



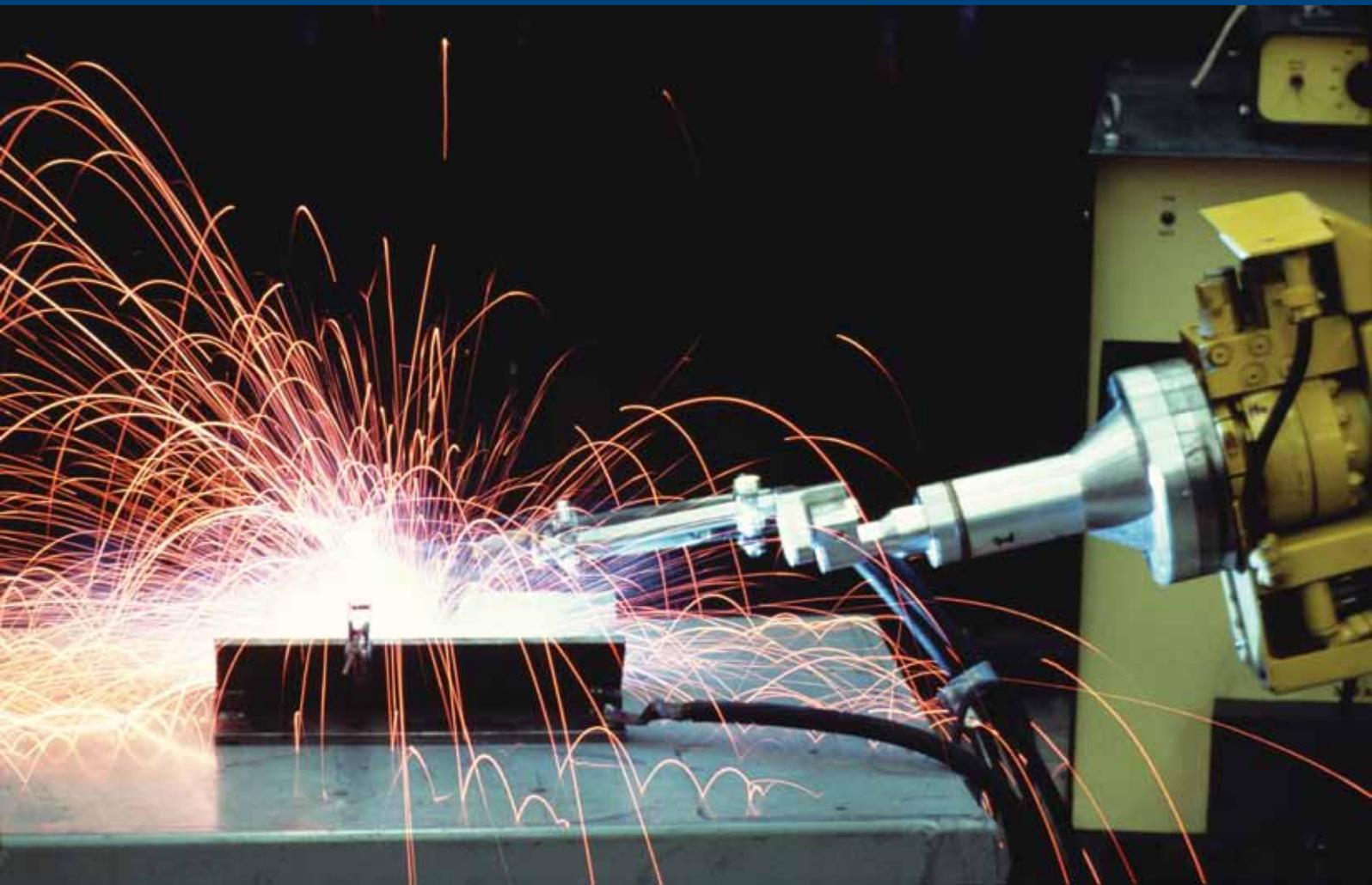
هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار
Palestine Investment Conference



INSPIRING BUSINESS



Manufacturing Sector

Project Number:	PIC-2010-IO-005
Project Name:	Obaid Workshop Development
Sponsor Company:	Obaid Workshop
Contact Details:	Mr. Samer Obaid Salfit, West Bank, Palestine Tel: +970-9-2519119 Mobile: +970-59-8919112 Email: s_obaid@yahoo.com
Total Cost of the Project:	US\$ 440,860
Investment by Current Owners:	US\$ 19,086
Required Investment:	US\$ 421,774

Project Description:

Obaid Workshop is seeking a partnership with a strategic/financing partner that can help in improving the quality of its workshop products and to expand the size and volume of its work. The workshop products and services portfolio includes Aluminum products, iron products, maintenance and painting, as well as wholesale of iron products. The workshop mainly targets the Salfit market, nonetheless it supplies a diversified base of customers in Nablus, Ramallah, Jericho in addition to other cities.

Project Development Time Table:

Equipment Order	First month of funding
Receiving the Equipment	3 months after ordering

Current Owners' Profile:

Obaid Workshop was established in 2008 by Samer and Osama Obaid, and is considered one of the largest workshops in Salfit. Due to the respected quality and punctual delivery of its services to its customer, Obaid's workshop was able to expand its coverage to the north and the middle of the West Bank.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide variety of products and interrelated sub sector branches. The sector lacks severely the adequate continuously available raw materials for the sustainability of the sector. But it has a great advantage of the dedicated hard

working and resilient business community. The business community, as a driving force for the industry, was able to achieve several successes during difficult uncertain conditions.

One of the main features of industry was its connectivity to the Israeli economy. On one side this is a fatal threat to industry because its success is subject to the Israeli priorities, not the Palestinian priorities, and it is a known fact that most of these priorities are not business related and highly politicized. On the other hand, industry has benefited from Israeli business connections elsewhere in the world.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations and works on developing and upgrading industrial performance. The federation started its work in 1999 with a representation of six industrial associations. Today, thirteen different industrial associations are members of the federation.

Industry is playing an important role in the economic and social well being of the Palestinian society. It employs about 13% of the total workforce and it contributes 16% to the GDP. Exports were (and still are) a good economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties, the political uncertainty and turbulences have affected the industrial sector negatively.

A slight shift was noticed in the structuring of industry that is related to both political changes and international economic changes and globalization sequences. The leather and shoe making industry and the garment and textile industry are examples of badly affected industries. Contrary to that, Pharmaceutical industries and marble and stone industries were good examples of positive change.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • The long experience of the owners in the industry • Quality and on-time delivery of the products by the company • The workshop classified by the Ministry of Local Government as level 2 workshop and will be upgraded to level 1 when the project is completed 	<ul style="list-style-type: none"> • Lack of additional financial resources from the current owner

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> • Ability to expand the company market share and geographical coverage 	<ul style="list-style-type: none"> • Political instability

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	241,935	282,258	349,462	376,344	413,978
Gross Profit	143,817	134,409	182,796	215,054	236,559
Net Income	87,061	43,929	76,548	96,871	111,548
Cash Flow Accounts					
Operating Cash Flow	106,142	101,309	135,957	156,280	170,957
Investing Cash Flow	(493,280)	(53,763)	(6,720)		
Financing Cash Flow	493,280	(5,376)	(42,306)	(52,468)	(59,806)
Balance Sheet Accounts					
Total Assets	695,932	734,485	768,727	813,130	864,872
Total Liabilities	22,849	17,473	13,441	9,409	5,376
Total Equity	673,083	717,012	755,286	803,721	859,495
Profitability Indicators					
Return on Assets	13%	6%	10%	12%	13%
Return on Equity	13%	6%	10%	12%	13%

Internal Epoxy Lining Mortar

Project Number:	PIC-2010-IO-007
Project Name:	Internal Epoxy Lining Mortar
Sponsor Company:	Future Iron Pipes
Contact Details:	Mr. Ahmad K. Naser Hebron Main Road Dura, Hebron, Palestine Tel: +970-2-2286808 Email: ahmad@a-brothers.com
Total Cost of the Project:	US \$ 4,310,000
Investment by Current Owners:	US \$ 3,560,000
Required Investment:	US \$ 750,000

Project Description:

This is an opportunity to financially assist in the establishment of an additional production line that will produce internal epoxy lining mortar for the steel pipes with the diameters 1", 2", 3", 4", 6", 8", 10", 12", and 16".

The company currently manufactures steel pipes with external 3LPE anti corrosion coating, and internal cement mortar lining.

Future Iron Pipes currently targets the Palestinian market, Jordan, and other Middle Eastern countries. The additional products the company is seeking to manufacture will expand their exporting market to construction companies in the building sector in countries such as Turkey, Europe and Asia. Additionally, the new pipes with internal epoxy mortar lining will allow the company to focus on the public sector since the pipes will have the ability to be used for water, gas and oil lines, which will ultimately assist in the development and organization of Palestine's infrastructure.

Due to the expansion of the building sector and the increasingly high demand for infrastructure, the company has the opportunity to be the sole provider to the Palestinian market. There is a very high demand for these steel pipes. Future Iron Pipes faces no local Palestinian competition whatsoever, although there are two Israeli manufacturers in which the Palestinian market exclusively rely on.

Future Iron Pipes aims at distributing their products through wholesale companies and agents in the building sector. The company will also export their products internationally, guaranteeing the best price, highest quality and compliance with international standards since their running cost will be a lot cheaper.

Project Development Time Table:

	Expected number of months from finance availability
Establishment of new production line	12

Current Owners' Profile:

Future Iron Pipes (FIP) was founded in 2009 using the latest computerized technologies; it is the first privately owned large scale manufacturer of coated steel pipes. It has a diversified customer base and actively participates in the global coating and lining industry.

FIP's policy is to provide the customer with optimum quality and workmanship within their requested delivery schedule. The experienced workforce is dedicated to providing the highest quality product and customer service.

Fully prepared to meet the demands generated by the expansion of water distribution systems, natural gas, oil pipelines and related projects, Future Iron Pipes supplies external anti-corrosive, 3 layered PE/PP coating according to the international and Palestinian standards, and internal cement mortar lining for pipes.

Industry Highlights:

The metal industry is served by an industry association which represents 40 major firms working in the industry. A rough figure of firms working in this industry is estimated at 120. The problem is how to define the working firms and how to recognize the working workshops. The average number of workers in the sector is estimated at 1000 workers.

Sector diversification

The sector is comprised of several diversified fields. These are: metal doors, aluminum profiles, iron and steel rods and drawing, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

The quality is related to the application and use of the machines and tools produced. It is obvious that the majority of the products are either used for the industry or as complementary parts to other businesses. Hence, quality is an important matter. The PSI standards and specifications are valid only to some of these products; ISO certificates and fire preventing certificates have been acquired by some firms.

