2008 Annual Stock Market Performance Overview

ABC Investments

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1.0 EXECUTIVE SUMMARY

Following a number of years of strong growth, the global economy has shifted into a state of transition, hovering now on the brink of a recession. The financial turmoil that first emerged in the United States as a result of the sub-prime mortgage debacle soon translated into a financial crisis on a global scale. Aggressive monetary actions by the U.S. federal reserve and massive liquidity injections worldwide have so far been unable to avert this crisis.

The strong growth of the global economy in previous years has shifted direction...

The financial crisis came to a head in August 2008 as financial institution after financial institution began to fail. Consumer and investor confidence evaporated, leading to huge selloffs causing stock markets and commodity prices on a global scale to collapse. Inter-bank lending dried up and interest-rate spreads surged. Moreover, in a state of panic, banks became reluctant to offer lending to businesses, driving otherwise healthy companies into bankruptcy, prompting aggressive cost-cutting policies and rising unemployment, creating a vicious circle with ever-more default on loans, hiking up banks' fears further. Since October 2008, emergency plans have been put into place, including a USD 700 billion emergency rescue plan by the United States, and a USD 460 billion equity injection and bank asset buyout in Europe, not to mention Europe's USD 2 trillion guarantee of bank debt.

... as the financial crisis and credit crunch in the United States spreads across continents

The domino effect of these developments has rippled through to developing countries, being impacted primarily by the credit crunch and the rapid fall in prices of oil. Soon, nothing was making money, with real estate practically coming to a halt and stocks being oversold. Oil-rich countries that had been generating fiscal surpluses from oil revenues soon found that this well of wealth had dried up. Investments were cut, and liquidity dissipated.

The table below illustrates the performance of stock markets in the region during 2008. The average decline for the indices stood at 44.31%, with Dubai being the worst hit, and Amman being the best performer, albeit with a 24.9% drop in its Index.

Performance of Indices in the Region in 2008

	Abu Dhabi	Amman	Bahrain	Cairo	Doha	Dubai	Kuwait	Muscat	Saudi Arabia
Index 31/12/07	4,551.80	3,674.96	2,755.27	10,549.74	9,580.45	5,931.95	12,558.90	9,035.46	11,175.96
Index 31/12/08	2,390.01	2,758.44	1,804.07	4,596.49	6,886.12	1,636.29	7,782.60	5,441.12	4,802.99
% Change	(47.49%)	(24.94%)	(34.52%)	(56.43%)	(28.12%)	(72.42%)	(38.03%)	(39.78%)	(57.02%)

Source: Zawya

The performance at the end of the year for Jordan contrasts sharply with the results of the first half of the year, where entirely different circumstances enveloped Jordan's economy; following the continued ascent in prices of oil in recent years, the Jordanian Government finally removed its subsidies on oil derivatives early in the year, leading to sharp increases in the prices of fuel in the local market. This, coupled with increases in prices of food and commodities globally, fed through to prices of goods and services offered within the Kingdom, leading inflation levels to soar to highs of almost 20%. Strategic stocks such as the Arab Potash Company, the Jordan Phosphate Mines, and the Jordan Petroleum Refinery all responded well to the rise in global prices, with their stock prices reaching record levels. While the high inflation benefited the stock market, as higher prices pass through to sales, it placed a burden on the spending power of the lower-income portion of the population in particular. Meanwhile, liquidity to the Kingdom soared, with remittances of Jordanians to the Kingdom reaching unprecedented levels, and FDI, particularly from Gulf countries, was strong, on the back of high oil-wealth in the GCC countries.

The Amman Stock Exchange's performance in the later part of 2008 contrasts sharply with its performance at the start of the year

However, as negative news continued to stream in on the situation in the United States, spreading rapidly to Europe, sentiment was hit hard, causing oil prices and prices of commodities to simultaneously collapse. With the global economy in a tailspin, spending was subdued, leading to a decline in foreign investment and a pull-out of existing investments as funds were redirected back to home countries. The poor conditions in the west left investors unnerved, triggering a liquidation of positions in developing country markets. This further exacerbated the loss of confidence in the market, causing stock markets to stagger to hefty losses, with some USD 30 trillion allegedly wiped out from equities world-wide in 2008.

Furthermore, the shift from soaring prices of oil and commodities to sharp declines in prices meant that companies were soon recording significant impairments in value of their assets. Inventories purchased at peak prices are now valued significantly below book values, feeding through as losses booked to profit and loss accounts.

The drop in prices of equities and inventories during the second half of the year led companies to record significant losses

Real estate companies that had been riding the wave of the real estate boom soon found that demand for property had dried up. Construction companies and developers that had previously been struggling to keep up with demand now have properties they are unable to offload. Moreover, developers in mid-projects are feeling the pinch with regards completing their projects as banks become more and more reluctant to offer credit.

Efforts have been made to ease the pressure on the construction sector in Jordan, including several agreements with banks by the Jordan Mortgage Refinance Company to guarantee and subsidise housing loans, not to mention the JD 200 million rescue plan proposed by the Government to support thirty-three real estate companies listed on the Amman Stock Exchange.

What will happen going forward remains to be seen. The Jordanian economy will inevitably be affected by the global slowdown, both directly and indirectly, and what cards the Central Bank and the Jordanian Government have up their sleeves remain unknown. Interest rates have been slashed a number of times by the Central Bank, but this has failed so far to boost spending or increase trading volumes in the stock exchange. Moreover, banks thus far have been reluctant to reduce interest rates on credit facilities, and are instead, tightening their restrictions and raising required collaterals. The sharp decline in liquidity bodes badly for Jordan's economy as a whole, and unless a way can be found to pump liquidity back into the stock market in the coming months, year 2009 is expected to be another tough year for the ASE.

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2.0 MARKET HIGHLIGHTS

Key Statistics	2003	2004	2005	2006	2007	2008
Number of Listed Company	161	192	201	227	245	262
Market Cap (JD Million)	7,772.8	13,033.8	26,667.1	21,078.2	29,214.2	25,406.3
Value Traded (JD Million)*	1,855.2	3,793.2	16,871.0	14,209.9	12,348.1	20,318
Average Daily Trading (JD Million)*	7.7	15.4	69.1	58.7	50.0	82.9
Traded Shares (Million)*	1,008.6	1,338.7	2,582.6	4,104.3	4,479.4	5,442.3
No. of Transaction (Thousand)*	786.2	1,178.2	2,392.5	3,442.6	3,457.9	3,780.9
No. of Trading Days	241	246	244	242	247	245
Turnover Ratio	49.1	58.2	94.1	101.1	91.2	91.5
Historical P/E Ratio	21.7	31.1	44.2	16.7	28.0	18.8
Historical P/BV Ratio	1.9	2.7	3.2	2.9	3.0	2.2
Non- Jordanian Buying (JD Million)	281.1	380.3	2,152.2	1,995.1	2,825.3	4,219.8
Non-Jordanian Selling (JD Million)	199.3	311.4	1,739.2	1,814.5	2,359.1	3,910.0
Net Investment of Non-Jordanian (JD Million)	81.8	68.9	413.0	180.6	466.2	309.8
Market Cap/ GDP %	116.8	184.7	326.6	233.9	289.0	226.3

* Based on one-sided transactions
Source: Amman Stock Exchange

3.0 MARKET PERFORMANCE

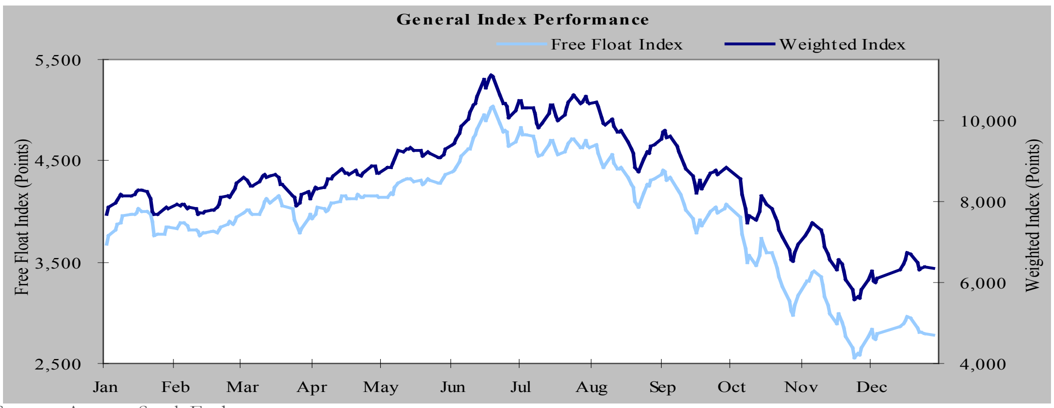
3.1 General Index Performance

What started off as a buoyant phase for Jordan's capital market soon transformed into its worst performance since the market bust of 2006. Following the start of a recovery upswing in late 2007, the General Index got off to a good start in 2008, rising by an impressive 29.9% during the first six months.

