized when the right to receive the dividend is established.

**Expense recognition**  
Expenses are recognized based on the accrual basis of accounting.

**Income tax**  
PSE provides for income taxes in accordance with the Income Tax Law and IAS 12 which requires recognizing the temporary differences, at the date of the statement of financial position as deferred taxes. Such temporary differences might result in recognizing deferred tax assets or liabilities. However, PSE's management elected not to recognize such deferred assets due to uncertainty of benefiting from their future outcomes.

Income tax expense represents the accrued income tax which is calculated based on PSE taxable income. Taxable income may differ from accounting income as the later includes non-taxable income or non-deductible expenses. Such income/expenses may be taxable/deductible in the following years.

**Securities trading software systems**  
Securities trading software system is stated at cost and amortized using the straight line method over its estimated useful life.

**Property and equipment**  
Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the income statement as incurred. Land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Real estate	33
Decorations and leasehold improvement	10
Computers	5
Office equipments and furniture	10
Motor vehicles	5

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Available-for-sale investments:**  
Available-for-sale financial investments are measured at fair value plus cost of acquisition. Available-for-sale investments are recognized and derecognized, on a trade date basis, when PSE becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available-for-sale investments are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in the statement of comprehensive income. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as "cumulative changes in fair value" within the statement of comprehensive income is included in the income statement.

Available-for-sale financial investments are stated at cost when their fair value cannot be reliably determined.

**Impairment of financial assets**

An assessment is at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, any impairment loss is recognized in the income statement.

- (a) For assets carried at amortized cost: impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate;
- (b) Equity investments classified as available-for-sale: objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Impairment is the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in other comprehensive income;
- (c) Debt instruments classified as available-for-sale: impairment is the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement.

**Fair values**

For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

**Provision for employees' indemnity**

Provision for employees' indemnity is calculated in accordance with labor law prevailing in Palestine and policies approved by PSE board of director, based on one month indemnity for each year of employment.

**Accounts payable and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Provisions**

Provisions are recognized when PSE has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD using the rate of exchange ruling at the financial statements date. All differences are recognized in the income statement.

**Earnings per share**

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of PSE by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of PSE (after deducting interest on the convertible preference shares) by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

**3. Property and equipment**

	Real estate*	Decorations & leasehold improvement	Computers	Office furniture & equipment	Motor vehicles	Total
	USD	USD	USD	USD	USD	USD
<b><u>Cost</u></b>						
At January 1, 2011	1,120,000	516,030	1,412,872	529,440	107,556	3,685,898
Additions	1,120,000	99,734	33,281	174,197	-	1,427,212
Disposals	-	(98,346)	(1,644)	(48,011)	-	(148,001)
At December 31, 2011	2,240,000	517,418	1,444,509	655,626	107,556	4,965,109
<b><u>Accumulated depreciation</u></b>						
At January 1, 2011	2,800	117,424	924,370	133,776	68,080	1,246,450
Depreciation for the year	44,800	54,941	104,816	65,234	15,604	285,395
Relating to disposals	-	(43,628)	(942)	(25,691)	-	(70,261)
At December 31, 2011	47,600	128,737	1,028,244	173,319	83,684	1,461,584
<b><u>Net book value</u></b>						
At December 31, 2011	2,192,400	388,681	416,265	482,307	23,872	3,503,525
At December 31, 2010	1,117,200	398,606	488,502	395,664	39,476	2,439,448

Property and equipment include USD 480,545 of fully depreciated assets that are still operational as of December 31, 2011 and 2010.

\* During 2011, PSE purchased an additional floor in PADICO House building for an amount of \$ 1,120,000 through a contract signed by the two parties. To the date of financial statements, PSE did not obtain the official deed to the property.



**4. Securities trading software systems**

	2011 USD	2010 USD
Cost of software	832,239	832,239
Accumulated amortization	(830,610)	(812,355)
	<u>1,629</u>	<u>19,884</u>

Securities trading software systems include USD 795,215 of fully amortized software that are still operational as of December 31, 2011 and 2010.

**5. Available- for- sale investments**

	2011 USD	2010 USD
Quoted securities	2,701	4,832
Units in a portfolio of financial investments*	1,921,473	6,341,296
Unquoted securities	242,500	302,500
	<u>2,166,674</u>	<u>6,648,628</u>

\* This portfolio is managed by a sister company "Rawan International Investment Company" which is a subsidiary of PADICO.

Movement on available-for-sale reserve was as follows:

	2011 USD	2010 USD
Balance, beginning of year	181,839	2,670
Change in fair value	70,782	179,169
Realized gain in Income Statement	(320,064)	-
Impairment on available for sale investments recognized in the income statement	60,000	-
Balance, end of year	<u>(7,443)</u>	<u>181,839</u>

**6. Loan granted to the holding company**

During the month of July, 2011 PSE signed a short term loan agreement of \$ 5,000,000 with PADICO Holding Company. It has been agreed to consider previous loan of \$ 2,674,181 as part from this loan. As for the remaining \$ 2,174,181 PSE will pay \$ 1,700,000 and transfer \$ 625,819 through selling part of the company's investments in RAWAN to PADICO. The loan is repayable in one installment on December 31, 2011 and subject to an annual interest rate of LIBOR plus 1.25% at a minimum rate of 5%.

Later and during September 2011 the loan was adjusted to be long term and payable over a period of five years ended September 15<sup>th</sup> 2016 and subject to an annual interest rate of 5% for the first 30 months, and LIBOR' s rate plus 2.5% at a minimum rate of 5% for the other 30 months payable every six months. Fair value of the collaterals securing the loan has been increased to reach about 130% of the loan's amount, and these collaterals represent PADICO's investment in companies listed in Palestine Stock Exchange which are mortgaged for PSE.

**7. Accounts receivable**

	2011 USD	2010 USD
Trade receivables	254,216	116,181
Provision for doubtful debts	(34,209)	(34,209)
	<u>220,007</u>	<u>81,972</u>
Due from related parties	414,216	27,000
Other receivables	18,522	3,700
	<u>652,745</u>	<u>112,672</u>

Following is a summary of the movement on the provision for doubtful debts as of December 31, 2011 and 2010:

	2011 USD	2010 USD
Balance, Beginning of year	34,209	40,145
Reversal during the year	-	(5,936)
Balance, end of year	<u>34,209</u>	<u>34,209</u>

Most of trade receivables represent unimpaired receivables that are due within 30 Days. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of PSE to obtain collateral over receivables and the vast majority are, therefore, unsecured.

**8. Other current assets**

	2011 USD	2010 USD
Prepaid expenses	100,966	37,128
Advance payments to tax department (Note 14)	88,184	94,000
Due from Value Added Tax Department	48,805	148,275
Prepaid maintenance expenses	10,416	21,331
Sundry	15,094	7,119
	<u>263,465</u>	<u>307,853</u>

**9. Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows consist of the following amounts:

	2011 USD	2010 USD
Cash at banks and on hand	79,972	320,036
Short term deposits	990,000	-
	<u>1,069,972</u>	<u>320,036</u>

During 2011, short term deposits have an average interest rate of 2.8%.

**10. Paid-in share capital**

PSE's authorized and subscribed share capital amounted to 10,000,000 ordinary shares (one USD per share) as of December 31, 2011 and 2010.

**11. Statutory reserve**

Statutory reserve represents accumulation of profits transferred at 10% of annual profit in accordance with the Corporate Law. This reserve is not available for distribution to shareholders.