There is a lack in fully equipped laboratories and testing, this can be overcome through close cooperation with academic institutions. Also, research and development can help choosing the proper composition of materials. Moreover, the culture of quality standards and specifications has to be widely spread in the sector.

Technical position and capacity

The total production capacity is barely reaching 40% of the sample companies. Technically speaking there is a big variation in the level of technology used in the sector ranging from low to high levels. The industry needs to be equipped with testing facilities and knowledge to cope with the technology and quality needs. Academic networking with the industry is vital to the development of this industry.

Marketing position

Traditionally, the sector has experienced the export practices decades ago and still does. Welding materials and abrasives were the main exports. The opportunity still exists for more exports in to countries. Metal doors, stone machinery and packaging machinery are some major examples. Locally, there is high competition with the Israeli and imported materials, mainly Chinese. PSI is not active in the regard of checking the quality of the imported materials. Local market needs carefully set regulations in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total investment in the sector. But some references stated that the total amount of investments exceeds the figure of 100 million USD. According to the sample firms, 100% of them have the desire to invest in new machinery and 80% will invest in seeking new markets.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Sole provider of the Palestinian market New product will assist Palestine's Public sector since the pipes may now be used for oil, gas and water lines 	<ul style="list-style-type: none"> Lack of financial resources to complete all phases of the project

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> To expand their exporting market to more international markets There are no apparent restrictions on importing the needed type of equipment 	<ul style="list-style-type: none"> Political instability

Financial Projections in US\$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	400,000	550,000	600,000	630,000	661,500
Gross Profit	320,000	467,000	516,000	541,800	568,890
Net Income	110,000	258,400	308,200	332,960	358,958
Cash Flow Accounts					
Operating Cash Flow	297,000	445,000	495,200	519,960	545,958
Investing Cash Flow	(900,000)	0	0	0	0
Financing Cash Flow	900,000	0	(250,000)	(300,000)	(330,000)
Balance Sheet Accounts					
Total Assets	4,610,000	4,618,400	4,626,600	4,629,560	4,638,518
Total Liabilities	190,000	190,000	190,000	190,000	190,000
Total Equity	4,420,000	4,428,400	4,436,600	4,439,560	4,448,518
Profitability Indicators					
Return on Assets	2.39%	5.60%	6.66%	7.19%	7.74%
Return on Equity	2.49%	5.84%	6.95%	7.50%	8.07%

Manufacturing of Iron Pipes

Project Number:	PIC-2010-IO-008
Project Name:	Manufacturing of Iron Pipes
Sponsor Company:	Future Iron Pipes
Contact Details:	Mr. Ahmad K. Naser Future Iron Pipes Hebron Main Road Dura, Hebron Tel: +970-2-2286808 Email: ahmad@a-brothers.com
Total Cost of the Project:	US \$7,800,000
Investment by Current Owners:	US \$1,500,000
Required Investment:	US \$6,300,000

Project Description:

Future Iron Pipes (FIP) is seeking a financing partner to assist in the establishment of a company that will manufacture the following products: steel pipes with diameters 3",4",5",6",8", as well as rectangular sections sized 20x20, 20x15, 60x60, 80x40,30x30, 40x20, 80x80, and 120x40.

FIP currently produces coating and lining for steel pipes, while now they wish to venture into manufacturing steel pipes themselves rather than continuing to outsource them exclusively from the only 3 Israeli suppliers in the region. By manufacturing these steel pipes in-house, FIP will significantly cut its shipping and time-related costs while decreasing the company's overhead. It will enable the company to produce their own high-quality pipes and expedite their existing coating process in a much more cost-efficient and timely manner.

FIP will be the only company in the Palestine to manufacture these steel pipes; it will also seek to increase their exports as there is a high demand for such pipes worldwide. The Palestinian market alone consumes thousands of tons of steel piping annually. Even Israeli manufacturers are importing from Turkey to satisfy their own domestic market demand, as their production capacity can't keep up. This is due to a boom in real estate development and construction, which constantly require steel piping.

Establishing the first steel piping manufacturing plant of its kind will truly assist in the overall development of Palestinian economy, as it helps it become more self-reliant for all aspects of the construction phase, of which building materials are a crucial component. The Palestinian public sector will rely exclusively on FIP for the steel pipes and their coating process, since these pipes are used for water, gas and oil lines.

Project Development Time Table:

	Expected number of months from finance availability
Establishment of Company	12

Current Owners' Profile:

Future Iron Pipes (FIP) was founded in 2009 using the latest technology as the first privately-owned large scale manufacturer of coated steel pipes. It has since come to play a prominent role in the marketplace and actively participates in the global coating and lining industry.

FIP provides 3 types of external anti-corrosive layer coating, and internal cement lining for steel pipes of up to 16” diameter for different applications, including: water, wastewater, gas, and oil. FIP’s policy is to provide the customer with optimum quality and workmanship within their requested delivery schedule. Their experience workforce is dedicated to providing the highest quality product and customer service.

Fully prepared to meet the demands generated by the expansion of water distribution systems, natural gas, oil pipelines and related projects, Future Iron Pipes supplies external anti-corrosive, 3 layered PE/PP coating according to the international and Palestinian standards, and internal cement mortar lining for pipes.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the sector. The industry needs to be equipped with testing facilities and know-how to cope with

increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US\$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

Industry problems and needs

This industrial sector's most pressing needs can be summarized by the following points:

- Increasing industry regulations in order to promote fair competition;
- Designing a package of promotional and technical assistance to assist in opening new export markets;
- Equipping the industry with proper testing facilities and linking companies properly with relevant academic institutions;
- Investing in development of alternatives energy sources and to decrease power-related costs;
- Encouraging more environmentally-friendly practices such as industrial waste recycling.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> The first and only Palestinian company that will manufacture steel pipes Public sector reliance on steel piping for basic infrastructure needs Construction sector reliance on steel piping and ongoing upward trend in WB real estate development 	<ul style="list-style-type: none"> Lacking sufficient financial resources

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> High regional and international demand No Israeli restrictions on importing necessary equipment 	<ul style="list-style-type: none"> Political instability

Financial Projections in US\$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	0	13,000,000	16,000,000	16,800,000	17,640,000
Gross Profit	0	4,240,000	5,440,000	5,616,000	5,896,600
Net Income	0	3,021,996	4,202,000	4,305,000	4,793,400
Cash Flow Accounts					
Operating Cash Flow	0	3,801,996	4,982,000	5,085,000	5,573,400
Investing Cash Flow	(7,800,000)	0	0	0	0
Financing Cash Flow	7,800,000	(2,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Balance Sheet Accounts					
Total Assets	7,800,000	8,821,996	10,023,996	11,328,996	13,122,396
Total Liabilities	0	0	0	0	0
Total Equity	7,800,000	8,821,996	10,023,996	11,328,996	13,122,396
Profitability Indicators					
Return on Assets	0%	34%	42%	38%	37%
Return on Equity	0%	34%	42%	38%	37%

Expansion of Saba Co. for Industrial Investment

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Project Number:	PIC-2010-IO-012
Project Name:	Expansion of Saba Co. for Industrial Investment
Sponsor Company:	Saba Co. for Industrial Investment
Contact Details:	Tel: +970-2-2759277 Fax: +970-2-2759278 Mobile: +970-59-9330332 Email: info@saba-stone.com Website: www.saba-stone.com
Total Cost of the Project:	US\$ 714,000
Investment by Current Owners:	US\$ 178,500
Required Investment:	US\$ 535,500

Project Description:

The project is not the first of its kind in the area but it will be the only one that has the latest machines and equipment that distinguish stone with high qualities. The project will target the local market which is the main market, and it targets the Israeli market, Jordanian market and the US market.

Saba works according to international standards in order to produce high quality stone but this require continuous investment in modern technology, constant upgrading of human skills, and the use of the most efficient machinery. Saba for Industrial Investment has over the past years made remarkable progress and development in these areas hoping to create a new culture in the stone business, one that is based on quality assurance in production and management.

Project Development Time Table:

Land Purchase	Directly after funding
Construction	4 months after funding
Equipment Procurement	1 month after funding
Equipment Installation	2 months after receiving the equipment

Current Owners' Profile:

Saba for Industrial Investment is an international company established in 2002. The company's exports cover many countries in the world. The company has taken huge strides in being at the head of the competitive world, and has carved a niche on the international market.

Saba for Industrial Investment sells quality products at competitive prices to satisfy a large share of its markets' tastes and needs. However, consignments of stone are delivered punctually, and in perfect condition that guarantee customers' satisfaction.

Industry Highlights:

The stone and marble industry is considered the biggest industry in terms of number of firms, sales volume, employment rate and total investment. In recent years the industry showed a linear decline in production, sales and returns. The total number of manufacturing firms is around 700 firms, and the total number of workers is estimated at 8000 workers. The industry is spread over the West Bank regions but focused in the regions of Bethlehem and Hebron.

Sector diversification

Stone and marble industry refers to the stone manufacturers and the quarries. The stone manufacturers are categorized as small, medium and large scale producers. Workshops are another category of buying slabs and cutting it into small size pieces. The main composites of final products are external cladding, internal cladding and tiles, cut to size products, decorative products, special products and tomb products.

Quality as an advantage

The sector's major competitive advantage is its dependency on local raw materials. Quality is an important issue in selecting the materials as well as in the surface finish of the final product resulting from proper manufacturing practices. The basic competitive features of the products are color and texture. Quality and price are interchangeable factors in the sector. More quality means more costs in the manufacturing and supply chain.

The sector has invested in testing samples of final locally produced products in internationally recognized laboratories in Italy and the results were published in a product catalogue book for the whole industry. Local tests for certain specifications are being performed in local laboratories. Although 50% of the interviewed sample requested the implementation of ISO standards, but in reality only one out of six companies in the sector was able to keep and maintain the ISO certificate after five years of obtaining it.

Technical position and capacity

Technologically speaking, the sector has an easy access to the most updated and advanced technologies in the international market. Few of the manufacturers develop and upgrade their machinery regularly. There are substantial differences in operating the machines and in the process orders and scheduling. The sector has the capacity to manufacture up to 35 million square meters; actually it operates only at a capacity of about 30% of their total capacity, i.e. 12 million square meters. The sector needs to be better informed about the advancements in abrasives, tools and other needed accessories for production. Maintenance is another problem affecting the continuity of operations.

Marketing position

The marketing mix is shifting towards export in the last 7-8 years. The composition of the market is classified as: 65% Israel, 25% local market in West Bank and 10% for export. The marketing of these products highly depend on the design specification done by engineering offices. So, networking with engineers and contractors is vital for the survival and growth of these companies. Competition among local producers is severe, whereas competition with imported products in the local market is weak, and almost negligible with external cladding products. Competition in the international market is high especially with economies of low manufacturing costs such as Jordan and Turkey. Palestinian stone and marble has built its image in more 33 countries all over the world. Proper promotional tools are not widely used in the sector. Continuously improved product catalogues and other promotional materials are needed.