The bull market in H1 2008 led to the General Index rising by 29.9%....

Market conditions were supportive of a bull market, with high levels of liquidity in the market, on the back of rising FDI and remittances to the Kingdom as a result of increased oil-wealth in the GCC countries accompanying the soaring prices of oil. The rising inflation in the Kingdom, which reached double-digit figures, was supportive of strong equity market activity, a market which is viewed as a hedge against inflation. Moreover, blue-chips in the Jordanian mining industry benefited from the rising prices of commodities, a fact that was reflected in these stocks' performance. A substantial part of the boom in the stock market during the first half of 2008 can be attributed to the rise in share prices of these heavyweight blue-chips, primarily the Jordan Phosphate Mines and the Arab Potash Company, both of which reached their all-time highs of JD 66.99 and JD 99.00 respectively during this period.

... boosted by high liquidity levels as well as soaring prices of commodities such as phosphates and potash in the international market



Source : Amman Stock Exchange

As prices of oil, food and commodities continued to escalate, the Amman Stock Exchange saw its Index perform its best during the second quarter of the year, with April marking the beginning of the market's sharp ascent. The market penetrated the 4,000 point mark and managed to break through the 5,000 point level reaching its all time high of 5,043.7 points by mid-June, before declining to end the first half of the year at 4,772.2 points.

Liquidity and investor confidence began to shrink during the second half of the year...

As the second half of the year began to unfold, increased awareness of the significance of the U.S. credit crunch and financial crisis, along with the allegations of fraudulent activity by local brokerage companies dealing in international markets, marked an end to the Amman Stock Exchange boom. Liquidity began to shrink, pulling down with it investor confidence, and shifting the General Index into a downturn trend with July being the turning point of 2008. During the third quarter of the year, the market saw its index oscillate between the 4,700 point and 3,600 point mark, before closing the quarter at 4,073.8 points, down 14.6% compared to just three months earlier. Stock prices depreciated sharply during the period with the price of the Arab Potash Company, the most expensive stock in the market, dropping from its high of JD 99.0 on June 10th to JD 52.92, while the Jordan Phosphate Mines' share price saw a 16.2% drop in its share price, falling from JD 66.9 on June 19th to JD 49.30 by the end of September.

... leading the Index to decline by 42.6% during the six months

The fall of some of the world's largest investment banks in mid-September set the stage for the stock market gloom that was yet to come. The General Index continued to plummet in parallel with the free-fall of global and regional indices, as investors went into a selling frenzy to cut losses and realize what profits they could. By October, the Index had fallen to the 3,000 point mark, and didn't stop there. It continued its descent into November where it registered its lowest point for the year of 2,561.3 points. While December saw a slight upward correction in response to some positive activity in the global and regional markets, it didn't last long, with the Index continuing to fluctuate between 2,700 points and 2,900 points, ending the year at 2,758.4 points, losing almost 25% of its value since the start of the year, and 42.6% during the second half of the year.

The quick sell-off meant that any profits made in the first six months of the year soon evaporated, and a substantial proportion of the traded stocks were oversold. At the close of 2008, a significant 67 companies were trading at below par value, of which 53 had a book value greater than their market price.

3.2 Market Best and Worst Performers

Decliners outnumbered advancers at 165 companies to 54...

While the boom in the Jordanian stock market sent prices of shares of many companies sky-rocketing in the earlier part of the year, the plummet in the General Index during the second half of the year reflected on the share prices of a whopping 165 companies. Only a mere 54 companies' share prices defeated the market and managed to register a positive gain by year-end.

The top market performer for 2008 was Afaq Investment (MANR), though not through any strength of its own. The Company's stock was listed for the first time on the Exchange in August, and a single transaction of 1,000 shares was executed on the stock at a price of JD 4.50. Compared to its issuance price of JD 1, this translated into a 350% gain, ranking it as the market's biggest gainer. Worth highlighting is that no further trading has occurred on its stock since.

... with small-cap companies dominating our list of top performers for 2008

The remainder of the top gainers are strikingly small-cap companies, which contrasts sharply with the first half of the year, where the bulk of the top performers where strategic large-cap companies. As the stock market entered into a tailspin, this opened up the 'top gainer' slots to small companies and new entrants to the market. Al Jamil for Investments (JMIL), another newcomer, saw a 288% increase in its share price, while Jordan Clothing (CJCC), which was listed on the market in July, registering a 92% increase in its share price. Trust International Transport (TRTR) was another company whose stock was relisted during 2008 after its last trade in 2003. A single transaction entailing 100 shares traded at a price of JD 3.00 per share took place, which, compared to its closing price of JD 0.72 in 2003, resulted in a 316.7% rise in share price. TRTR has also had no further trades on its stock since.

Top Gainers

Company	Share Price 31/12/07	Share Price 31/12/08	% Change
Afaq Invest Real Estate Dev Co. (MANR)	1.00*	4.50	350.0%
Trust Int'l Transport (TRTR)	0.72	3.00	316.7%
Al Jamil for Investments Co. (JMIL)	1.00*	3.88	288.0%
Middle East Diversified Invest Co (MEDI)	2.27	8.37	268.7%
Al Salem for Investments (SALM)	2.84	6.60	132.4%
Jordan Vegetable Oil Ind (JVOI)	1.35	2.84	110.4%
Int'l Silica Industrial (SLCA)	2.59	5.13	98.1%
Jordan Clothing (CJCC)	1.00*	1.92	92.0%
Jordan Tanning (JOTN)	1.78	3.37	89.3%
Al Sharq Invest Projects (AIPC)	1.28	2.15	68.0%

* Price represents issuance price
Source: Amman Stock Exchange

A few other 'older' companies succeeded in dodging the stock market bullet, including the Middle East Diversified Investment Company (MEDI), whose share price managed to rise almost 270%, and Jordan Vegetable Oil Industries (JVOI), whose share price increased from JD 1.35 at the end of 2007 to JD 2.84 at 2008 year-end.

Meanwhile, the sub-prime mortgage crisis in the United States, coupled with troubled real estate sectors in the region, and a rapid deceleration in the previously booming construction sector in the Kingdom led prices of real estate companies and companies investing in real estate to deteriorate sharply. The vast majority of our top ten decliners for 2008 were such companies. However, the worst performers for the year were the Oasis Insurance Company (OASI), with a 79% decline in share price from JD 0.96 to JD 0.20, and Jordan New Cable Company (JNCC), whose share price dropped by 71.3%, noting that part of the decline in JNCC's price is attributed to the JD 3.87 downward adjustment on its stock price following its capital increase.

Companies in real estate and investment were arguably the hardest hit by the problems in the U.S., thereby ranking them within our list of top decliners for the year

Worth noting is that six of our ten decliners had a share price below JD 1.00 by the end of 2008.

Top Decliners

Company	Share Price 31/12/07	Share Price 31/12/08	% Change
Oasis Insurance (OASI)	0.96	0.20	(79.2%)
Jordan New Cable Company (JNCC)	7.14	2.05	(71.3%)
Beit Al-Mal Saving & Invest (BAMB)	2.21	0.67	(69.7%)
Al-Faris Nat'l Co For Invest & Exp (CEBC)	2.33	0.71	(69.5%)
Winter Valley Tourism Invest (WIVA)	2.58	0.80	(69.0%)
Arab Invest Union for Real Est Dev (UNAI)	2.19	0.69	(68.5%)
United Arab Investors (UAIC)	2.86	0.92	(67.8%)
Arab East for Real Estate Invest Co. (REAL)	11.50	3.71	(67.7%)
Premier Business and Projects (ACDT)	10.70	3.48	(67.5%)
Emmar Invest & Real Estate Dev. (EMAR)	3.26	1.07	(67.2%)

Source: Amman Stock Exchange

To clarify the roller-coaster performance of the Amman Stock Exchange during 2008, the table below highlights the companies that experienced the largest percentage change between their high for the year and their low. Jordan Steel saw the largest volatility, dropping from a high of JD

Jordan Steel saw the largest volatility in its share price, with an 87.1% difference between its 52-week high and low

10.69 to a low of JD 1.38, equivalent to a 87.1% drop. This poor performance is largely due to the substantial provisions taken by the company in response to the dramatic devaluation of its steel inventories after the sharp drop in the global prices of steel.

