

PADICO HOLDING's General Assembly Approves Distribution of 6 % Cash Dividends to Shareholders

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A total worth of USD 218 million of cash and in-kind profits were distributed to shareholders since the inception of PADICO HOLDING in 1994

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The General Assembly of Palestine Development and Investment Company (PADICO HOLDING) held its nineteenth ordinary and extraordinary sessions in Amman, Jordan. Members of the board, the legal consultant of the company, the external auditor and owners of 80.62 % of the stocks of the company all attended the meeting, which was also broadcast to Ramallah using webinar.

In its ordinary session, the General Assembly approved a recommendation from the board to the distribute cash dividends to shareholders, amounting to 6 % of the capital and equivalent to 6 cents per stock. In addition, the General Assembly approved another recommendation from the board to amend article 18 of the bylaws of the company, in order to set an upper limit for the ownership of stocks. The amended article stipulates that a shareholder's share shall not exceed 10 % and 20 % of the capital for individuals and companies and organizations respectively.

Addressing shareholders, Chairman of the Board Munib Rasheed Masri said that the recommendation of the board, in regards to distributing profits to shareholders, reflects its commitment to a permanent policy that it has followed for years, ensuring the distribution of annual profits to shareholders. Despite bearing a huge financial burden, resulting from the mega investments the company is implementing, PADICO HOLDING believes that its responsibility and commitment towards shareholders shall always remain paramount.

Furthermore, the company managed to attain profits that amounted to USD 26.12 million before tax, in spite of the economic and political hardships facing Palestine, added Masri who expressed the board's satisfaction about these positive outcomes.

Conciliation: the Most Remarkable Palestinian Achievement

Commenting on the Palestinian conciliation, Masri expressed his sincere contentment that intra-Palestinian divisions have been resolved. He said that "this annual meeting becomes even more enjoyable today with the realization of our Palestinian dream through signing the conciliation agreement and the unification of the two parts of our homeland after 7 long years of division and conflict. This agreement made Palestinians reclaim their hope and faith in the journey towards independence and a better future, which is underpinned by overcoming their wounds, focusing on rearranging the internal structure and collaborating to build the institutions of their state."

PADICO Celebrates its 20th Anniversary

As PADICO celebrated its twentieth anniversary, Masri highlighted its experience over the span of two decades, including accomplishments and challenges that characterized this experience.

"We are celebrating this extensive investment experience on the twentieth anniversary of PADICO HOLDING. We cannot help but feel sincerely proud of ourselves, as we reflect on twenty years of relentless work and the consolidation of Palestinian and Arab investment capacities in Palestine and abroad, which came together to form this investment landmark that has become today an important pillar of the national Palestinian economy", said Masri.

He added that "over the span of two decades, PADICO established and invested in 33 companies, working in different economic sectors including: tourism, agriculture, industrial activity, services, construction and real estate development, and infrastructure with a total worth of assets that reached USD 808.67 million at the end of 2013. Its investments extended over all geographical locations, as they covered the West Bank, Jerusalem and Gaza strip. Our investments have been re-drawing the map of our homeland as we wish it would be."

Total Equity

Mr. Masri said that equity attributable to equity holders of the parent company increased by USD 20.36 million from USD 398.49 million by the end of 2012 to USD 418.85 million by the end of 2013, recording an increase by 5.1%.

Ever since the establishment of the company, property rights have continued to increase every year, added Masri. "Despite all the grave challenges facing the Palestinian economy, your company continued to grow according to various financial indicators. Equity attributable to equity holders of the parent grew from 24.4 million in 1994 to 418.85 at the end of 2013. The total profit, distributed to shareholders, also exceeded 218.3 million since its inception, including cash dividends and free stocks", said Masri.

The Chairman commended the shareholders' confidence in the board of the company and its consecutive executive managements. He also commended the latter saying that "had it not been for the confidence of shareholders, the executive management would not have achieved these results".