Financial position

The initial investments in the sector exceeds the amount of 400 million dollars and are mostly generated by own savings and family resources. Severe competition and reductions in total sales have influenced payment terms and affected the cash flow of the industry. Most firms depend on commercial banks for facilitation. When factory owners were asked about their priorities in financing, the answer was to buy new machines and develop new markets.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> The use of latest technology in production 	<ul style="list-style-type: none"> Lack of additional financial resources from the current owner
<ul style="list-style-type: none"> Saba already exist and have local and international markets 	
<ul style="list-style-type: none"> The experience of the owners 	

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Demand for marble and stone is increasing 	<ul style="list-style-type: none"> Political instability and ongoing conflict
<ul style="list-style-type: none"> High demand for houses in the West Bank 	<ul style="list-style-type: none"> Competition from other regional and international producers

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	-	3,288,000	3,288,000	3,288,000	3,288,000
Gross Profit	-	1,638,720	1,638,720	1,638,720	1,638,720
Net Income	-	220,870	220,870	220,870	220,870
Cash Flow Accounts					
Operating Cash Flow		229,430	104,765	182,927	163,401
Investing Cash Flow	(586,500)	-	-	-	-
Financing Cash Flow	714,000	-	-	-	-
Balance Sheet Accounts					
Total Assets	586,500	807,370	1,028,240	1,249,110	1,469,980
Total Liabilities					
Total Equity	586,500	807,370	1,028,240	1,249,110	1,469,980
Profitability Indicators					
Return on Assets	-	27%	21%	18%	15%
Return on Equity	-	27%	21%	18%	15%

Al-Kassas Factory for Metal Profiles

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Project Number:	PIC-2010-IO-013
Project Name:	Al-Kassas Factory for Metal Profiles
Sponsor Company:	Al Kassas Co. General Trade Import & Export LTD
Contact Details:	Mr. Sameer Subhi Al-Qassas 621/5000 Salah Eldein St., Al Zaytoon, Gaza, Palestine Tel: +970-8-2800542 Tel: +970-8-2800541 Mobile: +970-59-9328854 E-mail: info@alkassas.net alkassas@alkassas.com samirs60@hotmail.com Website: http://www.alkassas.com
Total Cost of the Project:	US\$ 4,000,000
Investment by Current Owners:	US\$ 2,290,491
Required Investment:	US\$ 1,709,509

Project Description:

Al Kassas Co. General Trade Import & Export LTD is seeking a strategic partnership with an investor to help in the establishment of a new factory plant that is totally specialized in producing iron and steel profiles out of rolled steel. The new plant "Al-Kassas Factory for Metal Profiles" will be built on suitable land in Jabaliah and requires a total investment of US\$ 4 million.

The mother company "Al Kassas Co. General Trade Import & Export LTD" has extensive experience importing, producing and marketing a wide range of iron and steel products. Profiles are currently produced in limited amounts and cannot cover the increasing demand within the Gaza Strip. The idea of establishing a totally new factory specialized in producing iron profiles came as a result of efforts to cover the widening market gap resulting from the Israeli-imposed restrictions on imports of construction materials.

Mass production of standard and customized profiles within the Gaza Strip is highly recommended and will most certainly prove cost-effective for any rehabilitation and/or re-building projects in the future.

Project Development Phases

The building in which the plant shall be installed already exists. Furniture and equipment are yet to be purchased and will be installed as soon as the necessary financing is available.

The purchase of rolled iron can start as soon as financing is available. The company expects to require 500 tons to start operations.

Current Owners' Profile:

Al Kassas Co. General Trade Import & Export LTD was founded in 1999, and is one of the leading companies operating in Palestine. The importance of Al-Kassas Co. to the Palestinian economy can be seen by the number of products and services it provides to the construction sector, mainly in the Gaza Strip. All products are of the highest available quality, and are made according to international and local standards. This has been achieved by continuously working to improve production techniques, and enforcing strict quality control measures on all imported products to ensure they meet customers' expectations.

Al Kassas Co.'s goal is to obtain recognition for the highest international standards in its field, taking into account environmental and safety considerations. In addition, the company aims to be recognized as the first address for metal profiles for the public and private sectors, as well as international institutions working in Palestine.

Al Kassas Co. supplies its customers with a wide range of reliable roll formings and thin metal-wall sheets, in addition to corrugated sheets and C-channels for construction. The company manufactures products that are customized to customers' needs; including all kinds of pipes, profiles, angles, bridges, belts and beams.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the

sector. The industry needs to be equipped with testing facilities and know-how to cope with increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US\$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

Industry problems and needs

This industrial sector's most pressing needs can be summarized by the following points:

- Increasing industry regulations in order to promote fair competition;
- Designing a package of promotional and technical assistance to assist in opening new export markets;
- Equipping the industry with proper testing facilities and linking companies properly with relevant academic institutions;
- Investing in development of alternatives energy sources and to decrease power-related costs;
- Encouraging more environmentally-friendly practices such as industrial waste recycling.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Extensive experience producing and marketing steel and iron products for construction and other purposes Comparatively low prices Direct importing of raw materials reduces production costs Skilled at product customization to suit any and all customer preferences 	<ul style="list-style-type: none"> High initial capital requirement

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Eventual major rebuilding effort in the Gaza Strip shall create high demand for construction materials including iron profiles Potential access to the West Bank market will lead to dramatic increase in sales 	<ul style="list-style-type: none"> Continuation of current Israeli-imposed blockade on Gaza Strip prevents boom in construction Potential for new rivals entering the market, especially bigger companies from the West Bank

Financial Projections in US\$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	300,000	900,000	900,000	900,000	945,000
Direct Expenses	150,000	450,000	450,000	450,000	472,500
Gross Profit	150,000	450,000	450,000	450,000	472,500
Indirect Expenses	114,359	343,078	343,078	343,078	348,938
Net Income after Tax	35,641	106,922	106,922	106,922	123,562
Cash Flow Accounts					
Operating Cash Flow	(302,333)	278,000	598,000	142,167	665,473
Investing Cash Flow	(3,500,000)	0	0	0	0
Financing Cash Flow	4,000,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	4,035,641	4,182,563	4,249,486	4,360,575	4,479,971
Total Liabilities	0	40,000	0	4,167	0
Total Equity	4,035,641	4,142,563	4,249,486	4,356,408	4,479,971
Profitability Indicators					
Return on Assets	0.88%	2.56%	2.52%	2.45%	2.76%
Return on Equity	0.88%	2.58%	2.52%	2.45%	2.76%

ZmZm Plastic Industries Co.

Project Number:	PIC-2010-IO-014
Project Name:	ZmZm Plastic Industries Co.
Sponsor Company:	ZmZm Plastic Industries Co.
Contact Details:	Mr. Othman Ra'fat Hassouneh Beit Kahel, Hebron, Palestine P.O.Box: 771 Hebron Tel: +970-2-2298818/9 Fax: +970-2-2298817 Mobile: +970-59-9203250 E-mail: manager@zmzmco.com info@zmzmco.com Website: http://www.zmzmco.com
Total Cost of the Project:	US\$ 18,322,527
Investment by Current Owners:	US\$ 13,327,823
Required Investment:	US\$ 4,994,704 Equity Investment

Project Description:

ZmZm Plastic Industries Co. is seeking a strategic investment partner that can profit from working with ZmZm to increase its current production capacity, diversify its range of products, and increase its competitive advantage especially within export markets. ZmZm is seeking to leverage economies of scale in its production of plastic products such as plastic bags, plastic plates, and industrial sponge.

ZmZm is anticipating a production capacity growth rate of 56% following a new investment, raising its production value from around US\$ 7 million per annum to around US\$ 10.8 million. It is expected that the new production capacity can extend ZmZm's target market to cover regional countries in addition to the local Palestinian and Israeli markets, which currently account for 100% of the company's production.

ZmZm is seeking an additional US\$ 7.5 million to be injected over the next two years: US\$ 5 million during the first year, and US\$ 2.5 million in the second year. This will cover the cost of four new machines priced at US\$ 1.5 million each.

Project Development Time Table:

	Expected number of months from finance availability:
Infrastructure Development	3 months
Building and Construction Date	3 months
Building and Construction Completion Date	8 months
Furniture & Equipment Purchase	9 months
Operations Start Date	10 months from finance availability

Current Owners' Profile:

ZmZm for Plastic Industries is one of the main sister companies of Hassouneh Industrial and Commercial Group, which was established in 2005 based on the founders' 32 years of experience in the consumable plastics industry. From day one, ZmZm based its operations on the latest global technology and international best practices for production line management.

ZmZm has procured the finest equipment from around the world in terms of quality and product diversity based on market studies done to cater to various market segments and consumer preferences. In so doing, management has prepared the company to cover regional and potential international markets, in addition to the local Palestinian market. Company management has also addressed concerns to protect the environment from plastic waste by obtaining licenses from international organizations to use sophisticated technology designed to make plastics biodegradable within the environmental cycle; thus rendering plastic waste as environmental friendly as possible.

Industry Highlights:

The plastics industry is represented throughout the West Bank with a focus on plastic pipe manufacturing in Hebron and Ramallah. According to the sectors' association records, the total number of industrial facilities is 100 firms employing 1000 workers with a total average of 10 workers per firm. The working labour varies from 5 to 20 workers with an exception of 4 factories employing more than 50 workers.

Sector diversification:

The sector is comprised of a wide range of products. These include: plastic pipes and fittings, sanitation fittings, plastic bags and sacks, multipurpose plastic containers, drinking water containers, polystyrene, rubber and kitchen wear.

Quality as an advantage:

Quality is a matter of high interest for construction related products (water and sanitary applications) and for food packaging materials. For other products, quality is a matter of raising the competitive advantage of the firm. Competition is high among the local producers and less effective with the exported products because of the price considerations; also because many exported items have similar competing products produced locally. There is an increasing tendency towards quality and certification in the sector. Apart from the construction and food related products, firms need not to acquire certificates, but they are more in need of formulating simple and reliable operating procedures to ensure higher rates of quality.

Technical position and capacity:

The industry is working at 49% of its total capacity and has great potential to develop and diversify its products. Training for skilled labor is needed, and ways of decreasing the electrical power consumption rate is worth considering as electricity is a major cost component. Disposing of and/or recycling the industry's waste properly has a dual positive impact on the total productivity of the firms and on the environment.