Companies with the Largest Percentage Difference Between the 52-Week High and Low Price

Company	52-Week High (JD)	52-Week Low (JD)	Change (%)
Jordan Steel (JOST)	10.69	1.38	(87.09%)
Resources Co. for Dev. & Invest (JOMA)	3.98	0.73	(81.66%)
Comprehensive Multiple Trasn (ABUS)	2.88	0.53	(81.60%)
Jordan Phosphate Mines (JOPH)	66.99	12.40	(81.49%)
Damac Real Estate Dev. Jordan (DMAC)	4.62	0.86	(81.39%)

Source: Amman Stock Exchange

In absolute terms, however, it was the market heavyweights that saw the highest fluctuations in share price during the year. The Arab Potash Company (APOT) experienced a substantial JD 73.40 difference between its high and low for the year, while the Jordan Phosphate Mines and Arab Bank declined by JD 54.59 and JD 19.40, respectively.

The Arab Potash Company experienced the largest change in its share price between its 52-week high and low in absolute terms, with a JD 73.40 decline

Companies with the Largest Absolute Difference Between the 52-Week High and Low Price

Company	52-Week High (JD)	52-Week Low (JD)	Absolute Change (JD)
The Arab Potash Company (APOT)	JD 99.00	JD 25.60	JD 73.40
Jordan Phosphate Mines (JOPH)	JD 66.99	JD 12.40	JD 54.59
Arab Bank (ARBK)	JD 31.70	JD 12.30	JD 19.40
Jordan Petroleum Refinery (JOPT)	JD 23.60	JD 6.10	JD 17.50
Jordan Steel (JOST)	JD 10.69	JD 1.38	JD 9.31

Source: Amman Stock Exchange

3.3 Market Capitalisation

Market capitalisation reached JD 25.41 billion by the end of 2008, falling by 13.0% compared to 2007's JD 29.21 billion. The downturn in the market during the second half of the year led to a substantial JD 15 billion decline in the market cap between the peak at the end of June of JD 40.41 billion and year end. In October alone, the market cap registered a colossal 20% decline in value, dropping from JD 35.04 billion at the end of September to JD 28.02 billion.

Market capitalisation reached JD 40.41 billion in June 2008 before dropping to JD 25.41 billion by year end, down 13% year-on-year

The Arab Bank continued to dominate the top of our list of largest market cap, contributing 31.9% to the market total, despite witnessing a 22.5% descent by the end of 2008. Of the ten largest companies in the market in terms of market cap, only three companies saw an increase in their market capitalisation over the course of the year; the Jordan Phosphate Mines (JOPH), despite the drop in its share price from JD 61.58 at the end of June to JD 19.50 at year end, the positive overall appreciation in price throughout the year led to an increase in its market cap from JD 0.90 billion in 2007 to JD 1.46 billion in 2008. The Housing Bank for Trade and Finance (THBK) also fared well, registering a 16.5% increase in its market cap to JD 2.10 billion.

Largest Ten Companies in Terms of Market Cap

Company	Market Cap 31/12/2007	% of Total Mkt Cap. 2007	Market Cap 31/12/2008	% of Total Mkt Cap. 2008	% Change in Market Cap
Arab Bank (ARBK)	10,445,040,000	35.8%	8,095,440,000	31.9%	(22.5%)
Arab Potash Company (APOT)	2,906,947,575	10.0%	2,928,610,125	11.5%	0.7%
Housing Bank for Finance & Trade (THBK)	1,802,500,000	6.2%	2,099,160,000	8.3%	16.5%
Jordan Phosphate Mines (JOPH)	900,750,000	3.1%	1,462,500,000	5.8%	62.4%

Company	Market Cap 31/12/2007	% of Total Mkt Cap. 2007	Market Cap 31/12/2008	% of Total Mkt Cap. 2008	% Change in Market Cap
Jordan Telecom (JTEL)	1,405,000,000	4.8%	1,205,000,000	4.7%	(14.2%)
Jordan Kuwait Bank (JOKB)	618,750,000	2.1%	469,000,000	1.8%	(24.2%)
Jordan Cement Factory (JOCM)	661,866,837	2.3%	389,866,767	1.5%	(41.1%)
Afaq Invest Real Estate Dev Co. (MANR)	-	-	360,000,000	1.4%	0.0%
Jordan Islamic Bank (JOIB)	373,750,000	1.3%	300,625,000	1.2%	(19.6%)
Union Bank of Saving & Investment (UBSI)	361,000,000	1.2%	285,000,000	1.1%	(21.1%)

Source: Amman Stock Exchange

The top decliner, however, was the Jordan Cement Factory (JOCM), whose market cap declined from JD 618.75 million in 2007 to JD 389.87 million in 2008.

3.4 Market Price-to-Earnings (P/E) and Price-to-Book Value (P/BV) Ratios

As stock prices adjusted during the second half of the year, the market price-to-earnings ratio plummeted to 18.8x, according to the Amman Stock Exchange, dropping from 31.0x in June 2008 and 28.0x at the end of 2007. Meanwhile, the price-to-book value of the market dropped from 3.0x in 2007 to 2.2x at the end of 2008.

The market P/E ratio declined to 18.8x in 2008, while the P/BV ratio dropped to 2.2x

The table below highlights the price-to-earnings ratio and price-to-book ratio for the ten largest companies listed on the Amman Stock Exchange in terms of market cap. Evidently, the decline in prices of these companies during 2008, alongside improved earnings for some, led to a drop in the P/E ratio compared to the prior year.

P/E and P/BV for Largest Ten Companies

Company	P/E (times) 31/12/2007	P/E (times) 31/12/2008	P/BV (times) 31/12/2007	P/BV (times) 31/12/2008
Arab Bank (ARBK)*	39.673x	24.190x	3.376x	2.282x
Arab Potash Company (APOT)	74.272x	19.499x	10.858x	7.529x
Housing Bank for Finance & Trade (THBK)	19.515x	19.478x	2.230x	2.468x
Jordan Phosphate Mines (JOPH)	56.047x	31.717x	5.809x	7.557x
Jordan Telecom (JTEL)	16.152x	12.751x	3.498x	2.930x
Jordan Kuwait Bank (JOKB)	15.811x	10.568x	3.297x	2.162x
Jordan Cement Factory (JOCM)	11.998x	8.088x	3.999x	2.250x
Afaq Invest Real Estate Dev Co. (MANR)	N/A	N/A	N/A	N/A
Jordan Islamic Bank (JOIB)	24.156x	13.077x	3.241x	2.252x
Union Bank of Saving & Investment (UBSI)	29.060x	20.687x	3.535x	1.326x
Market	**27.986x**	**18.820x**	**2.970x**	**2.177x**

* Based on Arab Bank Plc earnings and not the Group's earnings
N/A: Not available
Source: Amman Stock Exchange

Compared to other regions, the market P/E and P/BV for the Amman Stock Exchange is substantially higher, suggesting that it may be overvalued. The table illustrates these two ratios as of the end of September 2008 for a number of markets in the region:

Compared to other regional markets, the Amman Stock Exchange ratios suggest that it is overvalued

	Amman	Bahrain	Tunis	Saudi	Muscat	Kuwait	Beirut	Egypt	Dubai	Abu Dhabi
P/E	26.9x	11.2x	15.9x	15.4x	9.7x	N/A	N/A	N/A	10.4x	10.3x
P/BV	3.1x	1.7x	2.1x	3.3x	2.5x	N/A	N/A	N/A	1.9x	2.1x