**12. Provision for employees' indemnity**

	2011 USD	2010 USD
Balance, beginning of year	540,544	441,070
Additions during the year	135,537	123,461
Payments during the year	(17,250)	(23,987)
Balance, end of year	<u>658,831</u>	<u>540,544</u>

**13. Accounts payable**

	2011 USD	2010 USD
Due to related parties	594,351	54,942
Trade payable	63,010	48,807
	<u>657,361</u>	<u>103,749</u>

**14. Income tax**

Following is the movement on the provision for income tax during the year:

	2011 USD	2010 USD
Balance, beginning of year	(94,000)	(83,058)
Additions related to prior years	-	95,238
Payments during the year	-	(106,180)
Other	5,816	-
Balance, end of year (Note 8)	<u>(88,184)</u>	<u>(94,000)</u>

- No tax provisions were recorded during 2011 and 2010 because the deductible expenses exceeded the taxable income.
- During 2011, PSE reached a final settlement with income tax department up to December 2010 based on this settlement there is no additional provision required.

**15. Other current liabilities**

	2011 USD	2010 USD
Accrued expenses	67,957	46,870
Accrued bonuses	63,200	167,966
Accrued professional fees	35,000	34,625
Accrued employees' vacation	33,470	27,550
Deferred revenues	10,513	14,163
	<u>210,140</u>	<u>291,174</u>

**16. Trading and transfer commissions**

	2011 USD	2010 USD
Securities trading commission	1,423,776	1,746,078
Securities transfer commission	46,670	70,364
	<u>1,470,446</u>	<u>1,816,442</u>

**17. Membership and registration fees**

	2011 USD	2010 USD
Registration fees	394,085	341,667
Annual membership fees	150,000	165,000
	<u>544,085</u>	<u>506,667</u>

**18. Other operating revenues**

	2011 USD	2010 USD
Palestine Capital Market Forum sponsorship revenue	48,000	60,000
Other activities sponsorship revenue	175,826	184,070
PSE's magazine revenue	23,403	39,463
Other operating revenues	31,241	29,584
	<u>278,470</u>	<u>313,117</u>

**19. General and administrative expenses**

	2011 USD	2010 USD
Salaries and related expenses	1,619,347	1,473,730
Conferences, investment awareness and other activities	281,325	316,431
Maintenance	150,463	139,277
Rent	98,379	114,325
Membership fees	89,065	86,475
Board of Directors remuneration	88,889	103,989
Telephone, fax and mail	74,609	69,740
Insurance	72,640	72,532
Trading software expenses	60,000	60,000
Vehicles expenses	58,098	56,107
Professional and consulting fees	53,787	52,787
Water, electricity and fuel	51,710	62,303
Accommodation, travel and transportation	41,177	13,582
Training	27,082	65,340
Donations	25,466	35,086
Stationery and printing	6,862	13,803
Sundry	33,801	36,457
	<u>2,832,700</u>	<u>2,771,964</u>

**20. Depreciation and amortization**

	2011	2010
	USD	USD
Depreciation of property and equipment	285,395	231,445
Amortization of securities trading softwares	18,255	18,256
	<u>303,650</u>	<u>249,701</u>

**21. Other revenues**

	2011	2010
	USD	USD
Losses from sale of property and equipment	(56,848)	(1,775)
Interest income	178,197	87,691
Rent revenue	57,000	-
Foreign currency exchange differences	(4,812)	854
Sundry	7,173	15,998
	<u>180,710</u>	<u>102,768</u>

**22. Basic and diluted earnings per share**

Basic and diluted earnings per share for the years ending December 31, 2011 and 2010 were as follows:

	2011	2010
Loss for the year (USD)	<u>(266,275)</u>	<u>(263,544)</u>
Weighted average of subscribed shares	<u>10,000,000</u>	<u>10,000,000</u>
Basic and diluted loss earning share (USD)	<u>(0.027)</u>	<u>(0.026)</u>

**23. Related Party Transactions**

Related parties represent associated companies, major shareholders, directors and key management personnel of PSE, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by PSE's management.

Balances with related parties included in the statement of financial position are as follows:

	Nature of relationship	2011	2010
		USD	USD
Loan granted to PADICO holding	Parent company	<u>5,000,000</u>	<u>2,674,181</u>
Accounts receivable	Parent company	<u>412,216</u>	<u>25,000</u>
Accounts receivable	Sister company	<u>2,000</u>	<u>2,000</u>
Accounts payable	Sister company	<u>594,351</u>	<u>54,942</u>
Available –for- sales investment	Sister company	<u>1,921,473</u>	<u>6,341,296</u>

Transactions with related parties included in the income statement are as follows:

	Nature of Relationship	2011	2010
		USD	USD
<b>Revenues</b>			
Registration fees	Parent and sister Companies	<u>47,764</u>	<u>47,183</u>
Securities collateral commission	Parent Company	<u>53,018</u>	<u>28,000</u>
Interest income	Parent Company	<u>157,056</u>	<u>86,819</u>
Sponsorship revenue	Parent and sister Companies	<u>126,000</u>	<u>156,000</u>
Gain on sale of investment property	sister Companies	<u>320,064</u>	<u>-</u>
Other fees	Sister Company	<u>21,255</u>	<u>15,229</u>
		<u>2011</u>	<u>2010</u>
		USD	USD
<b>Compensation of key management personnel:</b>			
Salaries and related benefits		<u>365,738</u>	<u>332,847</u>
Employees' end-of-service benefits		<u>39,965</u>	<u>30,350</u>
Board of Directors remuneration		<u>88,889</u>	<u>103,989</u>

**24. Fair value of financial instruments**

Set out below is a comparison by class of the carrying amounts and fair values of PSE's financial instruments carried in the financial statements as of December 31, 2011 and 2010:

	Carrying amount		Fair value	
	2011	2010	2011	2010
	USD	USD	USD	USD
<b>Financial assets</b>				
Available – for – sale investments				
Quoted	2,701	4,832	2,701	4,832
Unquoted	242,500	302,500	242,500	302,500
Units in a portfolio of financial investments	1,921,473		1,921,473	
Loan granted to PADICO	5,000,000	6,341,296	5,000,000	6,341,296
Accounts receivable	652,745	2,674,181	652,745	2,674,181
Other financial assets	63,899	112,672	63,899	112,672
Cash and cash equivalents		155,394		155,394
	<u>1,069,972</u>	<u>320,036</u>	<u>1,069,972</u>	<u>320,036</u>
	<u>8,953,290</u>	<u>9,910,911</u>	<u>8,953,290</u>	<u>9,910,911</u>
<b>Financial liabilities</b>				
Accounts payable	657,361	103,749	657,361	103,749
Other financial liabilities	166,157	249,461	166,157	249,461
	<u>823,518</u>	<u>353,210</u>	<u>823,518</u>	<u>353,210</u>



The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- The fair values of accounts receivable, other financial assets, cash and cash equivalents, accounts payable, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the granted loan is determined based on variables such as interest rates and specific risk factors associated with the country and other counter party, As of December 31, 2011 the carrying amount of the granted loan is not materially different from its fair value.
- The fair values of quoted available–for–sale investments were based on their price quotations at the reporting date.
- The fair values of the units in a portfolio of financial investments were determined by referring to PSE's share in the net assets value of the portfolio investments.
- The fair values of unquoted available–for–sale investments are stated at cost as their fair values cannot be reliably determined.

**Fair value hierarchy**

PSE uses the following hierarchy for determining and disclosing the fair value of its financial instruments:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**Financial assets measured at fair value**

	December 31, 2011	Level 1	Level 2	Level 3
	USD	USD	USD	USD
Available – for - sale investments				
Quoted	2,701	2,701	-	-
Unquoted	242,500	-	-	242,500
Units in a portfolio of financial investments	1,921,473	-	1,921,473	-

There were no transfers during the year between Level 1 and Level 2 fair value measurements, and no transfers made into and out of Level 3 fair value measurements.