Marketing position:

The industry sales are distributed over the West Bank (66%), Gaza Strip (15%), Jerusalem (2%) and Israel (10%). It is clear that the local market is the core of the industry. Exports are rare, however many industry experts feel that exports to countries like Syria, Jordan and Iraq are possible. Additional research needs to be carried out in order to confirm whether exports are viable or not. This assessment should explore issues such as: regulations, certificates, and competitiveness, quality and marketing channels. Promotional kits for potential firms are seen as an important element for enabling their marketing capabilities. Such kits might include website design, catalogues, and brochures. Participating in international trade fairs could be another tool for building up knowledge of the global and regional industry.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Well established, productive company 	<ul style="list-style-type: none"> Low financial possibilities, especially for higher production
<ul style="list-style-type: none"> Ability to sell all products while at full output capacity 	<ul style="list-style-type: none"> The need for long term investments and improvements (coping with international producers and standards)
<ul style="list-style-type: none"> High quality through state-of-the-art machinery and adherence to international best practices 	

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Possible market shares in Israel and regional markets 	<ul style="list-style-type: none"> Israeli-imposed obstacles to exports
<ul style="list-style-type: none"> Adding new product lines creates economy-of-scale thereby reducing production costs 	<ul style="list-style-type: none"> Political unrest
	<ul style="list-style-type: none"> Price volatility of raw materials

Financial Projections in US\$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	7,100,000	11,120,000	13,344,000	14,011,200	14,711,760
Cost of goods sold	6,528,000	10,095,432	12,003,954	12,656,921	13,262,739
Gross Profit	572,000	1,024,568	1,340,046	1,354,279	1,449,021
Taxes	85,800	153,685	201,006	203,141	217,352
Net Income after Tax	486,200	870,883	1,139,040	1,151,138	1,231,669
Cash Flow Accounts					
Operating Cash Flow	520,234	931,845	1,218,773	1,231,718	1,317,886
Investing Cash Flow	(5,000,000)	(2,500,000)	0	0	0
Financing Cash Flow	5,000,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	12,969,863	13,618,356	14,026,906	14,239,004	14,519,535
Total Liabilities	4,462,910	3,592,028	2,452,989	2,282,989	2,222,989
Total Equity	8,506,953	10,026,328	11,573,917	11,956,015	12,296,546
Profitability Indicators					
Return on Assets	3.75%	6.39%	8.12%	8.08%	8.48%
Return on Equity	5.72%	8.69%	9.84%	9.63%	10.02%

Project Number:	PIC-2010-IO-015
Project Name:	Stretch Factory
Sponsor Company:	ZmZm for Plastic Industries Co.
Contact Details:	Mr. Othman Ra'fat Hassouneh Beit Kahel, Hebron, Palestine P.O.Box: 771 Hebron Tel: +970-2-2298818/9 Fax: +970-2-2298817 Mobile: +970-59-9203250 E-mail: manager@zmzmco.com or info@zmzmco.com Website: http://www.zmzmco.com
Total Cost of the Project:	US\$ 25,000,000
Investment by Current Owners:	US\$ 13,000,000
Required Investment:	US\$ 12,000,000 equity investment

Project Description:

Stretch nylon is used in the packaging of goods that are to be transported by truck. It is used for all types of industrial and commercial packaging for plastic products, food, cartons, etc. Its main purpose is to safeguard products' integrity (i.e. to keep them from falling, being damaged, or exposed to pollution).

The local Palestinian (and Israeli) market is in dire need of such a plant as there is currently only one such factory in Israel which meets 15% of both Israeli and Palestinian markets' demand combined. The rest is covered by imports from abroad, primarily from Turkey and Italy.

ZmZm anticipates that the establishment of this new plant will immediately capture a 20% local and Israeli combined market share. ZmZm is seeking a strategic partner to take advantage of this opportunity and support the establishment of this new plant. ZmZm's owner is prepared to invest US\$ 13 million, which accounts for more than half the estimated establishment costs, and is seeking an additional investment of US\$ 12 million.

Project Development Time Table:

	Expected number of months from finance availability:
Infrastructure Development	6 months
Building and Construction Date	12 months
Building and Construction Completion Date	18 months
Furniture & Equipment Procurement	18 months
Operations Start Date	18 months (January 2012)

Current Owners' Profile:

ZmZm for Plastic Industries is one of the main sister companies of Hassouneh Industrial and Commercial Group, which was established in 2005 based on the founders' 32 years of experience in the consumable plastics industry. From day one, ZmZm based its operations on the latest global technology and international best practices for production line management.

ZmZm has procured the finest equipment from around the world in terms of quality and product diversity based on market studies done to cater to various market segments and consumer preferences. In so doing, management has prepared the company to cover regional and potential international markets, in addition to the local Palestinian market. Company management has also addressed concerns to protect the environment from plastic waste by obtaining licenses from international organizations to use sophisticated technology designed to make plastics biodegradable within the environmental cycle; thus rendering plastic waste as environmental friendly as possible.

Industry Highlights:

The plastics industry is represented throughout the West Bank with a focus on plastic pipe manufacturing in Hebron and Ramallah. According to the sector's association records, the total number of industrial facilities is 100 firms employing 1000 workers with a total average of 10 workers per firm. The working labor varies from 5 to 20 workers with the exception of 4 factories employing more than 50 workers.

Sector diversification:

The sector is comprised of a wide range of products. These include: plastic pipes and fittings, sanitation fittings, plastic bags and sacks, multipurpose plastic containers, drinking water containers, polystyrene, rubber and kitchen wear.

Quality as an advantage:

Quality is a matter of high interest for construction related products (water and sanitary applications) and for food packaging materials. For other products, quality is a matter of raising the competitive advantage of the firm. Competition is high among the local producers and less effective with the exported products because of the price considerations; also because many exported items have similar competing products produced locally. There

is an increasing tendency towards quality and certification in the sector. Apart from the construction and food related products, firms need not to acquire certificates, but they are more in need of formulating simple and reliable operating procedures to ensure higher rates of quality.

Technical position and capacity:

The industry is working at 49% of its total capacity and has great potential to develop and diversify its products. Training for skilled labor is needed, and ways of decreasing the electrical power consumption rate is worth considering as electricity is a major cost component. Disposing of and/or recycling the industry's waste properly has a dual positive impact on the total productivity of the firms and on the environment.

Marketing position:

The industry sales are distributed over the West Bank (66%), Gaza Strip (15%), Jerusalem (2%) and Israel (10%). It is clear that the local market is the core of the industry. Exports are rare, however many industry experts feel that exports to countries like Syria, Jordan and Iraq are possible. Additional research needs to be carried out in order to confirm whether exports are viable or not. This assessment should explore issues such as: regulations, certificates, competitiveness, quality and marketing channels. Promotional kits for potential firms are seen as an important element for enabling their marketing capabilities. Such kits might include website design, catalogues, and brochures. Participating in international trade fairs could be another tool for building up knowledge of the global and regional industry.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Extensive experience in plastic production and distribution Sole producer of plastic stretch materials in Palestine Proven ability and distribution network to market products within Israeli market 	<ul style="list-style-type: none"> Currently lacks necessary financing to bring project to fruition

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> High demand and low supply of product in local & Israeli markets 	<ul style="list-style-type: none"> Israeli obstacles to exports due to security measures Political unrest Price volatility of raw materials Moderate Israeli competition and wide availability of imported alternatives

Financial Projections in US\$ for the whole project (old and new investments)

Indicators	2010/2011	2012	2013	2014	2015	2016
Income statement Accounts						
Revenues	-	10,405,400	15,608,100	20,810,800	23,412,150	25,753,365
Expenses	-	9,567,141	14,350,712	19,134,282	20,473,682	21,906,839
Gross Profit	-	838,259	1,257,389	1,676,518	2,938,468	3,846,526
Taxes	-	125,739	188,608	251,478	440,770	576,979
Net Income after Tax	-	712,520	1,068,780	1,425,040	2,497,698	3,269,547
Cash Flow Accounts						
Operating Cash Flow	-	712,520	1,068,780	1,425,040	2,497,698	3,269,547
Investing Cash Flow	(20,000,000)	(5,000,000)				
Financing Cash Flow	20,000,000	5,000,000	(534,390)	(712,520)	(1,248,849)	(1,634,773)
Balance Sheet Accounts						
Total Assets	20,000,000	25,712,520	26,246,910	26,959,430	28,208,279	29,843,053
Total Liabilities		7,713,756	6,299,258	5,176,211	4,332,792	3,667,114
Total Equity	20,000,000	17,998,764	19,947,652	21,783,220	23,875,488	26,175,938
Profitability Indicators						
Return on Assets	-	2.77%	4.07%	5.29%	8.85%	10.96%
Return on Equity	-	3.96%	5.36%	6.54%	10.46%	12.49%

Soap Factory Expansion

Project Number:	PIC-2010-IO-017
Project Name:	Soap Factory Expansion
Sponsor Company:	Nablus Soap & Detergent Co.
Contact Details:	Mr. Mujtaba Tbeleh Beit Foreik Nablus Governorate, Palestine Tel: +970-9-2501006 Email: info@nablussoap.ps
Total Cost of the Project:	US \$ 1,575,000
Investment by Current Owners:	US \$ 315,000
Required Investment:	US \$ 315,000
Debt:	US\$ 945,000

Project Description:

Nablus olive oil soaps have been renowned in the region for centuries. This initiative by Nablus Soap & Detergent Co. seeks to capitalize on this traditional, historic craft by developing a sophisticated soap manufacturing line to increase production capacity as well as quality. In addition the company plans to introduce new products such as custom-made soap bars for hotels and hospitals.

1. Nablus Soap and detergent products are world-renowned for their usage of virgin olive oil as the main ingredient in the production process. The factory currently produces:
2. All-natural soap from olive oil laced with organic materials and herbs used for skin care and treatment;
3. Al-Nabulsi soap, “the original”, traditional soap-bar that has been produced according to the same method and ingredients for centuries.

The addition of high-capacity production lines as well as diversifying its product portfolio will help the company capitalize on the growing demand for its natural soap and skin care products for both the local and export markets.

Current Owners' Profile:

Over 400 years ago, the “Tubeileh” family began working in the soap industry, originally specializing in cutting the vast tubs of soap into small individual blocks. The ‘cutting man’ eventually came to be referred to as the “Tubeli” throughout the olive oil soap industry. Today, the descendants of the original Tubeileh family still own the only factory in the world

to still use virgin olive oil in Nabulsi soap manufacturing. The company applies various techniques to the soaps:

- Developing the shape of the soap block to match consumer preferences.
- Adding new herbal components to give skin softening and other natural & medical components to cure some skin diseases and sensitive skin.
- Packing the Nabulsi Soap in a new packaging style and design.