N/A: Not Available
Source: Arab Monetary Fund

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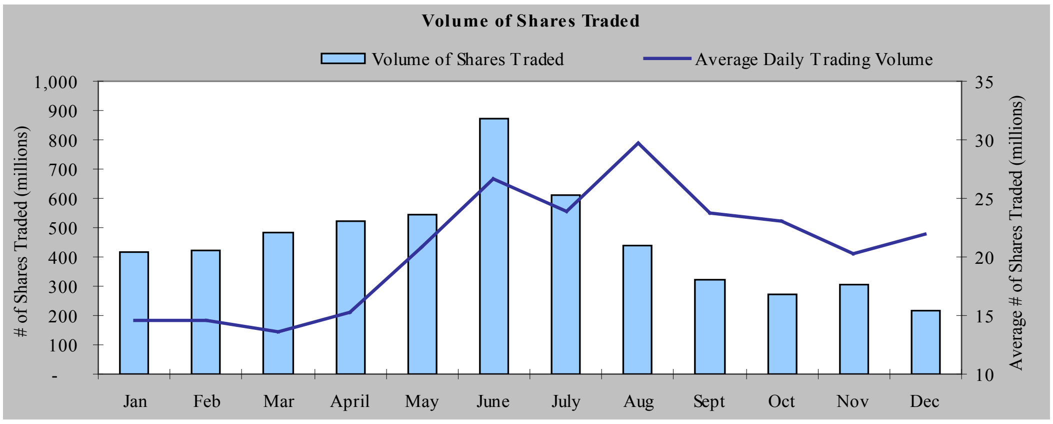
3.5 Trading Activity

3.5.1 Volume Traded



Based on one-sided transactions
Source: Amman Stock Exchange

The trading volume reached 5.44 billion shares in 2008 compared to 4.48 billion shares in 2007, on the basis of one-sided transactions, registering an increase of 21.4%. Liquidity was abundant, particularly during the second quarter of the year, which, coupled with a bullish market, led trading activity to soar, with the peak occurring in June, with 874.8 million shares traded, including block deals, making up 16% of the total volume of the year.

Trading activity continued to accelerate during the first half of 2008 reaching its peak in June...

As liquidity dwindled during the second half of the year, however, this reflected negatively on the volume of shares traded, which continued to drop, reaching a low of 272.4 million shares for the month of October. November saw a slight improvement, however, December saw only 219.2 million shares traded, attributed in part to the fact that there were only 15 days of trading compared to 21 days trading in pervious months.

... before declining month-on-month until the end of the year, aside from a slight increase in volume during November

Most Active Stocks in Terms of Volume of Shares Traded

Company	Volume of Shares Traded*
Ad- Dulayl Industrial Park (IDMC)	315,089,865
Jordan Electric Power (JOEP)	205,808,472
Tajamouat for Catering and Housing (JNTH)	186,521,961
South Electronics (SECO)	186,286,183
United Arab Investors (UAIC)	182,360,333
Union Land Development Corporation (ULDC)	172,454,769
Taameer Jordan Holdings (TAMR)	169,371,262
Union Investment Corporation (UNIV)	166,654,776
Jordan Petroleum Refinery (JOPT)	150,746,253
Jordan Steel (JOST)	137,565,454
Total	**1,872,859,328**

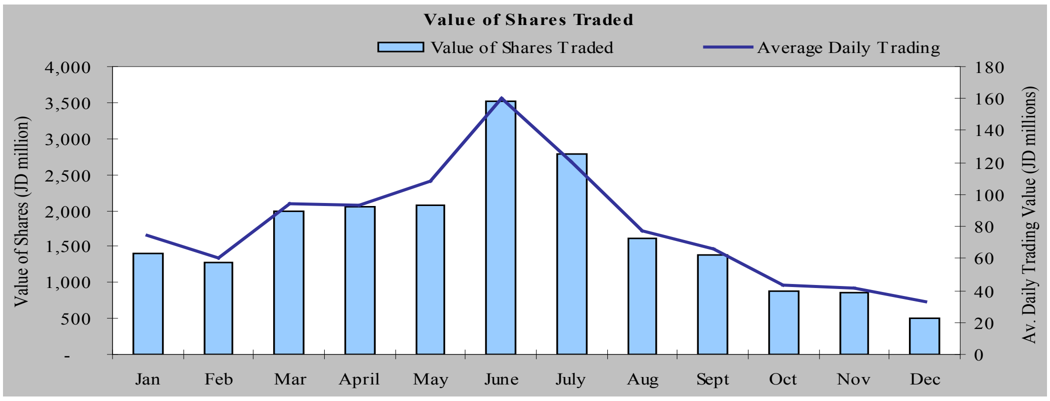
Based on one-sided transactions
* Excluding block deals
Source: Amman Stock Exchange

Continuing on the trend of the first six months of 2008, Ad-Dulayl Industrial Park Co. & Real Estate continued to capture the highest number of shares traded during the second half of the year, and maintained its position as top on our list of most active stocks in terms of volume of shares traded, with 315.09 million shares traded for the entirety of 2008, amounting to approximately 6% of 2008 total shares traded, excluding blocks. The total number of shares traded for the top ten companies amounted to 1,872 million shares, corresponding to 36% of the entire trading volume for 2008, excluding block trades.

3.5.2 Value Traded

The emphasis of trading on the market heavyweights during the first half of 2008 caused the trading value to almost double in 2008 to JD 20.32 billion from JD 12.35 billion the previous year, based on one-sided transaction. A whopping 61% of the total trading value was generated during the first half of 2008.

61% of total value traded during 2008 was generated during the first half of 2008



Based on one-sided transactions
Source: Amman Stock Exchange

The negative market sentiment and the downturn in the ASE's performance during the second half of 2008 was a double-edged sword for the market value traded; trading activity declined overall, which, naturally, led to a drop in the trading value. The descent in share prices meant that even if trading volumes had been maintained, the trading value would have declined. The trading value during the last three months of the year made up a total of JD 2.24 billion, registering JD 1.1 billion below the trading value for the month of June alone, which reached JD 3.52 billion.

The descent in share prices and reduced liquidity during the second half of the year led to a decline in trading value

Liquidity in the market weakened throughout the second half of the year, with the average daily trading value falling to JD 33.2 million in December compared to JD 160.2 million in June, and dropping by almost 55% compared to the start of the year.

Average daily trading value fell by 55% compared to the start of the year

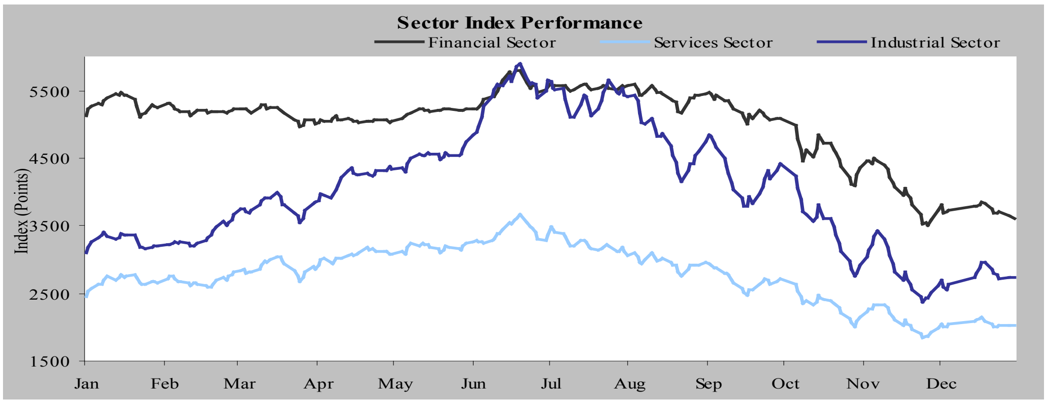
Most Active Stocks in Terms of Value of Shares Traded.

Company	Value of Shares Traded*
Jordan Phosphate Mines (JOPH)	2,509,895,850
Jordan Petroleum Refinery (JOPT)	2,073,544,415
Arab Bank (ARBK)	1,623,930,604
Jordan Electric Power (JOEP)	1,270,961,098
Jordan Steel (JOST)	843,431,503
Specialized Investment Compounds (SPIC)	590,838,969
Ad- Dulayl Industrial Park (IDMC)	579,075,938
Tajamouat for Catering and Housing (JNTH)	559,220,158
Royal Jordanian (RJAL)	436,134,815
United Arab Investors (UAIC)	423,273,903
Total	**10,910,307,253**

Based on one-sided transactions
* Excluding block deals
Source: Amman Stock Exchange

The Jordan Phosphate Mines claimed the lion's share of the value traded, at JD 2.51 billion, corresponding to approximately 13.1% of the entire market's trading value. It was followed by the Jordan Petroleum Refinery with JD 2.07 billion and the Arab Bank with JD 1.62 billion. The total value of shares traded of the ten most active stocks amounted to JD 10.91 billion, making up 56.7% of the value of all shares traded for the year, excluding block deals.

