

ANNUAL REPORT
2009

Board of Dierctors



Maher Masri
Chairman



Naser Tahboub
Deputy Chairman
Ministry of National Economy



Mona Masri
Ministry of Finance



Dr. Jehad Al wazir
Palestinian Monetary Authority



Nabil Abudiab
Banking Sector



Dr Abdul Malik Aljaber
Private sector



Aziz Abdel jawad
Private Sector

Palestine Capital Market Authority

Vision

Palestine Capital Market Authority to be the proficient regulator and the safeguard of a strong and transparent capital market in Palestine.

Mission

To implement a modern, robust, transparent and fair regulatory framework for the securities, insurance, mortgage and leasing markets in Palestine.

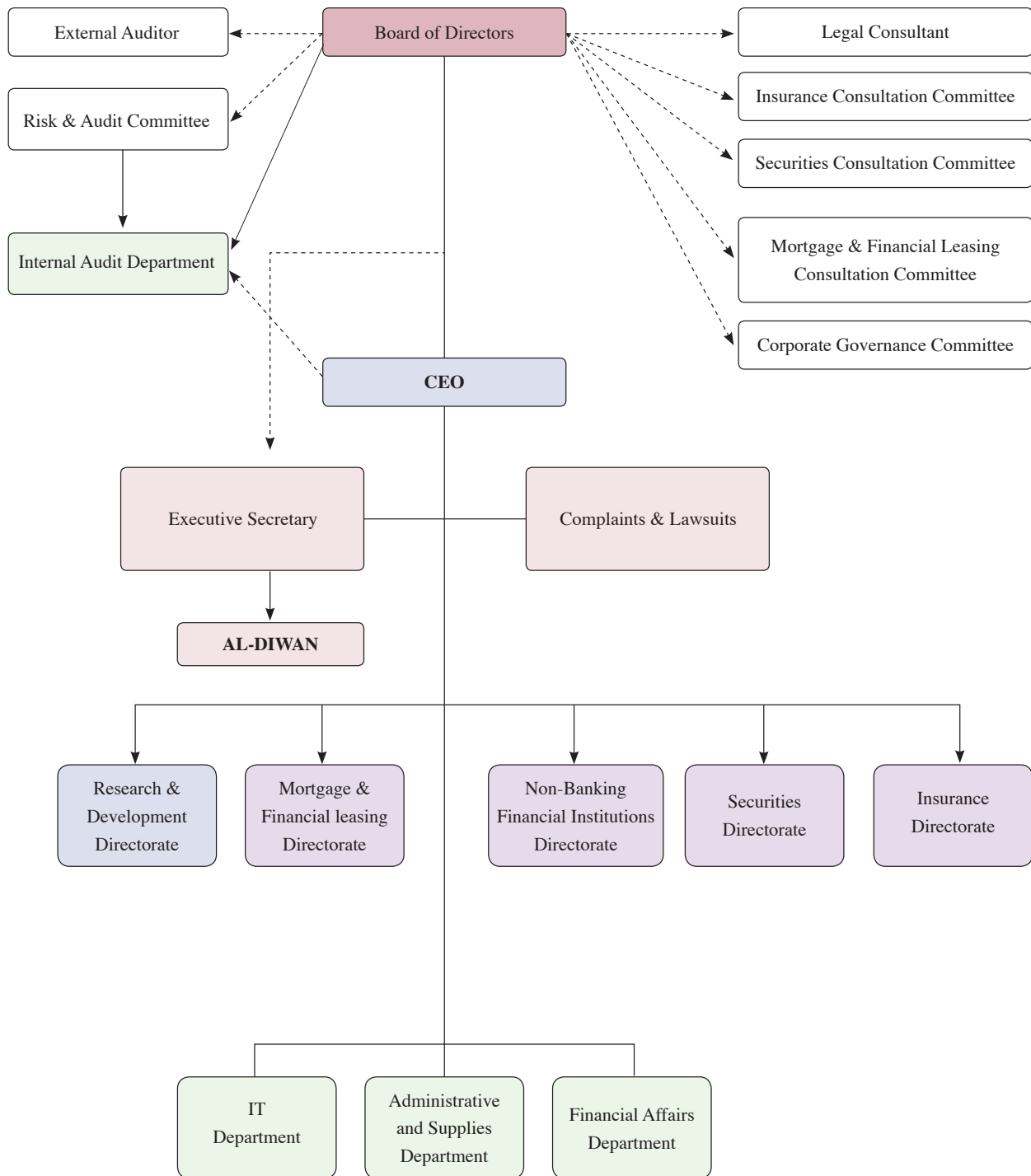
Goal

To maintain an orderly capital market, with the institutional capability to conduct effective and responsible market oversight and supervision that supports capital investment and economic growth in Palestine through:

Objectives

- Strengthening the legal and regulatory structure in accordance with international standards and best business practices.
- Ensuring investor access to complete, accurate, and transparent financial information on Palestinian enterprises.
- Protecting the interests of investors by developing the internal capacity for risk-based regulation and market monitoring practices.
- Implementing regional initiatives in coordination with relevant stakeholders to attract foreign investment in Palestine.
- Establish cooperation mechanism with the Palestine Monetary Authority to support the market development.

Organizational Chart



* A decision has been issued by the Council of Ministers on 28.8.2007 entrusting the Monetary Authority to prepare regulations for the functional work of lending and finance institutions which are listed within the non-banking financial institutions.

The Palestine Capital Market Authority (PCMA):

The Palestine Capital Market Authority was established as an autonomous agency by law No.(13) of the year (2004). It is governed by a Board of Directors composed of seven members. Its jurisdiction encompasses the securities market, the insurance sector, the financial mortgage and leasing sectors, along with any other non banking financial institutions. In the past years the PCMA chaired the National Committee for Corporate Governance in Palestine, and during (2009), the code for corporate governance was finalized and launched by H.E. Dr. Salam Fayyad, the prime minister .

The year (2009) witnessed major changes and achievements at the PCMA level. There was a major shuffle in the higher management with Mrs. Abeer Odeh becoming the new CEO, and new directors for the securities, mortgage and leasing directorates appointed. A capacity building drive supported by international agencies like USAID, World Bank and IFC was launched. New electronic surveillance system (SMARTS) was installed to monitor trading at the stock exchange. Improved coordination with the Palestinian Monetary Authority and the Registrar of companies helped to close information gaps. Updated regulations for all targeted sectors were adopted and implemented.

Memberships in international agencies as well as networking with regional markets, including a protocol of cooperation with the United Arab Emirates Stock Exchange, enhanced the ability of the PCMA to update and improve its workings. Overall compliance by targeted sectors improved substantially.

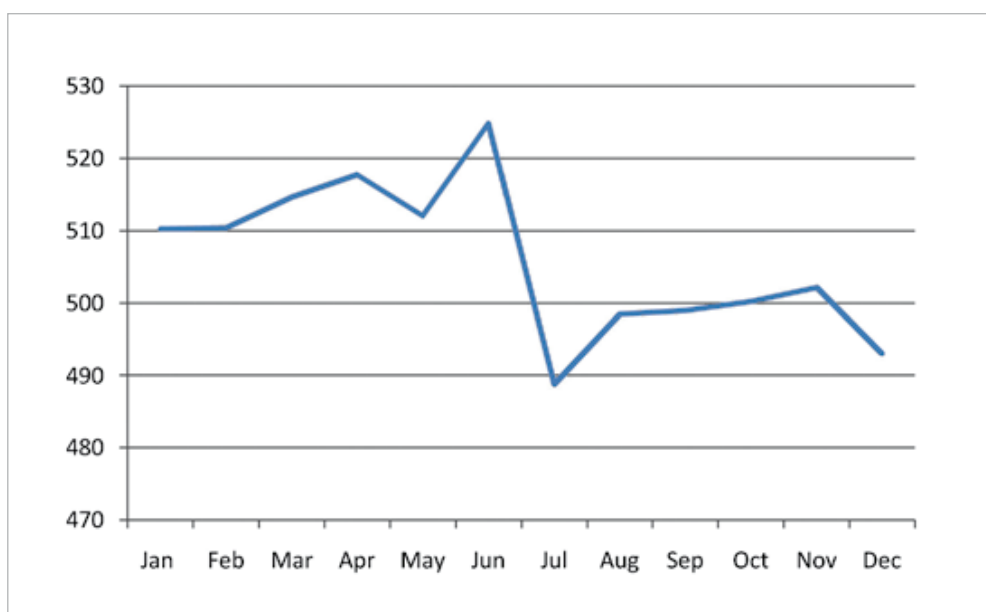
Securities Market:

Although the Palestinian economy scored a higher level of growth than the previous year, this did not reflect itself on the index or volume of trading in the stock exchange. On the contrary the volume of trading dropped by almost (50%) compared to 2008; the reason behind that depend on variety of factors related to political uncertainty, an unfinished merger between a major listed company in the telecom sector and a more dynamic financial markets in the region. On the other hand however, no sharp trends were witnessed during the year. Concurrently, the level of adherence by listed companies and brokerage firms to rules and regulations as well as corporate governance was on the rise. The electronic SMARTS surveillance system was adopted and installed by the PCMA; and a due diligence exercise through self assessment by the securities directorate has been underway in preparation for a full compliance with IOSCO regulations.

Alquds Index Quarterly Performance, 2009

	Alquds Index	Percentage change compared with previous quarter	Percentage change compared with 1/1/2009
1/1/2009	441.66	***	***
31/3/2009	514.61	16.50%	16.50%
30/6/2009	524.85	1.99%	18.84%
30/9/2009	498.92	-4.94%	12.96%
31/12/2009	493	-1.19%	11.62%

Alquds Index 2009



PSE trading activities, 2008 - 2009

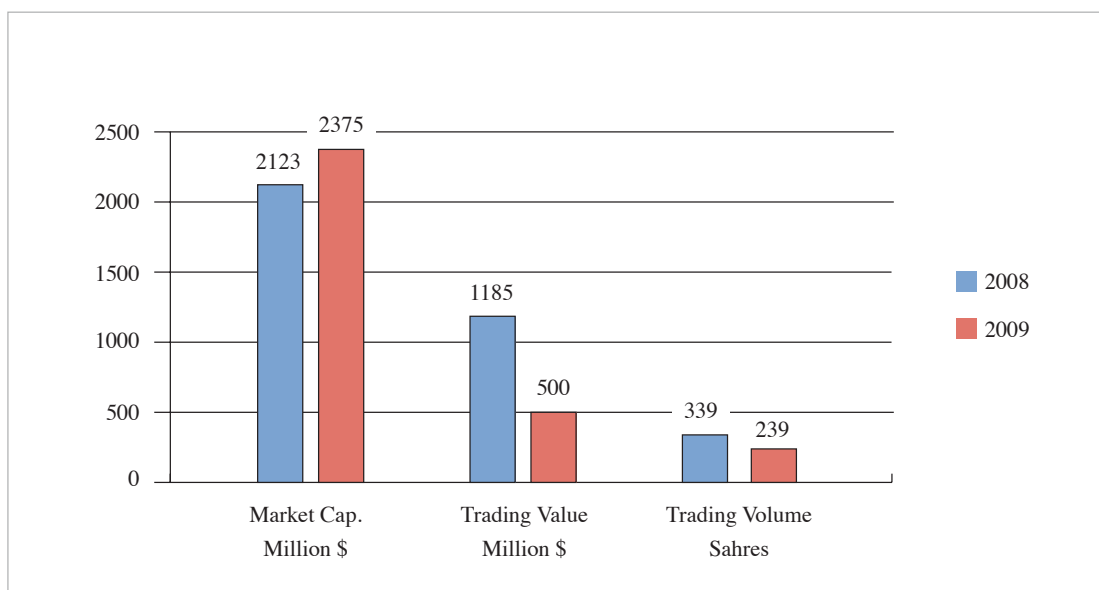
Year	Trading sessions	Trading volume	Trading value (\$)	Number of transactions	Average daily trading value (\$)	Market capitalization (\$)
2008	244	339,168,807	1,185,204,211	152,319	4,857,394	2,123,057,98
2009	246	238,877,373	500,393,398	88,838	2,034,120	2,375,366,531