Some of the ingredients the company uses in the production of natural soaps are honey, ginger, lemon, pomegranate, lavender, black cumin, saffron, tea tree oil, fig, thyme, grape, dates, milk, mint, avocado, cinnamon, sage, and Dead Sea mud.

The company's export markets currently include Malaysia, Indonesia, Canada and Japan. Nablus Soap & Detergent Co. looks forward to expanding its operations to achieve higher export sales, and penetrate new markets which would include: the Gulf region, the United States and Europe.

Industry Highlights:

The cosmetics sector is represented by an industrial association that needs to be strengthened and institutionalized. The estimated number of regulated companies working in the industry is 60, five in producing cosmetics, five in the production of paints and inks and the remaining are working in the detergents production. The actual number of unregulated producers is much more than that. Some factories produce both detergents and cosmetics.

Sector diversification:

This sector is comprised of three major categories; paints and ink, detergents and cosmetics. Traditional olive oil-based cosmetic products are sometimes categorized as traditional industries. A growing tendency in developing these products is being noticed. There is an overlap in industries which produce detergents and cosmetics with companies which produce medicines, veterinary products, detergents and cosmetics.

Quality as an advantage:

The chemical industry deserves more attention because of its direct correlation with human health. Therefore increasing awareness among both manufacturers and consumers is vitally important for the development of the industry. Quality is a demand at the manufacturers' side according to 33% of the questioned factories. Quality will help increase the fair competitiveness of the locally regulated licensed industries.

Marketing position:

There is a potential for exporting certain cosmetic products. Markets like Jordan, Algeria, Gulf States and Yemen need to be pursued for export along with the necessary prerequisites in terms of standards, quality, certificates and promotion. Packaging and labeling is an issue of concern to the industry in building the image and brand. Companies need to learn how to more effectively position themselves. In addition, promotional materials should be heavily invested in within the sector at large.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • The use of natural ingredients in the production process • Low production costs when compared with similar competitors • Nabulsi olive oil soap's brand equity dates back centuries • Availability of raw materials 	<ul style="list-style-type: none"> • Low production capacity due to the time consuming traditional production process • Weak distribution channels • Limited experience with marketing, branding, and promotional strategies

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing production capacity to meet local and export markets demand 	<ul style="list-style-type: none"> • Tight Israeli restrictions on Nablus, limiting movement of people and goods

Financial Projections in US\$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	764,505	1,068,750	1,650,000	1,831,250	2,014,375
Gross Profit	288,178	406,132	720,486	814,572	896,029
Net Income	228,278	139,511	462,016	593,723	681,683
Cash Flow Accounts					
Operating Cash Flow	52,128	338,682	651,663	773,308	850,6390
Investing Cash Flow	(1,650,000)				
Financing Cash Flow		1,358,393.00	(216,607)	(216,607)	(216,607)
Balance Sheet Accounts					
Total Assets	600,0280	2,145,693	2,429,339	2,834,629	3,317,251
Total Liabilities		776,154	597,783	409,351	210,290
Total Equity	600,028	1,369,539	1,831,556	2,425,279	3,106,961
Profitability Indicators					
Return on Assets	38.04%	6.50%	19.02%	20.95%	20.55%
Return on Equity	38.04%	10.19%	25.23%	24.48%	21.94%

Project Number:	PIC-2010-IO-018
Project Name:	Tissue Paper Manufacturing
Sponsor Company:	Diamond Group Company
Contact Details:	Mr. Hisham M. M. Dawoud Omar Al-Mukhtar St. Hebron, Palestine Mobile: +970-59-9679448 Email: diamond_group_pal@yahoo.com
Total Cost of the Project:	US\$ 425,000
Investment by Current Owners:	US\$ 175,000
Required Investment:	US\$ 250,000

Project Description:

Diamond Group Company is seeking a financing partner that will assist in the establishment of a company that will manufacture toilet and tissue paper.

In Palestine the recycling process is a new concept and recent studies show that an average Palestinian dispose approximately 2 KG per year, out of those 2 kilos, 15% is in the form of paper products waste. Only 1% of total solid waste is recycled, 30% is disposed in landfills and 60% in dumps.

The company intends to recycle paper waste and transform them into toilet and tissue paper. There are no companies in the Palestinian market that recycle cardboard boxes to produce toilet and tissue paper; however there are several Israeli companies doing that.

The company will target the local Palestinian market as well as the Israeli market since the running costs of this company will be lower, mainly due to cheaper labor force and lower expenses.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	12 months

Current Owners' Profile:

Diamond Group Co. was established in Hebron, in February 1999. Diamond Group Company started its operations as a distributor of small ceramic, specifically designed for kitchens and bathrooms, and later the company became a distributor of ceramic tiles.

In 2003, the owner of the company expanded the operations of the company to the design and manufacture of fountains. Diamond Group was the pioneer in this field in Palestine.

In 2006, the company further expanded its operations to the field of stone decorations as well as other marble based products.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide variety of products and interrelated sub sector branches. The sector lacks severely the adequate continuously available raw materials for the sustainability of the sector. But it has a great advantage of the dedicated hard working and resilient business community. The business community, as a driving force for the industry, was able to achieve several successes during difficult uncertain conditions.

One of the main features of industry was its connectivity to the Israeli economy. On one side this is a fatal threat to industry because its success is subject to the Israeli priorities, not the Palestinian priorities, and it is a known fact that most of these priorities are not business related and highly politicized. On the other hand, industry has benefited from Israeli business connections elsewhere in the world.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations and works on developing and upgrading industrial performance. The federation started its work in 1999 with a representation of six industrial associations. Today, thirteen different industrial associations are members of the federation.

Industry is playing an important role in the economic and social well being of the Palestinian society. It employs about 13% of the total workforce and it contributes 16% to the GDP. Exports were (and still are) a good economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties, the political uncertainty and turbulences have affected the industrial sector negatively.

A slight shift was noticed in the structuring of industry that is related to both political changes and international economic changes and globalization sequences. The leather and shoe making industry and the garment and textile industry are examples of badly affected industries. Contrary to that, Pharmaceutical industries and marble and stone industries were good examples of positive change

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Pioneer in Palestine in recycling cardboard boxes to produce toilet and tissue paper Raw materials are available in large quantities and its cost is very low, since the main raw materials (Cardboard boxes) are waste products 	<ul style="list-style-type: none"> Owners lack financial resources

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Demand is increasing for similar products Reduce dominance of similar products from Israel and international countries 	<ul style="list-style-type: none"> Political instability

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	320,000	409,600	524,288	550,502	578,028
Gross Profit	215,300	283,960	373,520	392,196	411,806
Net Income	166,808	229,520	310,862	327,928	345,846
Cash Flow Accounts					
Operating Cash Flow	194,100	257,920	341,312	358,378	376,296
Investing Cash Flow	(10,000)	(12,000)	(15,000)	0	0
Financing Cash Flow	425,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	591,808	821,328	1,132,190	1,460,118	1,805,964
Total Liabilities					
Total Equity	591,808	821,328	1,132,190	1,460,118	1,805,964
Profitability Indicators					
Return on Assets	28.19%	27.94%	27.46%	22.46%	19.15%
Return on Equity	28.19%	27.94%	27.46%	22.46%	19.15%

Project Number:	PIC-2010-IO-019
Project Name:	Concrete Pipes and Manhole Factory
Sponsor Company:	El-Khaesie Co. for Industry, General Trading & Contracting Ltd.
Contact Details:	Mr. Yaser El-Khaesie Sha'af Embead, Gaza, Palestine Tel: +970-8-2802614 Fax: +970-8-2802614 Email: alkhasi_co@hotmail.com
Total Cost of the Project:	US\$ 820,000
Investment by Current Owners:	US\$ 420,000
Required Investment:	US\$ 400,000

Project Description:

El-Khaesie Co. for Industry, General Trading & Contracting Ltd. is seeking a partnership with a strategic/financing partner that can help in the establishment of concrete pipes and manhole factory in the city of Gaza.

The factory will be offering a family of concrete pipes (80cm and 100cm) and manholes in different sizes to be used mainly in infrastructure projects for both private and public sectors that are implemented in the different cities of the Gaza Strip. The main prospective clients of the factory include: contractors, municipalities, Ministry of Housing, engineers and project developers.

Project Development Time Table:

	Expected number of months from finance availability
Preparing the Land	July 2010
Building and Construction Starting Date	July 2010
Building and Construction Completion Date	September 2010
Equipment and Furniture Procurement	August 2010
Operations Start Date	September 2010

Current Owners' Profile:

El-Khaesie Co. for Industry, General Trading & Contracting Ltd. was established in 1995 by Mr. Yaser El-Khaesie, as a company working in the field of construction. Today, Mr. El-Khaesie is considered one of the leading contractors in the Gaza Strip.

El-Khaesie Co. is classified by Palestinian Contractors Union in the following field:

- Public work: First
- Electro Mechanics: First
- Water and Sewerage: First
- Roads: First B
- Building: Second

The company is owned by Yaser El-Kaesie (70%) and Abdel Hakeem El-Khaesie (30%).

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions

translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Long experience in construction and contracting • The company will provide 50% of the initial fund needed 	<ul style="list-style-type: none"> • Large funds is needed

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> • Demand on construction and infrastructure material is growing • Rebuilding Gaza following the Israeli military operation • Medium level of local competition 	<ul style="list-style-type: none"> • Current political and security conditions in Gaza • Economical and political instability in the Gaza Strip • Lack of raw materials (cement) due to Israeli blockade on the Gaza Strip

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	333,333	1,400,000	1,848,000	2,106,720	2,212,056
Expenses	229,368	928,104	1,199,589	1,361,391	1,429,090
Gross Profit	103,965	471,896	648,411	745,329	782,966
Depreciation	21,867	65,600	65,600	65,600	65,600
Net Income	82,099	406,296	582,811	679,729	717,366
Cash Flow Accounts					
Operating Cash Flow	(89,368)	98,563	426,277	616,937	653,698
Investing Cash Flow	(740,000)	0	0	0	0
Financing Cash Flow	820,000	0	(500,000)	(500,000)	(500,000)
Balance Sheet Accounts					
Total Assets	942,099	1,348,395	1,435,205	1,617,135	1,836,810
Total Liabilities	40,000	40,000	44,000	46,200	48,510
Total Equity	902,099	1,308,395	1,391,205	1,570,935	1,788,300
Profitability Indicators					
Return on Assets	8.71%	30.13%	40.61%	42.03%	39.05%
Return on Equity	9.10%	31.05%	41.89%	43.27%	40.11%

Galvanized Iron Production

Project Number:	PIC-2010-IO-022
Project Name:	Galvanized Iron Production
Sponsor Company:	Electrical Production Company
Contact Details:	Mr. Mohammad Shaban Sawadeh Omar Al-Mokhtar St. Gaza City, Gaza Strip, Palestine Omar Faraj Shaban Al-Soodeh Tel: +970-8-2862105 Email: elecengi@palnet.com
Total Cost of the Project:	US \$ 7,115,235
Investment by Current Owners:	US \$ 3,557,618
Required Investment:	US \$ 3,557,617

Project Description:

The Electrical Production Company is proposing a project to build two factories in Gaza, one for producing steel poles and arms, in different sizes and shapes, and the other is for the galvanization process. Currently there is no local manufacturer for such products. Locally produced poles and arms can result in a 15% reduction in price.