4.0 SECTOR PERFORMANCE



Source: Amman Stock Exchange

The oscillation of the General Index was mimicked by the three main indices; the Financial Sector Index, the Services Sector Index, and the Industrial Sector Index. By year-end 2008, all three indices had ended in the red, with the Financial Sector Index being the hardest hit, falling by 29.7%, attributed primarily to the 50.4% and 47.6% respective drops in the Real Estate and Diversified Financial Services sub-sector indices. The Services Sector Index came second with a year-on-year decline of 17.7%, while the best relative performer was the Industrial Sector Index, falling by a lesser 11.7%.

All indices ended in the red in 2008 with the financial sector being the hardest hit

Change in Sector Indices Between 2007 and 2008

Index	2007	2008	% Change
Financial Sector Index	5,131.0	3,609.1	(29.7%)
Services Sector Index	2,025.6	2,460.3	(17.7%)
Industrial Sector Index	2,736.0	3,097.7	(11.7%)

Source: Amman Stock Exchange

The Financial Sector claimed the lion's share of trading activity, with a total traded volume and value for the year of 3.04 billion shares and JD 9.01 billion, respectively. The Services Sector, meanwhile, had 1.23 billion shares traded for JD 5.28 billion, while the Industrial Sector came in third with a traded value of JD 4.94 billion over 879.35 million shares traded.

The larger part of trading activity went to the Financial Sector...

The sub-indices performance, meanwhile, exhibited a completely different picture, as shown in the table below. In terms of value traded, it was the Mining and Extraction Industries Sector that stole the limelight, with a trading value for 2008 of JD 3.94 billion, to which the Jordan Phosphate Mines alone contributed 63.6% of the sector's total value traded.

... while the Mining & Extraction Industries was the top performer in terms of value amongst the sub-indices

Top Sub-Sectors in Terms of Value Traded

Sector	Value Traded (JD)
Mining and Extraction Industries	3,943,799,070
Utilities and Energy	3,345,786,900
Real Estate	3,314,573,641
Banking	2,983,898,608
Diversified Financial Services	2,221,379,870

Based on one-sided transactions
Source: Amman Stock Exchange

The Utilities & Energy Sector and the Real Estate Sector followed closely behind, with trading values of JD 3.35 billion and JD 3.31 billion, respectively.

Meanwhile, it was the Real Estate Sector that occupied the first position in terms of volume of shares traded, with 1.41 billion shares traded, while the Diversified Financial Services came in

Real Estate Sector claimed the lion's share of volume traded amongst the sub-indices second with 1.05 billion shares. Falling substantially far behind was the Banking Sector in third position, with a mere 381.07 million shares traded.

Top Sub-Sectors in Terms of Volume Traded

Sector	Volume Traded
Real Estate	1,407,166,064
Diversified Financial Services	1,049,425,759
Banking	381,069,813
Utilities and Energy	356,720,709
Commercial Services	293,230,510

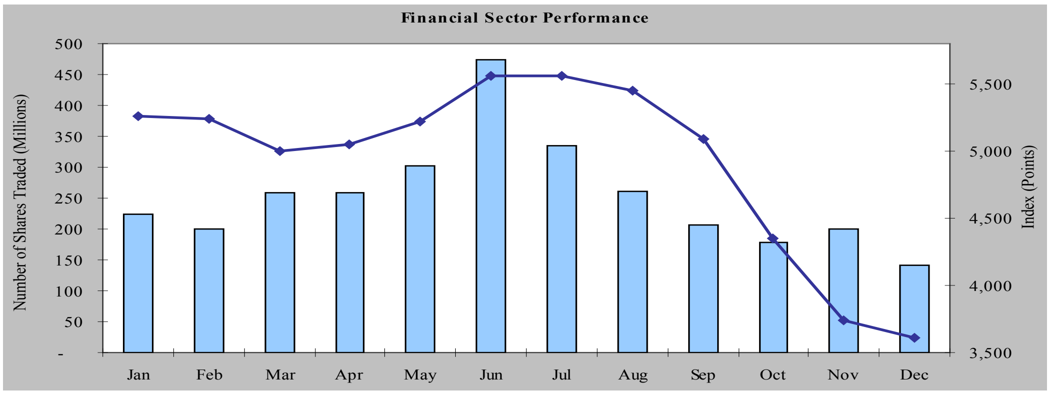
Based on one-sided transactions
Source: Amman Stock Exchange

4.1 Financial Sector

The first quarter of the year saw a relatively poor performance for the Financial Sector Index, which dropped from 5,131.0 points at the end of 2007 to 4,997.1 points at the end of March 2008, equivalent to a 2.6% drop, which contrasts sharply with the overall 6.8% rise in the General Index over the same period.

The Financial Sector Index recorded a 29.7% decline for the year and a 37.7% drop compared to its high in 2008

During the second quarter of the year, the Financial Sector Index fell in sync with the upward trend of the overall market, reaching its high for the year of 5,797.6 points on June 18th and ending the first half of the year at 5,560.9 points, up 8.4% on a year-to-date basis. The Index then began to trade horizontally during July and into August before shifting into a declining trend, falling below the 5,000 point-mark in October and approaching the 3,500 point mark just one month later. It was during November that the Index hit its lowest point for the year of 3,516.3 points, before recovering slightly to end 2008 at 3,609.1 points, 29.7% lower than the start of the year, and a whopping 37.7% lower than its highest points reached in 2008.



Source: Amman Stock Exchange

Trading value and volume reached JD 9.03 billion and 3.04 billion shares, respectively

The trading volume for the Financial Sector followed an almost symmetrical trend during the year, albeit with a slight left skewedness, reflecting the poor trading volumes in the second half of the year. June marked the sector's most active month, with 472.93 million shares traded, making up 15.6% of the total 3.04 billion shares traded for the year. The trading value for the month reached JD 1.59 billion, equivalent to 17.6% of the total trading value for the year, which reached JD 9.01 billion.

The components of the Financial Sector are detailed below. The Insurance Sector was the top performer compared to the remaining sectors within this category, declining by 12.4% during the year. The Banking Sector also fared comparatively well, with a drop of 18.4%. Meanwhile, the Diversified Financial Services and the Real Estate sectors performed badly, both underperforming the overall market, losing around 50% of their value over the year.

Performance of the Sub-Sectors of the Financial Sector

	Volume	Value	Index at Year-end	% Change
Banks	381,069,813	2,983,898,608	4,196.3	(18.1%)
Insurance	199,101,019	486,155,152	3,231.1	(12.4%)
Diversified Financial Services	1,049,425,759	2,221,379,870	4,796.2	(47.6%)
Real Estate	1,407,166,064	3,314,573,641	3,879.0	(50.4%)
Financial Sector	**3,036,762,655**	**9,006,007,275**	**3,609.1**	**(29.7%)**

Source: Amman Stock Exchange

The Diversified Financial Services Sector was affected by the 36.8% and 67.8% respective declines in prices of its heavyweights, First Jordan Investment (FRST) and United Arab Investors (UAIC), while the primary cause of the drop in the Real Estate Sector Index is attributed to the 66.5% depreciation in price of Taameer Jordan Holdings (TAMR).

In terms of trading activity, the Real Estate Sector claimed the larger part of both the value and volume traded, at JD 3.31 billion and 1.41 billion shares. The Banking Sector came next in terms of value traded, with JD 2.98 billion, while the Diversified Financial Services Sector outperformed the Banking Sector with regards the number of shares traded.

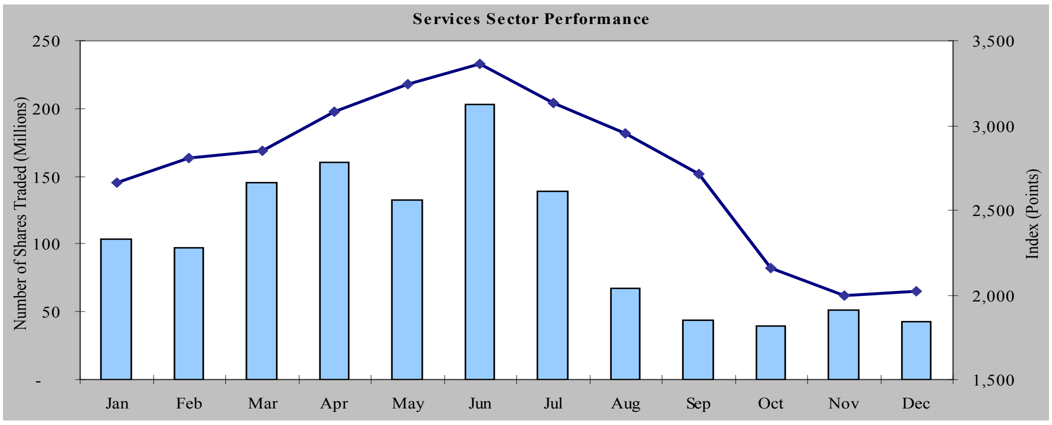
The overall Financial Sector's top performers in terms of value traded were the Arab Bank (ARBK) with a clear lead, registering a trading value of JD 1.62 billion, followed by the Specialised Investment Compounds (SPIC) with JD 590.84 million. Al-Dulayl Industrial Park (IDMC) claimed the lion's share of the volume traded with 315.09 million shares, while Al-Tajamouat for Catering and Housing (JNTH) came in second with 186.52 million shares traded.