The performance of PADICO HOLDING in 2013

In a report from the executive management to shareholders, Samir Hulileh, the executive manager, reviewed the performance of the company in 2013, the surrounding environment, projects under construction and future plans.

The year 2013 was a tough one, especially in light of political and regional turbulences that had their

repercussions on the Palestinian political and economic spheres, according to Hulileh. He explained that while the economic situation in Gaza was deteriorating, due to closing the borders, the destruction of tunnels with Egypt and continuation of the embargo, the financial crisis the Palestinian authority suffers from continued to affect the situation on the ground too.

He pointed out that the economic slowdown in 2013 was clear, as it stood at 2.5 % throughout the year. These complicated circumstances were coupled with intensive international efforts and rounds of negotiations, aiming at reaching a peaceful resolution of all intricate pending issues in a manner that safeguards the political rights of the Palestinian people, creates a state of stability and continuity for the Palestinian economy and investment, and puts an end to the continuous Israeli transgressions and violations.

Financial and Operating Performance

PADICO HOLDING has achieved a remarkable income growth in 2013 as consolidated net profit reached USD 25.34 million compared to USD 18.32 million in 2012, marking a growth of 38.3%. This growth was attributed to improvement in the financial performance for many of PADICO HOLDING's subsidiaries and its projects in 2013, especially the new projects of PADICO HOLDING and its subsidiaries in which its operating revenues contributed to the consolidated income statement with new profit margins, in addition to the cutting cost policy which was approved from PADICO HOLDING's Board of Directors and later adopted by the HOLDING's companies, the results of this policy was significantly reflected to the general and administrative expenses of 2013.

The growth in the operating profits of PADICO HOLDING was reflected on the performance of its share to close at USD 1.35 achieving a growth of 50% in 2013, compared to USD 0.90 in 2012. The stock has seen demand from investors, individuals and institutions, especially during the last quarter of 2013 after the financial statements disclosure for the third quarter, when the Company carried out a number of relatively significant purchases were made on PADICO HOLDING stock, most substantial of which was PALTEL Group's purchase of a major share of PADICO HOLDING, which strengthened PADICO HOLDING's stock share price and gave further assurance and trust to investors and shareholders while reflecting positively on the Palestine Exchange (PEX) in general, and PADICO HOLDING Group companies in particular.

The ever-growing growth in the profits of the company is attributed to the performance of many of PADICO HOLDING companies, such as Palestine Telecom Company and Palestine Industrial Investment Company, said Hulileh.

He added that the company is expected to witness further growth of profits in the next couple of years, as the revenues of new projects such as *Rabiyet Al-Quds*, Jericho Gate, NAKHEEL Palestine and the Executive Club begin to materialize and grow. He added that the growing profits of PADICO, as shown in the excellent financial results of 2013, are a result of the investment plans developed by the board, as they continue to generate an increasing growth every year. This indicator promises of further growth in profits in the next few years and reflects

the sound investment approach of the company, vested in its numerous investments that cover the majority of economic sectors and turn it into an attractive destination for local and international investors.

PADICO HOLDING has based its commitment to the community on the two main visions; First: sectors that support sustainable development , and second: long-term strategy in order to achieve a tangible impact that is reflected on diverse societal segments.

Presenting "*Tamayyaz*" program, implemented by PADICO HOLDING in cooperation with Palestinian universities, civil society organizations and international entities, Hulileh said that the initiative aims at bridging the gap between the outcomes of education and the needs of labor market. The program seeks to equip graduates with skills and expertise, in order to raise the level of their competitiveness in the local and international markets. In addition, he highlighted the most remarkable economic, developmental, cultural and art-related activities that were supported by the company, the last of which was "*baqaya*" exhibition that showcased art works of more than 40 artists from Gaza strip.