Major clients will be contractors working in infrastructure projects, as well as municipalities and electricity distribution companies. The project will be the first of its kind in Gaza Strip, there is only one similar project in the West Bank and there are few similar manufacturers in Israel.

The project will follow different approaches in promoting and selling its products that will include the direct selling, selling through wholesalers and retailers of similar products, and participation in governmental and donors' funded infrastructure projects.

Project Development Time Table:

Land Development & Improvement	August 2010
Building and Construction start Date	September 2010
Building and Construction Completion Date	August 2011
Furniture & Equipment Procurement	September 2011
Operations Start Date	October 2011

Current Owners' Profile:

The owner, Mr. Mohammad Shaban Sawadeh, has extensive knowledge and experience

in the production and the galvanization process. He has already identified a team of skilled workers who have previously worked in similar projects inside Israel.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the sector. The industry needs to be equipped with testing facilities and know-how to cope with increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US\$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Extensive experience of owner and team Reduced shipping and production costs 	<ul style="list-style-type: none"> High up-front capital requirements

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Potential ability to venture into the West Bank market High demand for steel products 	<ul style="list-style-type: none"> Ongoing political instability Possible shortage of raw materials

Financial Projections in US\$ for the whole project

Indicators	2011	2012	2013	2014	2015
Income statement Accounts					
Revenues	3,085,938	9,841,797	10,333,886	10,850,582	11,393,111
Gross Profit	1,227,981	3,868,141	4,061,547	4,264,626	4,477,857
Net Income	1,077,493	3,408,859	3,594,055	3,788,512	3,992,392
Cash Flow Accounts					
Operating Cash Flow	898,522	3,730,132	3,871,140	4,065,611	4,269,504
Investing Cash Flow	(4,807,100)	0	0	0	0
Financing Cash Flow	7,115,235	(2,556,644)	(2,695,541)	(2,841,384)	(2,994,294)
Balance Sheet Accounts					
Total Assets	8,192,728	9,091,348	9,992,182	10,941,747	11,942,403
Total Liabilities	0	46,405	48,726	51,162	53,720
Total Equity	8,192,728	9,044,943	9,943,457	10,890,585	11,888,683
Profitability Indicators					
Return on Assets	13.15%	37.50%	35.97%	34.62%	33.43%
Return on Equity	13.15%	37.69%	36.14%	34.79%	33.58%

Project Number:	PIC-2010-IO-023
Project Name:	Palestine Aluminum Manufacturing
Sponsor Company:	AI – Orobah for Import and Export and Industry Co.
Contact Details:	Mr. Ala' Abu Ein – General Manager Tel: +970-2-2900742 Fax: +970-2-2900750 Email: alaabuein@yahoo.com Website: www.abueingroup.com
Total Cost of the Project:	US\$ 900,000
Investment by Current Owners:	US\$ 600,000
Required Investment:	US\$ 300,000

Project Description:

AI-Orobah company is looking for a partner to invest in a project for producing kitchenware from Aluminum and Tefal materials, starting from the production of the raw materials themselves that are used in the production process, both from pure and recycled materials. When produced locally, these raw materials will be cheaper than importing, helping to reduce the cost of production for AI-Orobah, as well as other Palestinian manufacturers, wishing to purchase their raw materials from the company. The project will mainly target the Palestinian market, but it will also target the Israeli market, the Jordanian market and the Gulf markets.

Project Development Time Table:

Land Purchase	Directly after funding
Building Construction	4 months after funding
Equipment Order	1 months after funding
Receiving Equipment	3 months after funding
Equipment Installation	1 month after receiving the equipment

Current Owners' Profile:

AI-Orobah for Import & Export & Industry Co. is one of Abu Ein Group companies. Overseeing the management of the factory today, AI Orobah Co. specializes in importing, manufacturing and distribution of all forms of household appliances, in addition to plastic garden furniture.

The project will be closely managed by the General Manager of Al- Orobah for Investment & General Trading Co. and Al-Orobah for Import & Export & Industry Co., Mr. Ala Abu Ein. Mr. Abu Ein was the general manager of the Jordan Aluminum & Copper Factory.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide array of products and interrelated sub-sectors. The sector is severely hampered by the lack of consistent raw material availability due to stringent Israeli restrictions on imports. However, one major mitigating factor has been dedicated, hard working, and resilient nature of the local business community. The highly adaptable Palestinian private sector as a whole has been the driving force for the industry, allowing it to achieve some level of success despite the harsh economic environment created by the Israeli occupation.

One of the main features of industrial sector has been its close connection to the Israeli economy. On one hand this is an unhealthy dynamic as it creates a certain reliance on Israeli economic ties, which are not forged on a level playing field. On the other hand, the industrial sector has undeniably reaped some benefits from Israeli business connections both locally and internationally.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations while working on improving Palestinian industrial performance. The federation began its work in 1999 by representing six industrial associations. Today, the federation counts thirteen different industrial associations as members.

Industry plays an important role in the economic and social well-being of Palestinian society. It employs about 13% of the total workforce and contributes 16% to the GDP. Exports have been a positive economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties; however political turmoil has since had an adverse impact on the industrial sector. The leather and shoe making industry as well as the garment and textile industry are examples of badly affected industries. On the other hand, the pharmaceutical and marble & stone industries are examples of sub-sectors that have managed to thrive despite the challenging economic and political circumstances

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Excellent performance during the past period None of the products is locally produced 	<ul style="list-style-type: none"> Lack of additional financial resources from the current owner

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> The opportunity to export to other markets such as the Israeli and Jordanian markets 	<ul style="list-style-type: none"> Political instability

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	-	672,000	772,800	888,720	1,022,028
Gross Profit	-	272,400	319,656	369,782	427,646
Net Income	-	,141,792	176,145	212,374	254,515
Cash Flow Accounts					
Operating Cash Flow	-	181,792	208,417	243,487	284,295
Investing Cash Flow	(700,000)	-	-	-	-
Financing Cash Flow	700,000	200,000	(88,072)	(106,187)	(127,257)
Balance Sheet Accounts					
Total Assets	700,000	1,041,792	1,129,864	1,236,051	1,363,309
Total Liabilities	-	-	-	-	-
Total Equity	700,000	1,041,792	1,129,864	1,236,051	1,363,309
Profitability Indicators					
Return on Assets	-	14%	16%	17%	19%
Return on Equity	-	14%	16%	17%	19%

Project Number:	PIC-2010-IO-026
Project Name:	Decorative Tiles and Bricks Manufacturing
Sponsor Company Individual:	Mr. Shehada M. H. Elnajjar
Contact Details:	Main Street Khan Younis, Gaza Mobile: +970-59-9429977 Email: smhnajjar@hotmail.com
Total Cost of the Project:	US\$ 221,711
Investment by Current Owners:	US\$ 66,513
Required Investment:	US\$ 155,198

Project Description:

Shehada M. H. Elnajjar is seeking a strategic investment partner that will assist in establishing a company to manufacture floor tiles, roof tiles and decorative bricks which will be used for walkways, sidewalks and the roofs of residential and commercial buildings.

The company will target the local market to include all provinces in Gaza since this company will have no local competition in Gaza, therefore the company will have 95% of the local market share.

The company's clients will consist of decorative tile and brick businesses, construction companies, retail stores and whole sale agents of building materials.

The company will distribute the products to all provinces in the Gaza Strip through wholesale dealers ensuring that their price will be competitive and at least 20% cheaper than Israeli companies. The company intends to produce high quality tiles and bricks at very reasonable prices. Tiles and bricks manufactured from Israel are not less than 4 NIS per tile while the company intends to manufacture and sell their tiles at a price of 3.25 NIS or less.

The company will also have of transportation vehicles for delivering the products in order to expedite clients' orders in a professional manner and ensure customers satisfaction.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	3 months

Current Owners' Profile:

Shehada M. H. Elnajjar was born in Khan Younis, Gaza in 1950. Mr. Elnajjar was the Sales Executive for British Caledonian Airlines for ten years. Mr. Elnajjar founded and established Cairo 2000 Company which specializes in importing and exporting of goods as well as jewelry trading.

Mr. Elnajjar was the president of Khouza Khan Younis's Municipality and held this responsibility for 5 years. In 2001, Mr. Elnajjar established ELAF Company which specializes in trading and contracting.

Mr. Elnajjar has more than twenty five years of extensive experience in the industry and intends to achieve his goal that is assisting to better develop Gaza.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and

readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Limited local competition Minimize Palestinian companies' reliance on Israeli and International companies The company will have its' own transportation vehicles to deliver products in a timely manner to their clients 	<ul style="list-style-type: none"> Owners lacks financial resources

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> There is a growing demand for these products 	<ul style="list-style-type: none"> Political instability and blockade on Gaza

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	411,184	472,862	520,148	546,155
Gross Profit	0	178,592	205,381	225,919	237,215
Net Income	(14,457)	102,421	120,644	134,614	142,298
Cash Flow Accounts					
Operating Cash Flow	(6,000)	79,220	97,132	107,345	113,148
Investing Cash Flow	(214,961)	0	0	0	0
Financing Cash Flow	221,711	0	(100,000)	(100,000)	(100,000)
Balance Sheet Accounts					
Total Assets	207,254	317,675	339,519	375,053	417,857
Total Liabilities	0	8,000	9,200	10,120	10,626
Total Equity	207,254	309,675	330,319	364,933	407,231
Profitability Indicators					
Return on Assets	(7%)	32%	36%	36%	34%
Return on Equity	(7%)	33%	37%	37%	35%

Project Number:	PIC-2010-IO-029
Project Name:	Reinforcing Bars Manufacturing
Sponsor Company:	Watan for Investment and Development
Contact Details:	Al-Irsal Street Ramallah Tel: 970-2-2965215 Email: jeri@palnet.com
Total Cost of the Project:	US\$ 23,555,000.00
Investment by Current Owners:	US\$ 23,555,000.00

Project Description:

Watan for Investment and Development is seeking a financing partner to assist in establishing a company that will manufacture reinforcing bars, also known as rebar, which are produced all over the world and are used for various construction applications. The reinforcing bars are most commonly used to reinforce concrete and masonry units. Rebar is manufactured from steel billets through hot rolling mills. The company intends to manufacture the rebar in different sizes that range from 8 mm to 32 mm in length and from 6 m and above depending on the clients' requested size(s).