**25. Risk Management**

**Interest rate risk**

PSE's is exposed to interest rate risk on assets subjected to fluctuation in interest rate. The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on PSE's profit for one year, based on the floating rate of assets subjected to interest rate at December 31, 2011.

	Increase/ decrease in basis points	Effect on profit before tax
<b>2011</b>		
USD	+50	25,000
USD	-10	(5,000)
<b>2010</b>		
USD	+50	13,370
USD	-10	(2,674)

**Credit risk**

PSE seeks to limit its credit risk with respect to customers by setting credit limits and monitoring outstanding receivables. PSE's 9 major customers, which are brokerage firms, account for 95% and 97% of trade accounts receivable as of December 31, 2011 and 2010 respectively.

With respect to credit risk arising from the other financial assets, including cash and cash equivalents and accounts receivable, PSE's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these other financial assets.

**Liquidity risk**

PSE limits its liquidity risk by ensuring bank deposits are available. PSE's terms of credit required amounts to be paid within 5 days of the date of the invoice. Trade payables are normally settled within 20 days of the date of purchase. Most of PSE's liabilities are due within a period of less than three months from the date of the financial statements.

**Equity price risk**

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown:

	Change in equity price %	Effect on Equity
<b>2011</b>		
Equity instruments listed in Dubai	+10	270
unquoted equity instruments	+10	24,250
Portfolio of financial investments	+10	192,147

**Foreign currency risk**

PSE maintains its major assets and liabilities in USD or JD. However, the JD currency is linked to the USD currency with a consistent rate, therefore, there is no effect resulting from the fluctuations in USD rate on PSE financial statements.

**Capital Management**

The primary objective of PSE's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

PSE manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2011 and 2010. Capital comprises paid in share capital, other reserves, net of accumulated losses, and is measured at USD 11,131,678 as at December 31, 2011 against USD 11,587,235 as at December 31, 2010.

**26. Concentration of risk in geographic area**

PSE is carrying out all of its activities in Palestine. The instability of the political and economical situation in the area increases the risk of carrying out business and may adversely affect PSE's performance.

# Statistical Appendix الملحق الإحصائي

المؤشرات الإحصائية الرئيسية لنشاط بورصة فلسطين						
Key PEX Statistical Indicators						
البند	2007	2008	2009	2010	2011	Item
عدد الشركات المدرجة	35	37	39	40	46	No. of Listed Companies
عدد الأسهم المكتتب بها	937,498,243	1,006,565,913	1,082,208,617	1,125,426,453	1,461,720,090	Listed Shares
القيمة السوقية (US\$)	2,474,679,018	2,123,057,098	2,375,366,531	2,449,901,545	2,782,469,900	Market Capitalization (US\$)
قيمة الأسهم المتداولة (US\$)	813,469,090	1,185,204,211	500,393,398	451,208,528	365,648,216	Value of Traded Shares
عدد الأسهم المتداولة	299,422,814	339,168,807	238,877,373	230,516,370	184,544,375	Volume of Traded Shares
عدد الصفقات المنفذة	157,300	152,319	88,838	82,625	61,928	No. of Transactions
عدد أيام التداول	248	244	246	249	248	No. of Trading Days
معدل دوران الأسهم (%)	31.94	33.70	22.09	20.48	12.62	Turnover Ratio (%)
مؤشر القدس (نقطة)	527.26	441.66	493.00	489.60	476.93	Al-Quds Index (Point)
المعدل اليومي لقيمة الأسهم المتداولة	3,280,117	4,857,394	2,034,120	1,812,082	1,474,388	Daily Average turnover Value
المعدل اليومي لعدد الصفقات	634	624	361	332	250	Daily Average turnover Transaction
المعدل اليومي لعدد الأسهم المتداولة	1,207,350	1,390,036	971,046	925,768	744,131	Daily Average turnover Volume

نسبة النمو في قيم وأحجام التداول في بورصة فلسطين								
Percentage Growth Volumes of PEX trading values and volumes								
السنة	عدد الأسهم المتداولة #	التغير %	قيمة الأسهم المتداولة (US\$)	التغير %	عدد الصفقات	التغير %	مؤشر القدس 2011/12/31	التغير السنوي في مؤشر القدس %
Year	Volume of traded shares	Change	Value of traded shares	Change	No. of transactions	Change	Al-Quds Index	Al-Quds Index yearly growth
2007	299,422,814	34.46	813,469,090	-23.79	157,300	4.45	527.26	-12.85
2008	339,168,807	13.27	1,185,204,211	45.70	152,319	-3.17	441.66	-16.23
2009	238,877,373	-29.57	500,393,398	-57.78	88,838	-41.68	493.00	11.62
2010	230,516,370	-3.50	451,208,529	-9.83	82,625	-6.99	489.60	-0.69
2011	184,544,375	-19.94	365,648,216	-18.96	61,928	-25.05	476.93	%-2.59

قيمة الأسهم المتداولة قطاعياً (دولار أمريكي)					
Value of traded shares by sector (US\$)					
السنة	البنوك والخدمات المالية	الصناعة	التأمين	الاستثمار	الخدمات
Year	Banking & Financial Services Sector	Industry Sector	Insurance Sector	Investment Sector	Service Sector
2007	344,350,212	19,424,479	23,622,024	225,130,139	200,942,237
2008	293,323,264	44,730,790	5,043,300	346,451,541	495,655,316
2009	176,885,551	27,129,424	6,518,367	116,991,664	172,868,392
2010	86,861,502	22,060,387	8,745,655	135,367,292	198,173,693
2011	68,548,544	28,387,306	7,460,229	98,283,998	162,968,139

عدد الأسهم المتداولة قطاعياً					
Number of traded shares by sector					
السنة	البنوك والخدمات المالية	الصناعة	التأمين	الاستثمار	الخدمات
Year	Banking & Financial Services Sector	Industry Sector	Insurance Sector	Investment Sector	Service Sector
2007	133,017,150	6,648,063	8,477,744	112,969,820	38,310,037
2008	115,312,832	10,793,066	3,106,453	150,793,578	59,162,878
2009	93,879,323	13,476,222	5,969,888	93,743,036	31,808,904
2010	67,244,164	11,196,007	10,055,424	97,224,094	44,796,681
2011	44,564,832	12,194,155	7,383,592	75,668,213	44,733,583

المؤشر حسب القطاعات					
Index by sector					
السنة	البنوك والخدمات المالية	الصناعة	التأمين	الاستثمار	الخدمات
Year	Banking & Financial Services Sector	Industry Sector	Insurance Sector	Investment Sector	Service Sector
2007	81.52	66.1	77.5	38.27	48.26
2008	78.74	54.38	57.79	22.11	46.92
2009	102.83	55.56	53.65	22.55	49.85
2010	95.08	66.96	47.41	23.41	51.44
2011	95.76	65.99	45.68	20.98	50.85



نشرة تداول الشركات المدرجة 2011 حسب القطاع  
Listed companies trading sheet by sector 2011