Market Capitalization and trading value as percentage of GDP

	2008	2009
Market capitalization as % of GDP*	45.8	51.2
Trading value as % of GDP*	25.5	10.8

* 2008 fixed prices GDP

Market cap., Trading value, and Trading volume 2008 - 2009



listed companies performance for the period ending 31/12/2009

	Company Name	Symbol	Capital	Net Profit	Currency
1	ARAB COMPANY FOR PAINT PRODUCTS	APC	1,500,000	270,639	JD
2	PALESTINE INVESTMENT & DEVELOPMENT CO.	PID	4,840,419	(39,929)	JD
3	PALESTINE INDUSTRIAL INVESTMENT CO.	PIIC	18,706,625	2,650,518	JD
4	PALESTINE POULTRY COMPANY LTD.	AZIZA	10,000,000	2,623,529	JD
5	PALESTINE COMMERCIAL BANK	PCB	30,026,056	2,001,967	\$
6	JERUSALEM CIGARETTE COMPANY LTD.	JCC	7,000,000	1,764,954	JD
7	ARAB REAL ESTATE ESTABLISHMENT CO.	ARE	948,890	98,872	JD
8	THE VEGETABLE OIL INDUSTRIES COMPANY LTD	VOIC	4,000,000	1,284,805	JD
9	JERUSALEM REAL ESTATE INVESTMENT CO.	JREI	10,000,000	69,560	\$
10	THE ARAB HOTELS COMPANY	AHC	24,426,945	(505,387)	JD
11	ARAB PALESTINIAN SHOPPING CENTERS CO.	PLAZA	7,000,000	301,266	JD
12	NATIONAL INSURANCE COMPANY	NIC	8,000,000	3,969,448	\$
13	GRAND PARK HOTEL & RESORTS	HOTEL	1,333,071	672,022	JD
14	GOLDEN WHEAT MILLS CO.	GMC	15,000,000	131,847	JD
15	ALRAFAH MICROFINANCE BANK	AMB	29,871,624	1,853,977	\$
16	THE NATIONAL CARTON COMPANY	NCI	5,000,000	(27,466)	JD
17	PALESTINE REAL ESTATE INVESTMENT	PRICO	48,575,974	525,428	JD
18	JERUSALEM PHARMACEUTICALS COMPANY	JPH	5,000,000	1,460,304	JD
19	BANK OF PALESTINE	BOP	100,000,000	28,371,928	\$
20	AL MASHRIQ INSURANCE COMPANY	MIC	7,200,000	919,896	\$
21	PALESTINE DEVELOPMENT & INVESTMENT LTD.	PADICO	250,000,000	41,954,000	\$
22	BIRZEIT PHARMACEUTICALS COMPANY	BPC	12,100,000	3,595,291	JD

23	PALESTINE ELECTRIC COMPANY LTD	PEC	60,000,000	6,983,425	\$
24	NABLUS SURGICAL CENTER	NSC	3,177,813	442,842	JD
25	PALESTINIAN CO.FOR DIST.&LOGISTICS SRV _s	WASSEL	6,500,000	630,898	JD
26	UNION CONSTRUCTION AND INVESTMENT CO.	UCI	40,000,000	2,636,349	\$
27	AHLIEA INSURANCE GROUP CO.	AIG	8,374,837	2,141,797	\$
28	GLOBALCOM TELECOMMUNICATIONS PLC	GCOM	9,530,721	(887,291)	\$
29	PALESTINE PLASTIC INDUSTRIES Co. LTD	LADAEN	7,000,000	(563,460)	JD
30	PALESTINE TELECOMMUNICATIONS COMPANY LTD	PALTEL	131,625,000	70,335,000	JD
31	ARAB INVESTORS PUBLIC LIMITED COMPANY	ARAB	9,381,757	23,795	JD
32	TRUST INTERNATIONAL INSURANCE COMPANY	TRUST	8,250,000	915,263	\$
33	ARAB CONCRETE PRODUCTS CO. LTD*	ACPC			
34	ARAB ISLAMIC BANK COMPANY**	AIB	40,696,939	1,152,508	\$
35	ARAB INSURANCE ESTABLISHMENT*	AIE			
36	AL-I»TIMAN FOR INVESTMENT & DEVELOPMENT*	IID			
37	PALESTINE ISLAMIC BANK**	ISBK	35,941,087	(69,929)	\$
38	PALESTINE INVESTMENT BANK	PIBC	40,000,000	2,928,340	\$
39	AL QUDS BANK**	QUDS	50,000,000	4,974,396	\$

* Suspended from trading.