The company's primary target market will be the local construction industry, residential and housing, social, commercial and industrial construction sectors. The estimated size of the Palestinian market in 2007 was 336,000 tons, of which 236,000 tons were consumed by the West Bank and about 100,000 tons were imported by the Gaza Strip. In 2009, the construction and real estate markets were growing and the projects introduced new cities and neighborhoods along with affordable housing. As a result of new developments, the demand has increased and the consumption is estimated at 450,000 tons.

The company's competitive advantages include the following:

1. Location: The proximity of low labor costs, and low average income families makes Jenin suitable for a production facility;
2. Palestinian National Interests & Sustainable Development: The company will market the product as high quality steel for construction products, touting the strategic benefits of developing the local steel industry for the sake of Palestinian national interests and sustainable development;

3. **Excellent Customer Service:** Currently, local rebar producers suffer from a bad reputation following years of poor customer service;
4. **Economies of Scale:** Leveraging economies of scale will allow the company to keep operating costs down, passing the savings onto customers;
5. **Wide Product Range:** The factory will produce small-size diameters of 8 mm and 10 mm which are currently being imported at very high prices.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	18 months

Current Owners' Profile:

Watan for Development and Investment, an offshore holding company was founded in 2009, is involved in various commercial activities in Palestine and other Arab countries, including agriculture and industries such as construction and real estate development. Watan aims to contribute to the economic and social development of Palestine by building the economy and enhancing its competitiveness through the establishment of companies with potential for strong economic returns and positive community development impact.

Watan was registered in Palestine as a public shareholding company with a capital of US\$ 100 million. The founders and strategic partners own 75%, while the remaining 25% equity stake is shared among public shareholders.

Industry Highlights:

The metal industry is served by an association which represents 40 major firms working in the sector. A rough estimate of the number of firms working in this industry is 120. The average number of workers in the sector is estimated to be 1000.

Sector diversification:

The sector is comprised of the following diversified fields: metal doors, aluminum profiles, iron and steel rods, welding and abrasive materials, nails and steel rods, metal furniture, scales, stone machinery, packaging machinery, lathing, agricultural machinery, municipal containers, kitchen wear, electric circuit boards and other specialized workshops.

Quality as an advantage:

Product quality in this sector is usually measured in terms of life-span. The majority of the products are either used in support of the industry itself, or as complementary parts to

other businesses. Given how much other working parts in any construction or industrial process rely on their metal counterparts, quality is extremely important. PSI standards and specifications are valid only for some of these products; ISO certificates and fire prevention certificates have been acquired by some but not all of the firms in the sector.

Technical position and capacity:

The total production capacity barely reaches 40% among the sampled companies. Technically speaking there is a significant variation in the level of technology used in the sector. The industry needs to be equipped with testing facilities and know-how to cope with increasing technological and quality-related specifications. Academic networking with the industry is also vital to the development of this industry.

Marketing position:

The metal sector has been involved in the export market for decades, and continues to be despite the heavy restrictions on movement imposed by Israeli authorities. Welding materials and abrasives have traditionally been the main exports. However, the opportunity exists for moving into new export markets with a wider variety of metal products, such as metal doors, stone machinery and packaging machinery. Locally, there is strong competition from Israeli and imported materials, mainly Chinese. Unfortunately, PSI is not active with regards to verifying the quality of imported materials. It would be beneficial to set strict regulations with regards to competing imports in order to maintain fair competition in the market.

Financial position:

There are no precise figures indicating the total level of investment in the sector. However some industry experts have stated that the total amount of investments exceeds US\$ 100 million. According to the sample firms, 100% of them would like to invest in new machinery and 80% will invest in seeking new markets.

Industry problems and needs:

This industrial sector's most pressing needs can be summarized by the following points:

- Increasing industry regulations in order to promote fair competition;
- Designing a package of promotional and technical assistance to assist in opening new export markets;
- Equipping the industry with proper testing facilities and linking companies properly with relevant academic institutions;
- Investing in development of alternatives energy sources and to decrease power-related costs;
- Encouraging more environmentally-friendly practices such as industrial waste recycling.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Reinforcing bars are used worldwide and are essential for building Extensive industry experience Real estate development is booming in Palestine 	<ul style="list-style-type: none"> Lack of fully equipped testing laboratories

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Growing demand for construction materials No end in sight for Palestinian residential and commercial real estate boom = ongoing demand for rebar 	<ul style="list-style-type: none"> Political instability Difficulty to insure industrial investments in light of political risk Fluctuation of metal prices

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	82,160,000	116,800,000	154,940,000	162,687,000
Gross Profit	0	1,800,000	4,480,000	15,930,000	16,726,500
Net Income	0	796,500	3,466,500	14,906,500	15,698,500
Cash Flow Accounts					
Operating Cash Flow	0	(1,351,000)	3,101,000	14,409,750	16,341,488
Investing Cash Flow	(13,225,000)	0	0	0	0
Financing Cash Flow	23,555,000	0	(10,000,000)	(10,000,000)	(10,000,000)
Balance Sheet Accounts					
Total Assets	23,550,000	24,351,000	27,818,000	32,724,500	38,423,000
Total Liabilities	0	0	0	0	0
Total Equity	23,550,000	24,351,000	27,818,000	32,724,500	38,423,000
Profitability Indicators					
Return on Assets	0	3.27%	12.46%	45.55%	40.86%
Return on Equity	0	3.27%	12.46%	45.55%	40.86%

Project Number:	PIC-2010-IO-031
Project Name:	Natural Textile Manufacturing
Sponsor Company:	Qalqilya Municipality
Contact Details:	Qalqilya Municipality Mr. Samer Dwabash Mobile: +970-59-7916585 Email: abdalmom@yahoo.com
Total Cost of the Project:	US\$ 1,065,000
Investment by Current Owners:	US\$ 265,000
Required Investment:	US\$ 800,000

Project Description:

Qalqilya’s Municipality is seeking a financing partner to assist in establishing a company that will manufacture natural textiles. The company will also house a natural products laboratory and agricultural research center.

The project aims to increase Qalqilya’s revenues as well as to improve public services. Additionally the project intends to create employment and trade opportunities by providing competitive high quality natural textiles.

The project aims to target all agricultural centers, farmers and all countries in the Middle East.

The expected local competition the project might face is very limited, and the market share in the Northern part of Palestine is currently about 25% only, while the projects share will reach up to 75%.

The City of Qalqilya has lots of land where many farmers are producing a wide variety of goods yearly. Qalqilya is very close to the green line therefore the project will be able to attract Palestinians living in Israel to purchase their products. Additionally the farmers in Qalqilah have extensive experience in farming, and the lands’ soil is appropriate to produce many goods.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	18 months

Current Owners' Profile:

Qalqilya Municipality was established in 1912 by the first local council in accordance with a specific structure of the family under the chairmanship of the late Omar Hussein Younis.

Qalqilya Municipality provides various services to its citizens and those in the surrounding villages through its various departments that work under the supervision of the mayor and the municipal council which consists of 15 members.

Qalqilya Municipality has been developing the educational system in the city through its substantial contribution of building schools as a result of the growing need for educational units and constant maintenance of all schools and educational facilities. The Municipality also supports the city's health sector by tackling the environmental pollution, and finding appropriate waste management methods. Additionally, the municipality is trying to overcome the high level of unemployment rates, by creating job opportunities and connecting to donor countries to assist in the agricultural sector since Qalqilya's land is very well known for its healthy soil and quality produce. Despite the Municipality's efforts to improve the citizen's standard of living and Qalqilya's overall economy, they still suffer tremendously from the political situation which has led to the closure and the economic embargo on the Palestinian territories and in particular the city of Qalqilya. However, Qalqilya's Municipality is making great efforts to maintain the quality and efficiency of the services it provides to its citizens.

Industry Highlights:

The Palestinian industrial sector is categorized by its wide variety of products and interrelated sub sector branches. The sector lacks severely the adequate continuously available raw materials for the sustainability of the sector. But it has a great advantage of the dedicated hard working and resilient business community. The business community, as a driving force for the industry, was able to achieve several successes during difficult uncertain conditions.

One of the main features of industry was its connectivity to the Israeli economy. On one side this is a fatal threat to industry because its success is subject to the Israeli priorities, not the Palestinian priorities, and it is a known fact that most of these priorities are not business related and highly politicized. On the other hand, industry has benefited from Israeli business connections elsewhere in the world.

The sector is represented by the Palestinian Federation of Industries (PFI). The PFI advocates for better industrial policies and regulations and works on developing and upgrading industrial performance. The federation started its work in 1999 with a representation of six industrial associations. Today, thirteen different industrial associations are members of the federation.

Industry is playing an important role in the economic and social well being of the Palestinian society. It employs about 13% of the total workforce and it contributes 16% to the GDP. Exports were (and still are) a good economic ambassador for the entire Palestinian cause. The rapid growth of industry was notable during the nineties, the political uncertainty and turbulences have affected the industrial sector negatively.

A slight shift was noticed in the structuring of industry that is related to both political changes and international economic changes and globalization sequences. The leather and shoe making industry and the garment and textile industry are examples of badly affected industries. Contrary to that, Pharmaceutical industries and marble and stone industries were good examples of positive change.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> The City of Qalqilya has lots of land where many farmers are producing a wide variety of goods yearly Qalqilya is very close to the green line therefore the project will be able to attract Palestinians living in Israel to purchase their products The lands soil is appropriate to produce a large range of goods 	<ul style="list-style-type: none"> Lack of financial resources
External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Opportunity to create employment and trade opportunities by providing excellent high quality natural textiles 	<ul style="list-style-type: none"> Political instability

Financial Projections in US\$

Indicators	2010-2011	2012	2013	2014	2015
Income statement Accounts					
Revenues		132,000	138,600	145,530	152,807
Gross Profit		66,000	69,300	72,765	76,403
Net Income		33,000	34,650	36,383	38,202
Cash Flow Accounts					
Operating Cash Flow		36,300	38,115	40,021	42,022
Investing Cash Flow	(1,015,000)	0	0	0	0
Financing Cash Flow	1,065,000	0	0	0	0
Balance Sheet Accounts					
Total Assets	1,065,000	1,098,000	1,132,650	1,169,033	1,207,234
Total Liabilities	0	0	0	0	0
Total Equity	1,065,000	1,098,000	1,132,650	1,169,033	1,207,234
Profitability Indicators					
Return on Assets	0.00%	3.01%	3.06%	3.11%	3.16%
Return on Equity	0.00%	3.01%	3.06%	3.11%	3.16%

Hakoura Gold Chains Production

Project Number:	PIC-2010-IO-035
Project Name:	Hakoura Gold Chains Production
Sponsor Company:	Ghattas Hakoura & Sons Jewellery
Contact Details:	Mr. Yacoub Ghattas Yacoub Hakoura / Manager Omar Al Mokhtar St. Gaza, Palestine Tel: +970-8-2869843 Mobile: +970-59-9100051, +970-59-9408653 Email: jacknjewellery@hotmail.com
Total Cost of the Project:	US\$ 1,050,000
Investment by Current Owners:	US\$ 525,000
Required Investment:	US\$ 525,000

Project Description:

Mr. Yacoub Hakoura is seeking a strategic partnership with an investor to produce gold chains and other jewellery. The idea of this project is to produce gold chains that are needed by jewellery factories and retail stores. The production of gold will include chains to be used as part of sets and other jewellery items, chains to be used for pendants, and necklaces.