البنوك والخدمات المالية Banking and Financial Services

Company	عدد أيام التداول	عدد الصفقات	قيمة الأسهم المتداولة	عدد الأسهم المتداولة	نسبة التغير	سعر الإغلاق	أدنى سعر	أعلى سعر	سعر الإغلاق السابق	الرقم العالمي للورقة المالية	عملة التداول	رمز الشركة	الشركة
	No. of trading sessions	No. of transactions	Value (US\$)	Volume #	Change %	Closing Price	Lowest price	Highest price	Previous closing price	ISIN	Currency	Symbol	
Arab Islamic Bank	214	1,516	2,086,156	2,528,321	-8.89	0.82	0.68	0.92	0.90	PS1003112957	US\$	AIB	البنك الإسلامي العربي
Alrafah Microfinance Bank	224	2,606	5,554,067	7,182,681	8.45	0.77	0.62	0.85	0.71	PS1006112053	US\$	AMB	بنك الرفاه لتمويل المشاريع الصغيرة
Bank Of Palestine**	248	6,188	40,311,092	13,012,389	-14.71	2.90	2.79	3.70	3.40	PS1004112600	US\$	BOP	بنك فلسطين**
Palestine Islamic Bank	218	1,868	6,880,273	7,974,767	5.00	0.84	0.75	0.93	0.80	PS1007112953	US\$	ISBK	البنك الإسلامي الفلسطيني
Palestine Commercial Bank	100	416	2,087,882	2,704,496	4.29	0.73	0.67	0.93	0.70	PS1005112922	US\$	PCB	البنك التجاري الفلسطيني
Palestine Investment Bank**	69	224	2,149,292	2,026,265	-3.00	0.97	0.84	1.15	1.00	PS1001112942	US\$	PIBC	بنك الاستثمار الفلسطيني**
Palestine mortgage & Housing Corporation	8	59	2,527,748	2,876,288	--	0.90	0.80	0.90	--	PS1008112002	US\$	PMHC	فلسطين لتمويل الرهن العقاري
Quds Bank	99	402	6,952,034	6,259,625	-14.29	1.02	0.96	1.15	1.19	PS1002112958	US\$	QUDS	بنك القدس
Total		13,279	68,548,544	44,564,832									المجموع

التأمين Insurance												
الشركة	رمز الشركة	عملة التداول	الرقم العالمي للورقة المالية	سعر الإغلاق السابق	أعلى سعر	أدنى سعر	سعر الإغلاق	نسبة التغير	عدد الأسهم المتداولة	قيمة الأسهم المتداولة	عدد الصفقات	عدد أيام التداول
Company	Symbol	Currency	ISIN	Previous closing price	Highest price	Lowest price	Closing Price	Change %	Volume #	Value (US\$)	No. of transactions	No. of trading sessions
Ahliea Insurance Group	AIG	US\$	PS3003112946	0.43	0.47	0.25	0.28	- 34.88	3,746,968	1,351,861	1,503	213
Global United Insurance	GUI	US\$	PS3007112108	--	1.30	1.08	1.15	--	398,937	480,756	270	65
AL Mashriq Insurance*	MIC	US\$	PS3004112929	0.63	0.60	0.48	0.48	- 23.81	85,244	46,163	20	13
National Insurance	NIC	US\$	PS3002112921	3.85	3.84	3.20	3.84	- 0.26	370,863	1,343,427	207	105
Palestine Insurance	PICO	US\$	PS3006112943	1.55	1.50	1.50	1.50	- 3.23	20,500	30,750	2	2
Al-Takaful Palestinian Insurance	TIC	US\$	PS3008112065	--	1.14	0.95	0.97	--	2,080,713	2,212,169	331	69
Trust International Insurance**	TRUST	US\$	PS3005112951	3.00	3.30	2.73	2.94	- 2.00	680,367	1,995,103	57	30
Total									7,383,592	7,460,229	2,390	

\*\* قامت البورصة بتعديل سعري على سعر السهم بتاريخ توزيع الأسهم المجانية خلال العام 2011 بموجب المادة (110) من نظام تداول الأوراق المالية

\*\* PEX amended the «preview closing price» on the date of distributing bonns shares in accordance with Articale (110)of trading regulations.

الاستثمار Investmene												
الشركة	رمز الشركة	عملة التداول	الرقم العالمي للورقة المالية	سعر الإغلاق السابق	أعلى سعر	أدنى سعر	سعر الإغلاق	نسبة التغير	عدد الأسهم المتداولة	قيمة الأسهم المتداولة	عدد الصفقات	عدد أيام التداول
Company	Symbol	Currency	ISIN	Previous closing price	Highest price	Lowest price	Closing Price	Change %	Volume #	Value (US\$)	No. of transactions	No. of trading sessions
العقارية التجارية للاستثمار	AQARIYA	JOD	PS4009111049	--	1.14	0.53	0.80	--	898,797	918,481	641	100
المستثمرون العرب	ARAB	JOD	PS4003111979	0.90	0.90	0.69	0.69	- 23.33	14,500	16,645	21	14
القدس للاستثمارات العقارية	JREI	US\$	PS4007112965	0.96	0.99	0.95	0.95	- 1.04	1,372,268	1,303,711	4	4
فلسطين للتنمية والاستثمار	PADICO	US\$	PS4002112937	1.20	1.34	0.98	1.00	- 16.67	52,737,349	63,178,194	10,853	247
الفلسطينية للاستثمار والإهءاء	PID	JOD	PS4006111935	1.00	1.05	0.95	1.00	0.00	253,948	358,296	84	46
فلسطين للاستثمار الصناعي	PIIC	JOD	PS4004111952	1.26	1.92	1.19	1.55	23.02	8,887,045	20,524,514	4,018	196
فلسطين للاستثمار العقاري	PRICO	JOD	PS4001111948	0.77	1.01	0.67	0.70	- 9.09	7,986,249	9,732,401	3,786	224
الاتحاد للإعمار والاستثمار	UCI	US\$	PS4008112055	0.60	0.78	0.53	0.70	16.67	3,518,057	2,251,756	2,001	216
المجموع									75,668,213	98,283,998	21,408	

الخدمات Services												
الشركة	رمز الشركة	عملة التداول	الرقم العالمي للورقة المالية	سعر الإغلاق السابق	أعلى سعر	أدنى سعر	سعر الإغلاق	نسبة التغير	عدد الأسهم المتداولة	قيمة الأسهم المتداولة	عدد الصفقات	عدد أيام التداول
Company	Symbol	Currency	ISIN	Previous closing price	Highest price	Lowest price	Closing Price	Change %	Volume #	Value (US\$)	No. of transactions	No. of trading sessions
أبراج الوطنية	ABRAJ	US\$	PS5010112959	1.10	1.17	0.97	1.17	6.36	48,046	50,580	65	39
المؤسسة العربية للفنادق	AHC	JOD	PS5003111968	0.90	0.88	0.67	0.73	- 18.89	474,670	530,086	172	25
المؤسسة العقارية العربية	ARE	JOD	PS5001111861	0.55	0.69	0.44	0.47	- 14.55	166,942	131,584	196	80
جلوبال كوم للاتصالات	GCOM	US\$	PS5009112093	0.82	0.83	0.41	0.57	- 30.49	6,904,548	4,279,793	3,820	228
جراند بارك للفنادق والاستجمام*	HOTEL	JOD	PS5004111991	--	--	--	--	--	--	--	--	--
مركز نابلس الجراحي التخصصي	NSC	JOD	PS5008111955	1.05	1.11	1.00	1.10	4.76	258,868	385,388	56	38
الاتصالات الفلسطينية	PALTEL	JOD	PS5002111951	5.28	5.55	4.95	5.29	0.19	18,191,089	133,403,099	6,672	247
الفلسطينية للكهرباء	PEC	US\$	PS5006112997	1.14	1.25	1.06	1.19	4.39	2,237,178	2,598,368	1,589	235
العربية الفلسطينية لمراكز التسوق	PLAZA	JOD	PS5005111990	0.76	0.76	0.60	0.60	- 21.05	14,500	14,537	20	14
مصايف رام الله**	RSR	JOD	PS5011111455	3.10	3.00	2.62	2.80	- 9.68	157,327	624,269	48	29
الفلسطينية للتوزيع والخدمات اللوجستية	WASSEL	JOD	PS5007111055	0.86	1.05	0.76	0.85	- 1.16	2,736,109	3,421,213	1,686	218
موبايل الوطنية الفلسطينية للاتصالات	WATANIYA	US\$	PS5012112072	--	1.44	1.10	1.29	--	13,544,306	17,529,223	4,588	241
المجموع									44,733,583	162,968,139	18,912	