Arab Bank was the top performer in terms of value traded, while Al Dulayl Industrial Park led in terms of number of shares traded

4.2 Services Sector

In contrast with the Financial Sector Index, the Services Sector Index commenced its upward climb from the start of the year. By the end of the first quarter of 2008, the Index had risen 390 points, equivalent to 15.9%, to 2,850.3 points. The second quarter of the year brought an escalation in the Index's ascent, reaching its peak for the year of 3,672.2 points on June 19th, and ending the first half of the year at 3,366.7 points, up 36.8% year-to-date. The Index, once again performing differently to the Financial Sector, began its descent in July. However, it was in October that the Index suffered its major losses, dropping by a significant 20.6% in that month alone. While the Index declined further in November, breaking the 2,000 point-barrier and reaching the year's low of 1,848.2 points on the 24th, December saw a slight upward correction, with the Index re-entering the 2,000-point range and ending the year at 2,025.6 points. By the end of the year, the Services Sector Index had fallen 17.7%, however, during the second half of the year alone, the Index had taken a significant 39.8% hit.

Services Sector Index rose by 36.8% during the first half of 2008, to fall by 39.8% during the second half and register an overall decline of 17.7%



Source: Amman Stock Exchange

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The Services Sector had a total of 1.23 billion shares traded during 2008 for a total value of JD 5.28 billion. Trading had begun to pick up in March, with a slight blip in May. June marked the Sector's most active month, with 202.94 million shares traded, contributing 16.6% to the total volume traded for the year. The second half of the year saw a sharp slump in trading activity, with the volumes for the months of July through December making up just over 31% of the total volume of the year.

Trading value and volume for the year amounted to JD 5.28 billion and 1.23 billion shares, respectively.

The components of the Services Sector are detailed below. All sub-sector indices ended the year in the red, with the least affected by the correction in the market being the Educational Services Sector, whose index declined by a mere 0.1% over the year, and the Healthcare Sector Index, which fell by 8.3%. The worst performer was the Transportation Sector Index, which fell by 37.6% on the back of the 47.7% decline in share price of the Royal Jordanian Airlines (RJAL).

All Services Sector sub-sectors ended 2008 in the red

Performance of the Sub-Sectors of the Services Sector

	Volume	Value	Index at Year-end	% Change
Healthcare	37,373,132	103,798,102	881.7	(8.3%)
Educational Services	49,863,690	108,587,328	3,275.9	(0.1%)
Hotels & Tourism	91,561,554	135,471,994	1,997.5	(8.5%)
Transportation	229,846,917	631,974,861	849.99	(37.6%)
Technology & Communications	165,176,020	527,494,551	1,726.0	(27.9%)
Media	2,362,006	28,765,815	3,031.6	(21.4%)
Utilities & Energy	356,720,709	3,345,786,900	3,863.5	(17.8%)
Commercial Services	293,230,510	396,024,909	1,490.4	(21.1%)
Services Sector	**1,226,134,538**	**5,277,904,370**	**2,025.5**	**(17.7%)**

Source: Amman Stock Exchange

The Utilities and Energy Sector, an outperformer by far in terms of trading activity, recorded a trading volume of 356.72 million shares for a value of JD 3.35 billion, attributed to the high volumes of trading transactions carried out on the stocks of the Jordan Petroleum Refinery (JOPT) and the Jordan Electric Power (JOEP), which had respective values traded of JD 2.07 billion and JD 1.27 billion, respectively.

Jordan Electric Power led the Services Sector with regards to the volume of shares traded, with 205.81 million shares, followed by South Electronics (SECO) and Jordan Petroleum Refinery with 186.29 million and 150.75 million shares, respectively.

4.3 Industrial Sector

The Industrial Sector Index also started the year off positively, rising consistently until June where it reached its high of 5,894.7 points on the 19th and ended the first half of the year up by a whopping 2,562.3 points to reach 5,660.0 points, giving a total increase for the six months of 82.7%. This exceptional rise comes in response to the soaring prices of fertilisers in the international market, which had a dramatic positive effect on the prices of the Jordan Phosphate Mines (JOPH) and Arab Potash Company (APOT), the Industrial Sector heavyweights.

The Industrial Sector Index registered an 82.7% increase during the first half of the year...

The global financial crisis and downturn in prices of oil and commodities led to a complete turnaround in the Index's performance, which followed a continually declining trend in H2 2008, the worst of which occurred in October, where the Index dropped by a substantial 1,506.5 points, breaking both the 4,000 point and the 3,000 point levels to end the month at 2,917.4 points. November continued to bode badly for the Index which dropped to its low of 2,362.6 points on the 24th before recovering to 2,736.0 points by year-end. For the Industrial Sector Index, its

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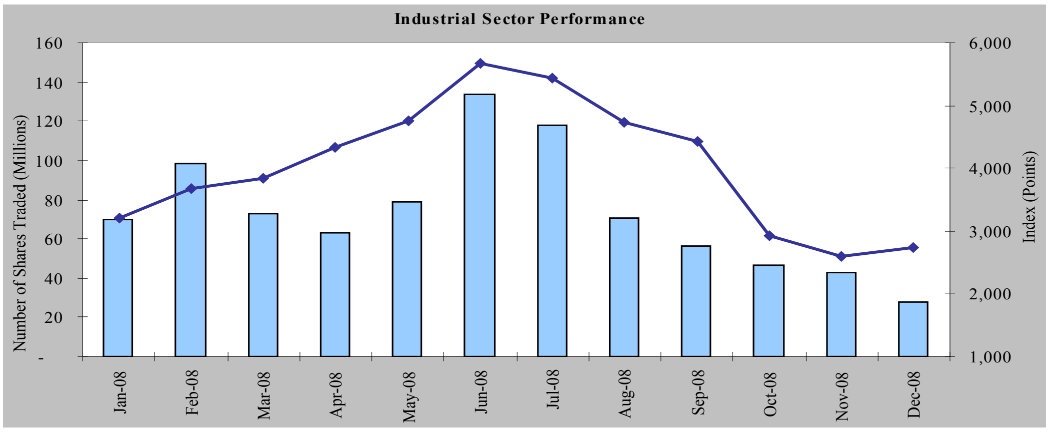
exceptional performance during the first half of the year offset part of the decline in the second half, rendering this Index the best performer with an overall year-on-year drop of 11.7%. A point to note is that compared to its high for the year, the Sector actually declined by a substantial 53.6% by year-end.

... but ended 2008 down by 11.7%



Source: Amman Stock Exchange

Trading volumes strengthened during February before slumping in March and April. In May, trading began to pick up before soaring in June to 133.82 million shares, comprising 15.2% of the total trading for the year. The number of shares traded declined in July to 117.95 million before dropping to almost half that the following month. Overall for the year, a total of 879.35 million shares had traded for a total value of JD 4.94 million, on a one-sided transaction basis.

The value traded over the year reached JD 4.94 million over 879.35 million shares...

The Industrial Sector was the sole sector to have sub-sectors end in the green by year-end. The Food & Beverage Sector Index managed to register an impressive 7.5% rise, supported by the 29.5% climb in price of the Arab International Food Factories (AIFF). The Mining & Extraction Sector also managed to register a positive gain for the year of 1.6% on the back of the 62.4% increase in share price of the Jordan Phosphate Mines (JOPH) on a year-on-year basis. Meanwhile, the worst performers were the Printing & Packaging with a 38.1% decline, the Paper & Cardboard Sector with 36.4%, and the Tobacco & Cigarettes with 35.4%.