The owner of the idea has extensive experience working as a goldsmith, producing a wide variety of necklaces, rings and bracelets. Market assessments reveal that Gaza Strip lacks any automated production of gold chains. The project will benefit from the following advantages as part of its operational and marketing strategy:

- High product quality, based on the usage of very sophisticated fully automated chain machines (Italian Machinery);
- Leveraging Hakoura's strong reputation in the Gazan goldsmith market;
- Utilizing past successful marketing strategies to sell gold products; and
- Updating current designs in line with European (Italian) and international manufacturers.

The project's customers are gold shops in the Gaza Strip in addition to individuals. Ghattas Hakoura & Sons Jewellery is seeking a strategic partnership with an investor who is willing to collaborate on the establishment of this new line of gold production in the Gaza strip.

Project Development Time Table:

Infrastructure Development	Not Applicable
Building and Construction Date	Not Applicable
Building and Construction Completion Date	Not Applicable
Furniture & Equipment Purchase	August 2010
Operations Start Date	August 2010

Current Owners' Profile:

It was in 1939 when Ghattas Yacoub Hakoura at the age of nineteen, started to lay the foundations for a life-long business, starting as a simple goldsmith, who travelled from Gaza to Beer Sheeba with his mother as she searched for a place to earn some money for her family by making dresses for bedouin women. From Beer Sheeba he travelled to the city of Ramleh and finally to Jaffa where he was trained to work as a goldsmith. Upon his return to Gaza, Hakoura quickly established himself as one of the two leading goldsmiths; eventually opening his own jewellery shop.

Mr. Hakoura was well known as one of the foremost two jewellers and goldsmiths in Gaza. His knowledge and experience matured in this field, leading him to become one of the most successful jewellers in recent Gazan history. Today the tradition continues thanks to the legacy he left with his sons, who founded Ghattas Hakoura and Sons Jewellery Company. They now own the largest two branches of the leading jewellery business in Gaza; a dynamic company with a natural talent for creating new and beautiful designs. The company satisfies the various requirements of different consumer tastes, offering its clients a wide assortment of items in 24 kt, 22 kt, 21 kt, and 18 kt.

Ghattas Hakoura & Sons Company's market share within the Gaza Strip exceeds 80%, and is currently employing 27 employees, three administrative employees, one certified mechanical engineer, 20 certified jewellery technicians, one executive secretary, and one advertising specialist.

Industry Highlights:

Palestine's Jewellery sector has witnessed major growth since the establishment of the Palestinian National Authority. Investments were undertaken in the establishment of many new workshops, particularly in Hebron to supply the local market with jewellery.

The market is monitored by the Ministry of National Economy whose reports indicate an average of approximately 370 Kg of golden jewellery production per month.

Gold and silver jewellery is deep rooted in Palestinian tradition, particularly for brides and accordingly the market is expected to continue its natural growth. Yet, the dramatic increase in gold price on the global market has had repercussions on the Palestinian market. Traditionally, brides are given certain amounts of gold as part of their marriage dowry, as gold prices have risen, grooms' families have begun giving money as a dowry instead of gold.

On the other hand however, gold is seeing a resurgence as a popular investment commodity. Due to recent price increase, investors have begun purchasing gold in the hopes that it will maintain its long-term value more consistently than currencies such as the US Dollar or the Jordanian Dinar.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Utilization of sophisticated production machinery Decades' experience in the production and marketing of gold products Excellent reputation among merchants and customers 	<ul style="list-style-type: none"> High upfront capital requirements

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Constant natural increase of demand on Gold Potential for export to the Egypt 	<ul style="list-style-type: none"> Israeli-imposed blockade on Gaza Inability to import raw materials, or other needed tools and equipment

Financial Projections in US\$ for the whole project (old and new investments)

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	83,333	600,000	600,000	630,000	661,500
Direct Expenses	60,533	332,616	332,616	349,247	366,709
Gross Profit	22,800	267,384	267,384	280,753	294,791
Indirect Expenses	41,100	119,875	116,875	119,429	122,700
Net Income	(18,300)	147,509	150,509	161,324	172,091
Cash Flow Accounts					
Operating Cash Flow	(11,133)	309,676	318,509	334,924	351,971
Financing Cash Flow	(600,000)				
Investing Cash Flow	1,050,000	(36,877)	(37,627)	(40,331)	(43,023)
Balance Sheet Accounts					
Total Assets	1,033,700	1,144,332	1,257,214	1,378,307	1,507,480
Total Liabilities	2,000	2,000	2,000	2,100	2,205
Total Equity	1,031,700	1,142,332	1,255,214	1,376,207	1,505,275
Profitability Indicators					
Return on Assets	-1.77%	12.89%	11.97%	11.70%	11.42%
Return on Equity	-1.77%	12.91%	11.99%	11.72%	11.43%

Stylish Stained Glass

Project Number:	PIC-2010-IO-119
Project Name:	Stylish Stained Glass
Sponsor Company:	Stylish Stained Glass
Contact Details:	Mr. Mervat Jaqman Tel: +970-2-2741969 Mobile: +970-59-9396927 Email: mervat@stylishstainedglass.com Website: www.stylishstainedglass.com
Total Cost of the Project:	US\$ 27,231
Investment by Current Owners:	US\$ 10,591
Required Investment:	US\$ 13,280
Debt:	US\$ 3,360

Project Description:

Stylish Stained Glass is seeking a financing partner in order to help develop its current small home studio. The owner is willing to expand the business by constructing trendy displays to show off Stained Glass products in order to draw more customers.

The owner is looking for financial assistance to facilitate the purchase of some essential tools, supplies and advanced equipment. In addition the owner wants to build a room to store the finished products and exhibit them to his prospective customers.

Project Development Time Table:

Equipment Purchase	3 months after funding
Renting the Exhibition	4 month after funding
Furniture Purchase	4 month after funding

Current Owners' Profile:

Stylish Glass factory is a new established business located in Bethlehem. The owner has learned this hand craft in 2004 at the International Center in Bethlehem, for the sake of creating a new and rare art in the area. Moreover, her main goal is to help and support her family as to have better standard of living.

Stylish Stained Glass is the name of the new factory which presents a very unique variety of colored glass made of recycled and raw glass. The factory produces high end home garnishes, office accessories, gifts, made to order glass art work, and special ornaments for Christmas and Easter.

Industry Highlights:

Bethlehem is the number one attraction for pilgrims and tourists. The number of olive wood workshops has decreased from about 160 to 135, where 12 of them have reasonable size operations and the remainders are small. The mother-of-pearl workshops have also sharply declined from about 130 to 15 working operations. Hebron was famous for family owned pottery, glass and ceramic workshops. Today, very few of these workshops still exist in each category. Other sectors of handicrafts are scattered all over the West Bank.

Sector diversification:

The sector is composed of diversified components. These are classified as oriental handicrafts; olive wood carving, mother-of-pearl, ceramics, glass works, pottery, embroidery, carpet knitting, wax, sham jewelry and other hand works.

Quality as an advantage:

The quality of these products is derived from being handmade which adds a great value to it. Quality is seen in the surface finish appearance and results from good chosen raw materials. A certificate of excellence is issued by some chambers but nothing to do with PSI. Traditionally, this industry was related to the tourism sector. Hence, thousands of skilled people, especially in Bethlehem area, were specializing in this sector. So, this represents a great value to the local population there, and it is one of its features.

Technical position and capacity:

Generally speaking, the industry is working on low capacity in most of the fields. Since this industry is highly sensitive to tourism, the last decade has shown some shifts in production. Smaller workshops have vanished and fewer workshops have grown their production capacity and sales. The mother-of-pearl workshops have declined sharply and also ceramic and glass art works.

The industry has a rich capacity of skilled labor and traditional culture in this regard. It is also moving towards more exports and therefore the need for development is highly urgent. Most of the machinery and hand tools are old and need to be upgraded. One great feature of this industry is low investment, and hence any development will create substantial effects on production. This industry needs an overhaul when it comes to the use of modern technologies and developments in machinery and design.

Marketing position:

Traditionally, handicrafts products used to be sold locally to tourists and pilgrims. The activities carried out by promotional institutions and chambers, and the holding of regional and international cultural trade shows have opened the door for direct exports. Other major exports are sold in the American markets and some are sent there in the form of gifts. These

exports have created the need to change in the industry. Informal figures from the industry show that the volume of sales last year reached up to six million dollars, whereas the formal figures hardly reach the figure of one million dollars. The industry has a potential in the export market and can capitalize on the unemployed skilled labor.

Financial position:

The sector is categorized by low investments in machinery. It is largely dependent on skilled labor. Cash is needed in obtaining the necessary raw materials and in financing the workers until the receivables are in the account which might take months. The industry operators need the cash to finance their procurements. They are also looking for financing the opening up of potential markets.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> The owner experienced and qualified for this type of handcrafts The availability of labor 	<ul style="list-style-type: none"> Lack of additional financial resources from the current owner
External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> Great opportunity to export the products The possibility to design the products according to the customers' needs 	<ul style="list-style-type: none"> Political instability

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	58,065	77,419	96,774	106,452
Gross Profit	0	20,161	38,839	50,935	56,065
Net Income	(1,389)	5,299	21,995	31,356	34,811
Cash Flow Accounts					
Operating Cash Flow	(1,255)	7,956	25,170	34,754	38,177
Investing Cash Flow	(13,441)	(7,796)	(1,344)	(2,151)	0
Financing Cash Flow	14,907	13,182	(1,743)	(2,247)	(2,458)
Balance Sheet Accounts					
Total Assets	13,652	32,334	52,642	81,816	114,201
Total Liabilities	3,213	2,806	2,220	1,605	919
Total Equity	10,438	29,527	50,423	80,211	113,281
Profitability Indicators					
Return on Assets	(9%)	16%	42%	38%	30%
Return on Equity	(12%)	18%	44%	39%	31%

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