\* سهم الشركة موقوف عن التداول

\* Symbol is suspended

\*\* قامت البورصة بتعديل سعري على سعر السهم بتاريخ توزيع الأسهم المجانية خلال العام 2011 بموجب المادة (110) من نظام تداول الأوراق المالية

\*\* PEX amended the «preview closing price» on the date of distributing bonns shares in accordance with Articale (110)of trading regulations.

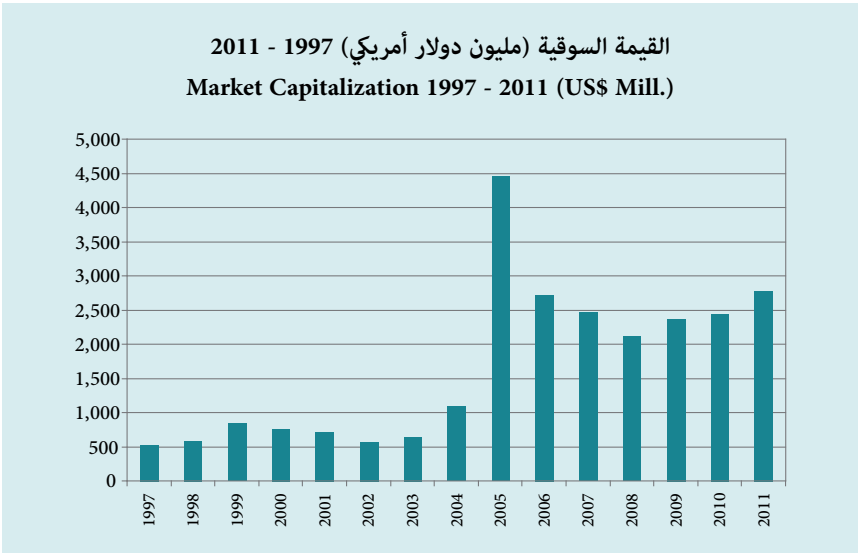
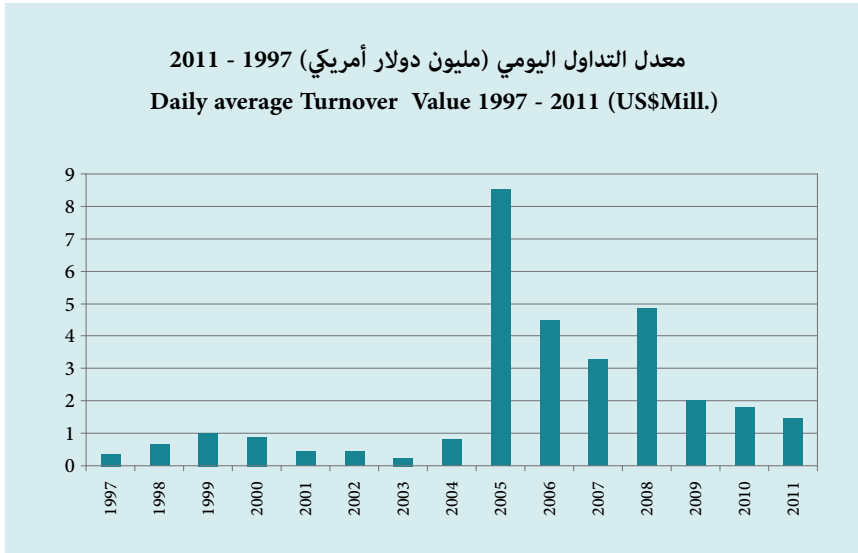
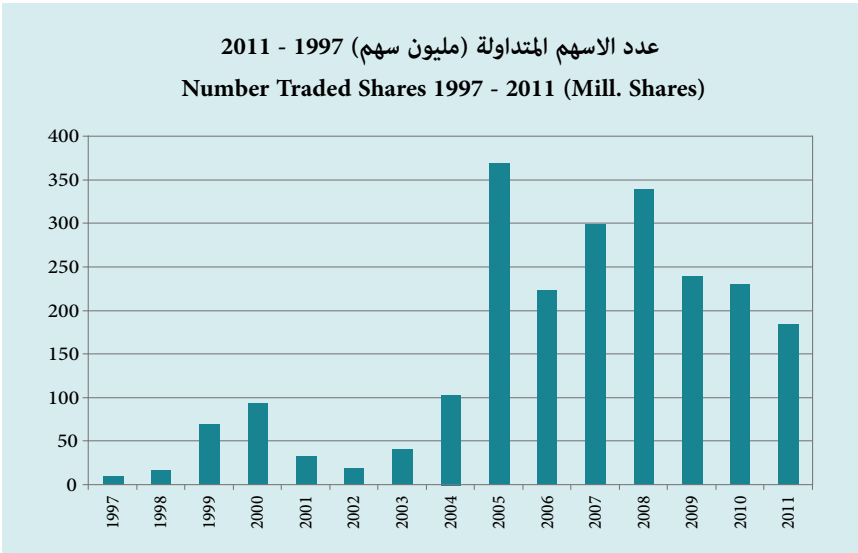
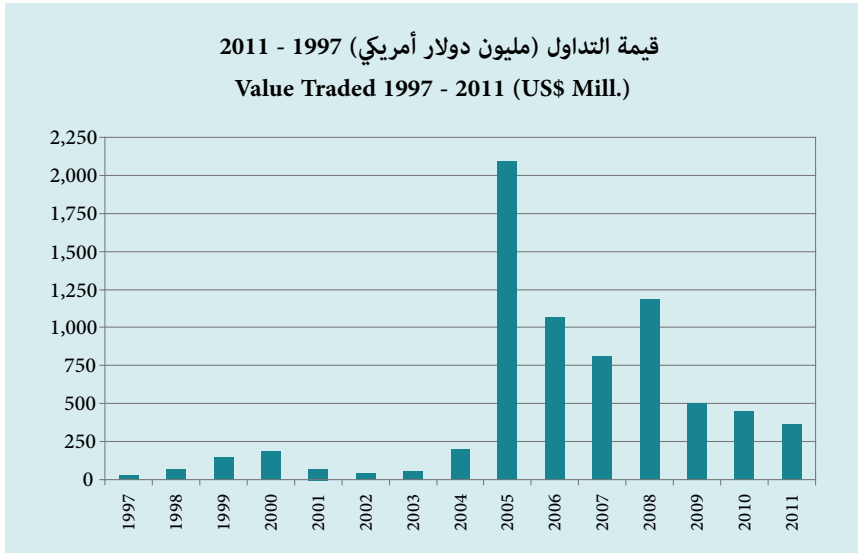
نشاط التداول الشهري الإجمالي للعامين 2010-2011  
Total Monthly Trading Activity 2010-2011