During the meeting, copies of a book, titled "*AslAl-Hikaya*" were distributed. The book reviews the journey of PADICO HOLDING since its inception, covering its experience of investment in Palestine for two decades and its most remarkable achievements that were attained in spite of all challenges facing the company.

Progress in Investments

In regards to the current investment projects of PADICO HOLDING, Hulileh said that the company has completed a significant phase as explained below:

Jericho Gate Project

Jericho Gate project, implemented by PADICO HOLDING in cooperation with Palestine Telecom Company and Palestine Real Estate Investment Company, is an unprecedented entertainment and tourism destination in Palestine. The project includes developing tourism and entertainment facilities, extending over an area of 3000 dunums in the southern entry point of the city of Jericho.

The company completed the detailed structural plan of the project, including roads and infrastructure of water, electricity and sewage networks, according to Hulileh. In addition, the company also prepared a detailed study on the socio-economic impact of the project on the local community in Jericho. It also finished preparing the branding and visual identity of the company. In the beginning of 2014, the company started carrying out infrastructure works of the first phase of the project, which included the main entrance as well as preparing the site to host a number of events and activities this year. The infrastructure work of the first phase is expected to end in the beginning of 2016.

Rabiyet Al-Quds Real Estate Project

Consisting of 22 residential buildings, *Rabiyet Al-Quds* is a real estate project, implemented by PADICO

HOLDING in the southern part of Jerusalem city. In 2013, PADICO HOLDING completed the architectural master plans, technical studies, design of buildings, infrastructure, roads, retaining walls as well as other architectural and technical tasks and the plan of launching the project. The company will soon announce offering some residential apartments for sale, as ten residential buildings will be ready for sale in the second quarter of 2014, while the actual construction works will begin before the end of 2014. This real estate project is expected to generate profitability and cash returns in the upcoming period for PADICO HOLDING.

NAKHEEL Palestine Company

Hulileh assured that 2013 was full of achievements for NAKHEEL Palestine which was initiated in 2010 by PADICO HOLDING as the biggest farm for Medjoul Dates in Palestine, NAKHEEL Palestine managed to achieve many remarkable achievements in 2013, as it succeeded in planting 4500 additional trees in 2013, increasing the number of planted trees to approximately 24000 trees. The total number of manufactured and sold dates reached 550 tons, including what was produced in the farms of the company as well as the dates brought from other local farmers. The company also opened new markets for its products, and is working on strengthening its presence in the international markets.

The Executive Club

Hulileh also spoke about the Executive Club, one of the pioneering projects in Palestine that is implemented by Jerusalem Development and Investment Company (PADICO Tourism), the company's arm in tourism sector. The project will be located in Tal Al-Safa area in Ramallah, extending over of 2600 Square meters with a total investment of more than USD6 million.

He explained that the club has already started providing services for clients and residents, as it prepares for the official inauguration in the next few days. The Club is home to a number of restaurants, and fancy tourism and sports facilities that cater to the segment of executives and businessmen in Palestine.

Palestine Power Generation Company

In regards to the progress of Palestine Power Generation Company, Hulileh said that significant steps have been completed in the negotiation phase with the Palestinian National Authority, in order to sign an agreement granting the purchase of electrical energy as well as providing gas supplies.

A new plot of land was acquired for the purposes of the project in Jenin. During the last few weeks, the capital of the company was restructured, as Gaza Electricity Company reduced its share in the company from 43 % to 5 %. This was compensated by the entry of Palestinian Telecom Company, Arab Bank and Palestinian Investment Fund, forming a new base of shareholders. It should be noted that the current capital of the company stands at USD10 million, and is expected to be increased to USD100 million in the next three years.

Future Plan

As for future plans, Hulileh said that the company seeks to maintain and develop current investments, complete the ones under construction as well as improve the performance and profitability of existing projects. In regards to bolstering cash flow and reducing debt and administrative expenditures, the company will continue to implement its plan to reduce administrative and general expenditures and debt in the next few years.