** Based on preliminary financial statements, note that these statements are unaudited and are not approved by the Palestinian Monetary Authority.

PSE monthly trading activities, 2009

Month	Volume	Value (\$)	Trading sessions	# of transactions	Al- Quds Index
January	9,904,191	30,221,573	19	7,246	510.22
February	50,379,270	66,327,241	20	9,352	510.35
March	30,950,803	92,492,451	21	12,028	514.61
April	16,781,178	46,510,476	22	8,151	517.7
May	11,152,862	28,826,278	21	7,015	512.03
June	26,709,441	70,182,318	22	9,667	524.85
July	11,915,484	19,942,471	21	5,199	488.77
August	12,001,563	27,936,347	22	6,272	498.45
September	26,897,939	32,682,342	18	6,211	498.92
October	14,850,249	29,981,599	21	7,032	500.18
November	8,678,581	21,069,785	18	4,901	502.12
December	18,655,812	34,220,518	21	5,764	493

The Insurance Sector:

The insurance sector moved more and more towards solidifying its financial stability and capital adequacy by complying to PCMA regulations and requirements. It has expanded its operations in general and in health insurance services in particular. Moreover, as a result of improved security conditions through the application of the rule of law, the number of licensed and insured cars has increased dramatically during 2009. On the other hand, the insurance directorate has been dealing with an ailing insurance company, and is on the verge of resolving the problem in a manner that will safeguard the interests of the insured in particular and the insurance sector in general.

Some financial and operational performance indicators of the insurance sector 2008 – 2009

Statement	2009	2008 *
Number of insurance companies	10	9
Number of insurance companies branches	88	79
Number of the insurance sector employees	875	795
Number of insurance agents	225	220
Total insurance premiums (USD)	104,304,394	94,310,529
Marine insurance	1,094,914	1,216,996
Fire insurance	6,822,880	6,543,446
General insurance	16,086,274	13,870,262
Health insurance	16,816,966	17,925,087
Vehicles insurance	60,551,846	51,303,545
Life insurance	2,931,514	3,451,193
Total compensation (USD)	56,201,425	51,333,750
Total current assets (USD)	146,621,403	135,860,239
Total investment (USD)	160,812,755	145,600,617
Total receivables (USD)	56,544,335	57,226,854
Net receivables (USD)	44,595,899	33,790,478
Total assets (USD)	299,345,349	279,524,471
Total insurance contracts assets (USD)	25,147,897	24,760,747
Total liabilities of insurance contracts (USD)	145,248,670	138,647,803
Paid-Up Capital	55,599,143	53,295,009
Obligatory reservation	7,191,826	6,037,244
Optional reserve	3,234,300	2,831,852
Cumulative change in fair value	4,419,124	6,292,977
Gains (revolved losses)	1,009,015	-4,486,011
shareholders' equity and minority Interests	84,495,166	75,666,397

* Apparent differences in some items of 2008, compared with what was published in the 2008 annual report is due to modify the display and standardization of financial statements as instructed by the General Directorate of Insurance.

Mortgage Financing and Leasing Sectors:

Mortgage Financing though still under develop in Palestine, is expected to take a big leap forward by next year due to extensive housing projects by the Palestinian Investment Fund and by private sector developers who intend to build a new town near the city of Ramallah. Banks as well as the Palestine Mortgage Housing Company are readying themselves for this new development by starting capacity building programs and awareness campaigns. The PCMA, on the other hand, is working with the World Bank to draft the law and necessary regulations for mortgage financing.

As to the leasing sector, the number of leasing companies has increased substantially and the draft law on leasing which was prepared in cooperation with IFC has been lodged with the Council of Ministers for final approval. Capacity building programs within the PCMA and the stakeholders have been going on this year and will continue in the coming years to ensure the continuous expansion of this sector.

Palestine Capital Market Authority

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