الشهر	عدد الأسهم المتداولة	قيمة الأسهم المتداولة	المعدل اليومي لقيمة الأسهم المتداولة	عدد جلسات التداول	عدد الصفقات	القيمة السوقية	مؤشر القدس	التغير الشهري
Month	Volume #	Value (US\$)	Daily Average Turnover Value (US\$)	No. of trading sessions	No. of transactions	Market Capitalization (US\$)	Al-Quds Index	Monthly Change (%)
Total 2009	238,877,373	500,393,398	2,034,120	246	88,838	2,375,366,531	Annual Growth	11.62
January	10,117,254	20,965,047	1,048,252	20	5,203	2,409,067,998	502.43	1.91
February	33,321,492	70,292,521	3,514,626	20	7,014	2,501,276,950	525.18	4.53
March	18,563,562	43,728,192	1,901,226	23	6,508	2,420,244,532	503.17	-4.19
April	19,721,903	30,601,760	1,457,227	21	8,314	2,436,154,640	501.72	-0.29
May	27,305,023	41,027,685	1,953,699	21	10,913	2,430,190,983	491.58	-2.02
June	38,511,878	76,804,789	3,491,127	22	12,743	2,545,343,935	515.84	4.94
July	13,802,919	24,974,679	1,189,270	21	6,284	2,491,106,469	501.50	-2.78
August	10,277,596	16,736,748	727,685	23	5,647	2,442,441,013	491.83	-1.93
September	12,225,024	26,975,941	1,419,786	19	4,904	2,501,537,169	503.74	2.42
October	18,005,287	21,623,395	1,029,685	21	5,545	2,452,397,751	491.48	-2.43
November	9,859,580	33,454,692	1,858,594	18	3,970	2,408,815,270	480.88	-2.16
December	18,804,852	44,023,080	2,201,154	20	5,580	2,449,901,545	489.60	1.81
Total 2010	230,516,370	451,208,529	1,812,082	249	82,625	2,449,901,545	Annual Growth	-0.69
January	17,631,367	28,155,670	1,279,803	22	6,508	2,765,731,635	489.50	-0.02
February	15,102,291	27,839,776	1,465,251	19	5,301	2,731,778,278	482.16	-1.50
March	16,550,519	30,614,284	1,331,056	23	8,249	2,814,959,352	497.67	3.22
April	22,622,077	42,312,503	2,115,625	20	8,436	2,844,748,425	496.25	-0.29
May	34,567,141	61,246,680	2,783,940	22	6,729	2,855,732,148	498.80	0.51
June	14,452,947	32,828,404	1,563,257	21	4,996	2,814,420,639	492.71	-1.22
July	11,190,912	22,113,136	1,053,006	21	4,224	2,828,245,657	494.77	0.42
August	5,870,616	10,457,852	497,993	21	3,189	2,821,807,977	491.03	-0.76
September	7,668,070	15,712,941	785,647	20	3,764	2,801,337,724	488.20	-0.58
October	16,699,936	34,598,702	1,572,668	22	3,842	2,727,472,678	474.71	-2.76
November	5,559,622	12,742,037	749,532	17	2,812	2,704,248,039	471.77	-0.62
December	16,628,877	47,026,230	2,351,312	20	3,878	2,782,469,900	476.93	1.09
Total 2011	184,544,375	365,648,216	1,474,388	248	61,928	2,782,469,900	Annual Growth	-2.59

النشاط السنوي الإجمالي للبورصة للفترة 1997 - 2011  
Total Yearly Activity from 1997 to 2011

السنة	عدد جلسات التداول	عدد الأسهم المتداولة	قيمة الأسهم المتداولة	عدد الصفقات	المعدل اليومي لعدد الأسهم المتداولة	المعدل اليومي لقيمة الأسهم المتداولة	المعدل اليومي لعدد الصفقات	القيمة السوقية	مؤشر القدس كما هو بتاريخ 31/12	التغير السنوي في مؤشر القدس (%)
Year	No. of trading Sessions	Volume #	Value (US\$)	No. of transactions	Daily average turnover Volume	Daily average turnover Value (US\$)	Daily average turnover transactions	Market Capitalization (US\$)	Al - Quds Index	Al - Quds Index yearly growth (%)
1997	66	10,000,526	25,181,030	1,957	151,523	381,531	30	510,036,142	139.13	----
1998	100	16,746,845	68,531,587	7,639	167,468	685,316	76	600,496,739	154.98	11.39
1999	146	68,788,626	150,092,262	10,625	471,155	1,028,029	73	735,936,934	236.76	52.77
2000	211	93,190,283	188,964,084	20,143	441,660	895,564	95	768,190,283	207.62	-12.31
2001	161	33,424,798	74,496,050	8,205	207,607	462,708	51	727,270,525	195.00	-6.08
2002	100	18,663,494	45,081,693	4,579	186,635	450,817	46	581,826,876	151.16	-22.48
2003	223	40,304,432	58,280,758	10,552	180,737	261,349	47	655,463,931	179.81	18.95
2004	244	103,642,845	200,556,709	27,296	424,766	821,954	112	1,096,525,380	277.56	54.36
2005	246	369,567,295	2,096,178,223	166,807	1,502,306	8,521,050	678	4,457,227,305	1,128.59	306.61
2006	238	222,689,351	1,067,367,951	150,592	935,670	4,484,739	633	2,728,811,088	605.00	-46.39
2007	248	299,422,814	813,469,090	157,300	1,207,350	3,280,117	634	2,474,679,018	527.26	-12.85
2008	244	339,168,807	1,185,204,211	152,319	1,390,036	4,857,394	624	2,123,057,098	441.66	-16.23
2009	246	238,877,373	500,393,398	88,838	971,046	2,034,120	361	2,375,366,531	493.00	11.62
2010	249	230,516,370	451,208,529	82,625	925,769	1,812,082	332	2,449,901,545	489.60	-0.69
2011	248	184,544,375	365,648,216	61,928	744,131	1,474,388	250	2,782,469,900	476.93	%-2.59
المجموع	2,970	2,269,548,234	7,290,653,792	951,405				Total		





الشركات الخمس الأكثر نشاطاً من حيث قيمة الأسهم المتداولة للعام 2011

Top five Companies by value traded 2011

اسم الشركة	القيمة المتداولة (دولار أمريكي)	النسبة من الإجمالي	Company Name
	Value (US\$)	Percentage of total	
الاتصالات الفلسطينية	133,403,099	% 36.48	Palestine Telecommunications
فلسطين للتنمية والاستثمار	63,178,194	% 17.28	Palestine Development & Investment
بنك فلسطين	40,311,092	% 11.02	Bank Of Palestine
فلسطين للاستثمار الصناعي	20,524,515	% 5.61	Palestine Industrial Investment
موبايل الوطنية الفلسطينية للاتصالات	17,529,223	% 4.79	Wataniya Palestine Mobile Telecommunications

الشركات الخمس الأكثر نشاطاً من حيث عدد الأسهم المتداولة للعام 2011

Top five Companies by volume traded 2011

اسم الشركة	عدد الأسهم	النسبة من الإجمالي	Company Name
	Volume (#)	Percentage of total	
فلسطين للتنمية والاستثمار	52,737,349	% 28.58	Palestine Development & Investment
الاتصالات الفلسطينية	18,191,089	% 9.86	Palestine Telecommunications
موبايل الوطنية الفلسطينية للاتصالات	13,544,306	% 7.34	Wataniya Palestine Mobile Telecommunications
بنك فلسطين	13,012,389	% 7.05	Bank Of Palestine
فلسطين للاستثمار الصناعي	8,887,045	% 4.82	Palestine Industrial Investment