Performance of the Sub-Sectors of the Industrial Sector

	Volume	Value	Index at Year-end	% Change
Pharmaceutical & Medical Industries	5,859,510	18,576,539	1,914	(19.4%)
Chemical Industries	197,222,931	273,429,729	1,464.1	(25.0%)
Paper & Cardboard Industries	27,018,999	30,734,734	803.6	(36.4%)
Printing & Packaging	2,879,508	4,898,436	1,539.6	(38.1%)
Food & Beverage	89,714,404	99,523,994	2,308.4	7.5%
Tobacco & Cigarettes	3,494,847	10,238,449	1,608.3	(35.4%)
Mining & Extraction Industries	276,923,253	3,943,799,070	4,380.0	1.6%
Engineering & Construction	68,771,778	123,347,995	2,915.7	(13.3%)
Electrical Industries	155,068,672	348,138,494	5,883.8	(33.6%)
Textiles, Leathers & Clothing	43,369,833	81,511,647	2,050.2	(19.8%)
Glass & Ceramic Industries	9,023,599	7,316,705	1,051.1	(28.4%)
Industrial Sector	**879,347,334**	**4,941,515,792**	**2,736.0**	**(11.7%)**

Source: Amman Stock Exchange

A substantial 79.8% of the total trading value for the Industrial Sector is attributed to trading activity on the stocks of the Mining & Extraction Industries, namely that of the Jordan Phosphate Mines (JOPH). While the Jordan Phosphate Mines constituted 25.4% of the total trading volume,

... the bulk of which came from trading on mining stocks it made up 63.6% of the total value traded for the sub-sector, with a value traded of JD 2.51 billion. Another key performer in terms of trading activity was the Jordan Steel Company, with a trading volume of 137.57 million shares and a value of JD 843.43 million.

5.0 IPO MARKET

Seventeen new companies were listed on the Amman Stock Exchange in 2008, thereby increasing the total number of listed companies to 262 compared to 245 at the end of 2007. During the first half of the year when market was performing well and liquidity was high, the IPO market saw initial returns of 100% and more. Afaq Investment for Real Estate Development (MANR), for example, with only one trading day all year, managed to register the highest first day gain of 350%.

17 new companies were listed on the Amman Stock Exchange during 2008...

However, as the market began to weaken and liquidity levels withered, newcomers to the market saw their share price underperform on their first day of trading, recording dismal trading volumes and registering closing prices below their JD 1 par value.

IPOs Listed during 2008

Company	Date of Listing	Issuance Price	First Day Closing Price	Listing Price Change	Closing Price 31/12/2008	Change in Price from Listing Date
United Cable Industry (UCIC)	16/01/08	1.00	1.31	31.0%	0.89	(32.1%)
Modern Restaurants (FOOD)	11/02/08	1.00	1.68	68.0%	0.68	(59.5%)
Damac Real Estate Jordan (DMAC)	24/02/08	1.00	2.31	131.0%	0.86	(62.8%)
Rum Tourist Transport (RUMM)	06/04/08	1.00	2.48	148.0%	1.47	(40.7%)
Shaerco Brokerage (SHBC)	20/04/08	1.00	2.62	162.0%	1.44	(45.0%)
Comprehensive Multiple Transport (ABUS)	28/04/08	1.00	2.64	164.0%	0.53	(79.9%)
Darat Jordan Holding (DARA)	20/05/08	1.00	1.16	16.0%	0.85	(26.7%)
Sabaek Invest (SABK)	18/06/08	1.00	1.40	40.0%	0.55	(60.7%)
Jordan Company for Oil Shale (JOSE)	06/07/08	1.00	1.10	10.0%	0.66	(40.0%)
Jordan Clothing (CJCC)	15/07/08	1.00	2.34	134.0%	1.92	(17.9%)
Al Fatihoun Al Arab for Industry and Trade (FATI)	22/07/08	1.00	1.10	10.0%	0.67	(39.1%)
Amwaj Properties (AMWJ)	13/08/08	1.00	2.00	100.0%	1.01	(49.5%)
Afaq Investments Real Estate Dev (MANR)	8/25/08	1.00	4.50	350.0%	4.50	0.0%
United Group Holding (UGHI)	14/09/08	1.00	0.92	(8.0%)	0.65	(29.3%)
Al Jamil for Investment Company (JMIL)	14/10/08	1.00	1.92	92.0%	3.88	102.1%
Amlak Finance / Jordan (AMLK)	21/10/08	1.00	0.88	(12.0%)	0.77	(12.5%)
Al Ameer for Development Projects (MANE)	18/12/08	1.00	1.06	6.0%	1.05	(0.9%)

Source: Amman Stock Exchange

All the IPO companies saw a depreciation in their share price by the end of the year compared to the closing price of first day of listing on the Exchange, aside from Al Jamil for Investments (JMIL), which saw its share price appreciate by 102% by year-end. In general, the largest declines in prices arose for those companies that listed during the boom of the Exchange, with Comprehensive Multiple Transport (ABUS) exhibiting the worst performance by the end of the year.

... the vast majority of which realised substantial price declines by the end of the year

6.0 BLOCK DEALS AND THE RIGHTS ISSUE MARKET

570 block trades were executed on the shares of 85 companies in 2008 for a total value of JD 1.07 billion and 282.78 million shares. The Middle East Complex (MECE) and United Arab Investors (UAIC) had the largest number of block deals executed on their stock, at 61 and 54 deals, respectively, and it was also MECE that ranked in top position with regards the number of shares traded, which amounted to 39.20 million. United Arab Investors and Taameer Jordan Holding (TAMR) followed with 33.13 million and 18.25 million shares, respectively.

570 block deals were carried out in 2008 for a total value of JD 1.07 billion

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Top 5 Companies in Terms of Block Deals Volume Traded

Company	Ticker	Avg Price JD	# of Shares	Value Traded JD	# of Block Deals
Middle East Complex	MECE	2.61	39,195,193	99,980,754	61
United Arab Investors	UAIC	2.53	33,129,500	85,819,595	54
Taameer Jordan Holdings	TAMR	2.25	18,249,233	41,226,905	43
Jordan Trade Facilities	JOTF	2.19	14,399,387	31,415,311	3
Amwal Invest	AMWL	2.31	10,272,000	22,743,600	23

Source: Amman Stock Exchange

In terms of value traded, the Jordan Phosphate Mines (JOPH), with only 12 block deals executed, stole the top position with a total traded value of JD 158.73 million. The Arab Bank (ARBK) came next with 12 deals for a value of JD 130.92 million.

Top 5 Companies in Terms of Block Deals Value Traded

Company	Ticker	Avg Price JD	# of Shares	Value Traded JD	# of Block Deals
Jordan Phosphate Mines	JOPH	41.37	3,703,625	158,734,268	12
Arab Bank	ARBK	21.34	8,266,430	130,921,097	12
Middle East Complex	MECE	2.61	39,195,193	99,980,754	61
United Arab Investors	UAIC	2.53	33,129,500	85,819,595	54
Arab East for Real Estate Inv.	REAL	11.5	5,719,700	65,776,550	6

Source: Amman Stock Exchange

For the rights issues, a total of 17.24 million rights were traded for a value of JD 21.58 million. The largest of these rights in terms of value were those of Jordan Steel (JOST) with 2.35 million rights traded for JD 14.21 million, and Al-Amal Financial Investments (AMAL) with 2.64 million rights traded for JD 3.61 million. In terms of number of rights, meanwhile, it was Jordan Dubai Properties (REIN) that took the top spot, with 7.09 million rights traded for JD 753.24 thousand.

17.24 million rights issues were traded for a total value of JD 21.58 million

7.0 BROKERAGE COMPANY TRADING ACTIVITY

Sixty nine brokerage companies were operational in the market at the end of 2008, dividing up the JD 40.64 billion trading value of the market, based on two-sided transactions, between them. The brokerage market is highly fragmented, with the largest market share, claimed by the Arab Financial Investment Company, amounting to 8.7%. The next two largest companies had market shares of 5.9% and 5.2%.

Sixty nine brokerage companies were operational in the market at the end of the 2008

The table below highlights the top ten brokerage firm in terms of volume traded in 2008.

Company	Value Traded (JD)	Market Share
Arab Financial Investment	3,532,988,030	8.7%
Aman for Securities	2,390,778,062	5.9%
United Company for Financial Investment	2,116,155,341	5.2%
Al Arabi Invest Group	1,729,671,483	4.3%
Al-Amal Financial Investment Company	1,535,564,305	3.8%
Arab Co-operation Financial Investments	1,340,499,330	3.3%
Sanabel Alkhair for Financial Investment	1,257,463,205	3.1%
International Brokerage and Financial Investments	1,235,116,333	3.0%
National Portfolio Securities	1,188,395,656	2.9%
Capital Investments	1,166,030,089	2.9%

Source: Amman Stock Exchange

8.0 KEY NEWS HEADLINES OF 2008

- In February 2008, the Jordanian Government fully removed its subsidies on oil prices, and the prices of fuel are now amended on a monthly basis in response to international oil price changes.