الشركات الخمس الأكبر من حيث القيمة السوقية للعام 2011

Top five Companies by market capitalization 2011

اسم الشركة	القيمة السوقية (دولار أمريكي)	نسبتها في السوق	Company Name
	Market Capitalization (US\$)	Percentage of total	
الاتصالات الفلسطينية	982,081,994	%35.30	Palestine Telecommunications
بنك فلسطين	348,000,000	%12.51	Bank Of Palestine
موبايل الوطنية الفلسطينية للاتصالات	332,820,000	%11.96	Wataniya Palestine Mobile Telecommunications
فلسطين للتنمية والاستثمار	250,000,000	%8.98	Palestine Development & Investment
الفلسطينية للكهرباء	71,400,000	%2.57	Palestine Electric

الشركات الأكثر ارتفاعاً في أسعار أسهمها للعام 2011

اسم الشركة	عملة التداول	الإغلاق 2010	الإغلاق 2011	نسبة التغير %	Company Name
				Change	Close 2011
الوطنية لصناعة الكرتون	US\$	0.48	0.69	43.75%	The National Carton Industry
مطاحن القمح الذهبي	JOD	0.74	1.01	36.49%	Golden Wheat Mills
مصانع الزيوت النباتية	JOD	3.20	4.15	29.69%	The Vegetable Oil Industries
فلسطين للاستثمار الصناعي	JOD	1.26	1.55	23.02%	Palestine Industrial Investment
العربية لصناعة الدهانات	JOD	2.04	2.45	20.10%	Arab Co. for Paints Products

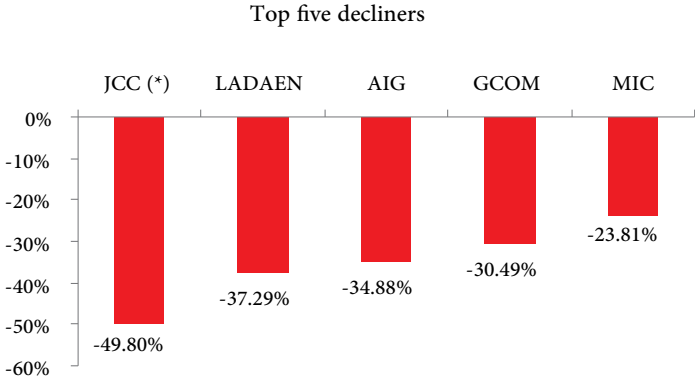
الشركات الأكثر انخفاضاً في أسعار أسهمها للعام 2011

اسم الشركة	عملة التداول	الإغلاق 2010	الإغلاق 2011	التغير %	Company Name
				Change	Close 2011
سجاير القدس (*)	JOD	2.55	1.28	-49.80%	Jerusalem Cigarette (*)
فلسطين لصناعات اللدائن	JOD	0.59	0.37	-37.29%	Palestine Plastic Industrial
المجموعة الأهلية للتأمين	US\$	0.43	0.28	-34.88%	Ahliea Insurance Group
جلوبال كوم للاتصالات	US\$	0.82	0.57	-30.49%	GLOBALCOM Telecommunications
المشرق للتأمين	US\$	0.63	0.48	-23.81%	AL Mashriq Insurance

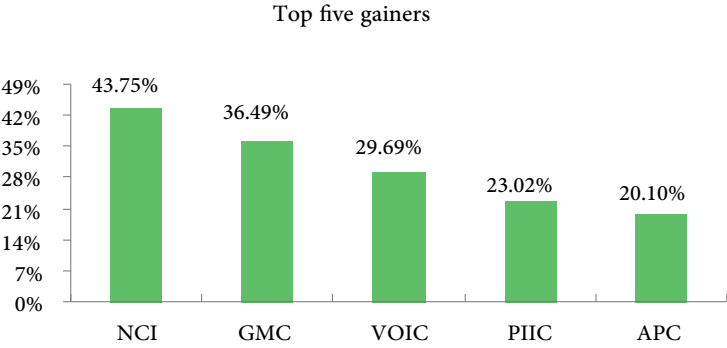
(\*) تم بتاريخ 2011/05/03 تعديل سعر الإغلاق السابق من 2.36 إلى 1.65 دينار أردني بموجب قرار الهيئة العامة للشركة رفع راس مال الشركة عبر توزيع أسهم مجانية.

(\*) On 3\5\2011, the previous closing price was amended from 2.36 to 1.65 JD in accordance with the Company’s General Commission resolution to raise the capital through distributing bonus shares by 42.85%

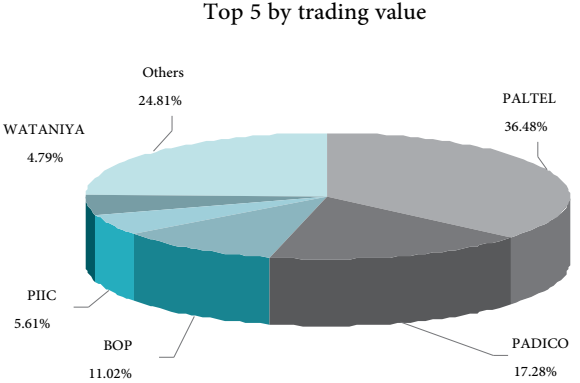
الشركات الخمس الأكثر انخفاضاً في أسعارها



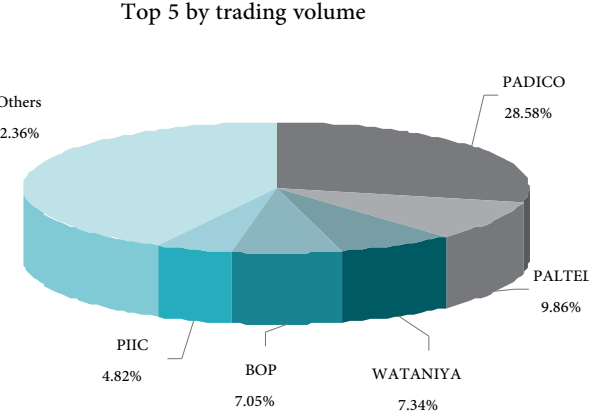
الشركات الخمس الأكثر ارتفاعاً في أسعارها



الشركات الخمس الأكثر تداولاً من حيث قيمة الأسهم



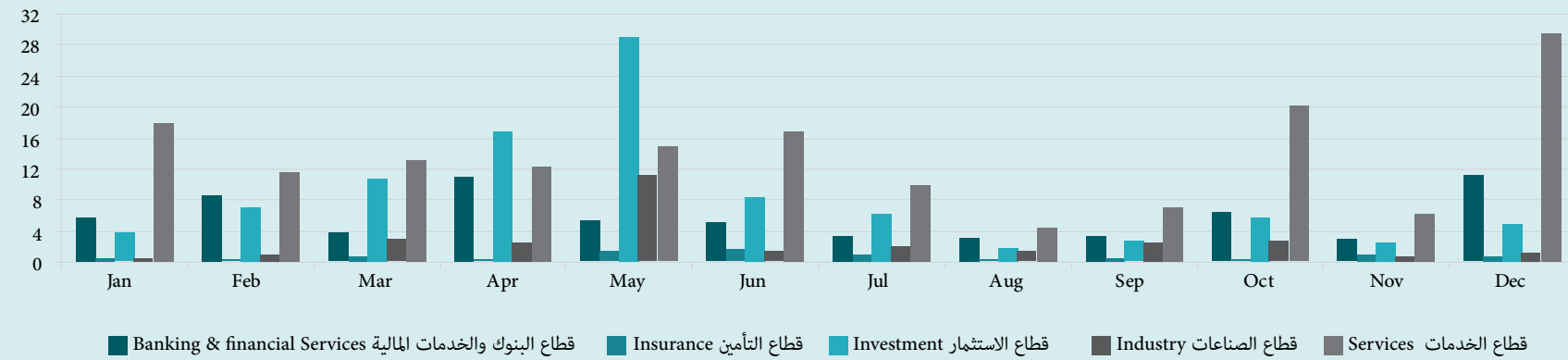
الشركات الخمس الأكثر تداولاً من حيث عدد الأسهم



(\*) تم بتاريخ 2011/05/03 تعديل سعر الإغلاق السابق من 2.36 إلى 1.65 دينار أردني بموجب قرار الهيئة العامة للشركة رفع راس مال الشركة عبر توزيع أسهم مجانية بنسبة 42.85%.

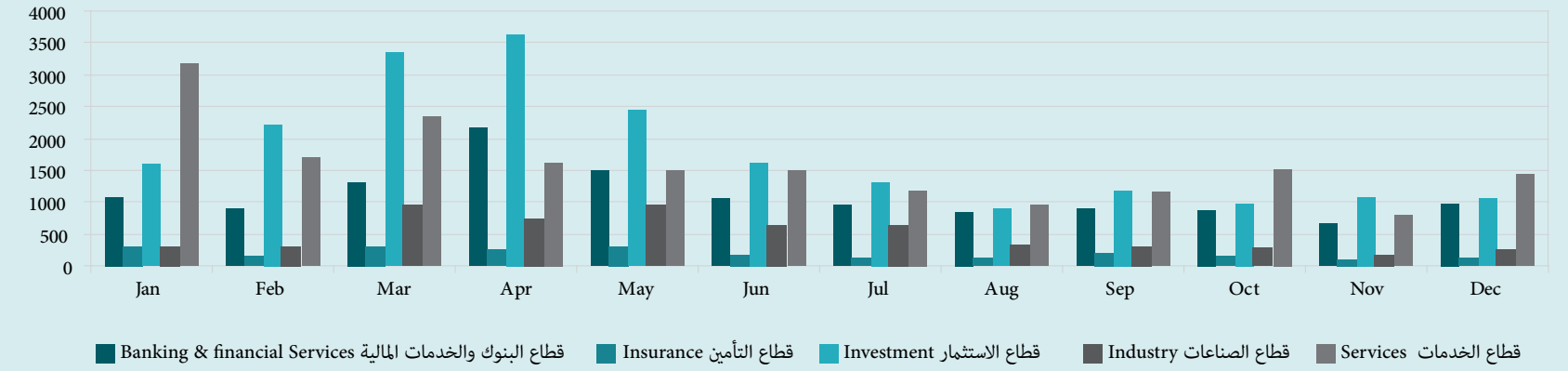
(\*) On 3\5\2011, the previous closing price was amended from 2.36 to 1.65 JD in accordance with the Companys General Commission resolution to raise the capital through distributing bonus shares by 42.85%

مقارنة شهرية لقيم الأسهم المتداولة للقطاعات 2011 (مليون دولار امريكي)  
Monthly comparison of traded value by sector 2011 (US\$ Mill.)

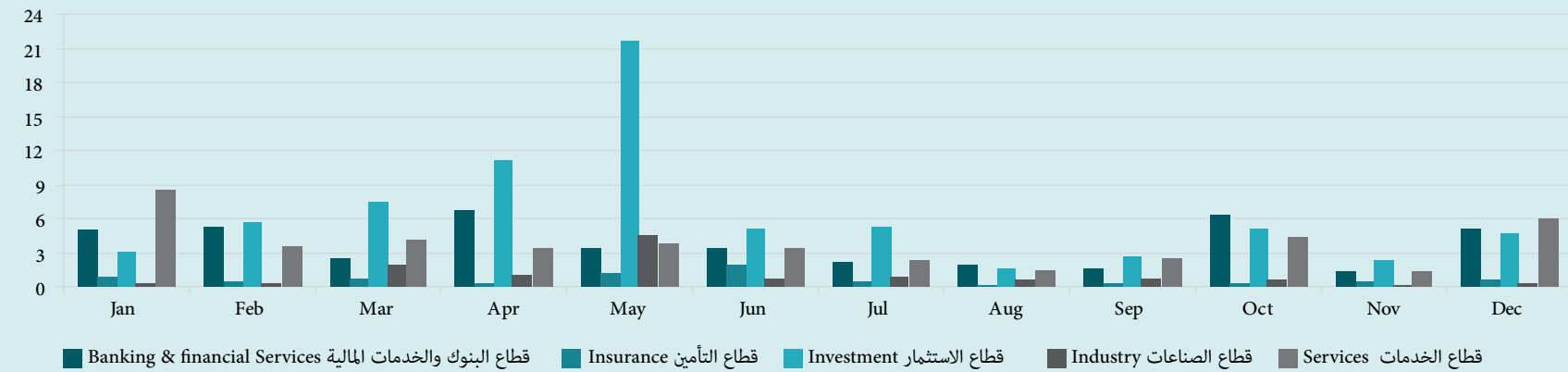


مقارنة شهرية لعدد الصفقات للقطاعات 2011

Monthly comparison of number of transactions by sector 2011

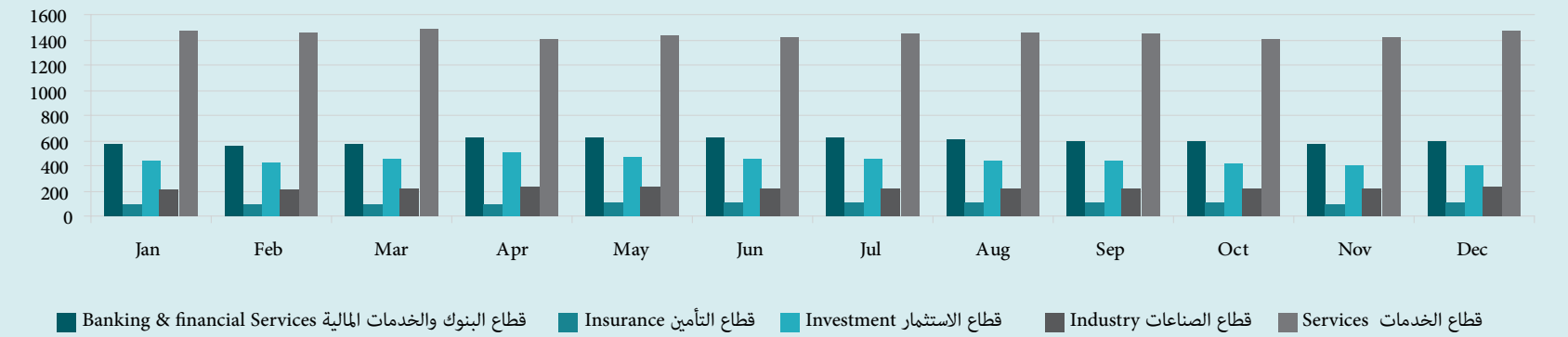


مقارنة شهرية لعدد الأسهم المتداولة للقطاعات 2011 (مليون سهم)  
Monthly comparison of shares traded by sector 2011 (Mill.share)



مقارنة شهرية للقيمة السوقية للقطاعات 2011 (مليون دولار أمريكي)

Monthly comparison of market capitalization by sector 2011 (US\$ Mill.)





## مؤشر القدس والمعدل اليومي لعدد وقيم الأسهم المتداولة 2011-1997 Al Quds Index & Daily Averag turnover value & volume 1997-2011