- During March, the Jordanian Government bought back part of its Paris Club debt, equivalent to USD 2.4 billion, using proceeds from its privatisation initiatives. A discount of 11% was offered, and this buyback contributed to lowering the external loans to GDP ratio from 46.8% at the end of 2007 to 28.6% at the end of May 2008.

- The Ministry of Planning and International Cooperation has supported and financed numerous programs that aim to improve and enrich local development. In addition, it has financed and supervised programs, with a cost of USD 22 million, which enhance economic and social productivity aiming to increase productivity levels and improve the standard of living for the less fortunate areas in the Kingdom.

- The Government has prepared plans and strategies for providing appropriate housing for nationals by establishing 20,800 apartments during the year, distributed in 26 locations.

- The Minister of Transportation has stated that the transportation sector will be added to the agenda of the Investment Promotion Law in order to develop the sector. In addition, the Minister emphasized the importance of completing the Jordan railway network project before the move to the new Aqaba port in 2012. The Jordanian Government has allocated JD 100 million in the 2009 budget for the acquisition of land needed for the project. The total project cost has been estimated at JD 4.3 billion of which JD 2.8 billion is needed for infrastructure, and JD 1.4 billion to purchase the transportation fleet. Moreover, the value of land to be acquired has been estimated at JD 350 million, of which JD 250 million is government owned. The Minister also highlighted that the major challenge facing the Ministry is the development and expansion project of Queen Alia Airport, which is expected to cost USD 700 million and will take 3 years.

- The Ministry of Energy and Mineral Resources and Shell Company have ended negotiations regarding the preparation of geological feasibility studies of the extraction of oil from shale rock, and have reached a commercial agreement that will be presented to the parliament at the end of this year or the beginning of next year.

- The General Manager of the Natural Resources Authority stated that the volume of investment in projects for oil prospecting in Jordan amounts to USD 50 billion. Moreover, all exploration areas in the Kingdom have been marketed, two thirds of which are under the operation of companies that have been granted a concession for mining.

- The U.S. Agency for International Development (USAID) announced its intention to increase the level of grants offered to the Kingdom for year 2009 to USD 500 million.

- Jordan and the United States signed a non-binding memorandum of understanding to increase the amount of grants offered to the Kingdom for the coming 5 years to reach an average of USD 660 million per annum, of which USD 360 million will represent economic aid and the remainder as military aid.

- The European Commission has confirmed that it will offer the Kingdom a Euro 108 million grant to finance the 2008-2009 development projects, to be spent on education, water and other environmental projects.

- The French Fund for World Environment signed an agreement with the Jordanian Ministry of Planning and International Cooperation to offer a EUR 1.56 million grant to Jordan to support the Renewable Energy and Energy Efficiency Fund.

- In September, the Board of Commissioners of the Jordan Securities Commission issued the principles of offering stock options to employees of public shareholding companies. The adoption of these principles aims to create a specific unified mechanism that will enable the companies to motivate their employees and increase loyalty, in addition to attracting and retaining high calibre staff.

- The Prime Minister announced that the Government will guarantee all deposits held in local and foreign banks operating in the Kingdom, up until the end of 2009.

- The Cabinet endorsed the amendments to the Landlord and Tenants Law, whereby leases negotiated prior to 1984 shall expire at the end of 2013, while leases that came into effect during the period between 1984 -2000 will expire after 30 years from the date the lease contract was executed, to not exceed 31/12/2020. Moreover, additions to the rental rates for contracts signed prior to 1976 shall amount to 5% of the basic rent for each year of rent, if the purpose of rent is residential, 7.5% if rented to public entities, and 10% otherwise. For contracts signed during the period 1976-1991, a 2.5% increase per year of rent will be added if the property is leased for residential purposes or by public entities, rising to 5% otherwise.

- The Government approved of the new licensed procedures for operating in international markets, which state that the minimum paid-up capital for a public shareholding company has to be JD 15 million, while a private company or a limited liability company shall have a paid-up capital of JD 10 million. The law governing such companies also states that the company objectives must be trading in financial markets according to those markets regulations, and may not entail any other operating activities.

- The Government increased the "Own–Budget Agencies" 2009 budget plan by 27% to reach JD 2.05 billion compared to JD 1.61 billion this year. The main reason behind this increase in the size of the budget is that the total number of institutions within the Own-Budget Agencies increased to 55 institutions. The budget deficit for the Agencies has been estimated at JD 230 million for next year compared to a current year deficit of JD 180 million.

- The Governor of the Central Bank of Jordan amended CBJ's instruction to banks regarding credit facilities in order to ease restrictions on such facilities. CBJ extended the coverage period on bank overdraft accounts from 30 days to 90 days, as well as decreasing the movements on the overdraft account to two times per period instead of four times.

- The Governor of the Central Bank of Jordan decided to exclude housing facilities granted for the purchase of residential apartments within the framework of the "Decent Home for a Decent Living" initiative, as well as facilities granted to approved contractors for the purpose of financing projects related to the initiative from the specified 20% maximum loan amount permitted to be granted by banks for real estate.

- The Insurance Commission reduced the annual fees charged on premiums earned by insurance companies to 0.007 for the second half of 2008 and to 0.0065 starting next year.

- The Ministry of Municipal Affairs announced that an amount of JD 13 million has been allocated to establish a variety of development projects in 2009, in order to enhance citizens' living standards and create new job opportunities in the Kingdom.

- The Jordan Investment Board launched the investment program, Tawasul, in the Governorate of Tafileh this week. The program aims at attracting valuable investments and expanding economic activity across all governorates of the Kingdom, noting that 80% of registered companies' operations are concentrated in the Capital.

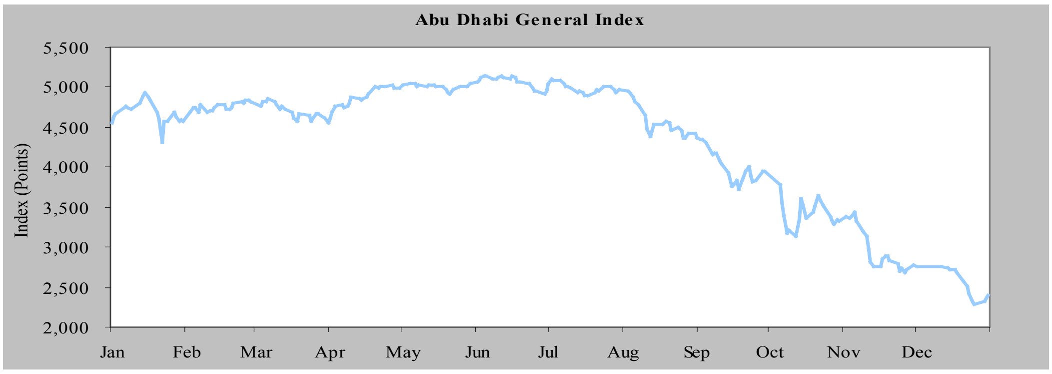
ABC Investments

9.0 REGIONAL MARKETS OVERVIEW

9.1 Abu Dhabi Securities Exchange

Abu Dhabi Securities Exchange started off 2008 positively, with its index rising during the first half of the year, penetrating the 5,000 point-level in mid-April and continuing its upward trend to reach 5,148.5 points, the highest point of the year, on June 11th. During the third quarter, the index's direction reversed and broke through the 3,000 point-level in September. The declining trend continued into the end of the year, to reach its low for the year of 2,253.92 points on December 25th before ending the year at 2,390.01 points, down 47.5% year-to-date.

The Abu Dhabi General Index reached a high of 5,148.5 points but ended the year down 45.7% at 2,390.1 points



Source: Zawya

Market Highlights

Trading Volume	49.90 billion	**P/E (TTM)***	5.88x
Total Turnover	AED 231.85 billion	**P/BV***	1.13x
Daily Average Turnover	AED 938.68 million	**ROE**	21.33%
Market Cap (Dec. 31st, 08)	AED 223.04 billion	**ROA**	4.47%

* As of February 18th 2009
Source: Zawya

Abu Dhabi's Top Share Performers

Company Name	% Change in Price
International Fish Farming Holding Company (ASMAK.ADSM)	373.20%
Gulf Medical Projects (GMPC.ADSM)	186.29%
Methaq Islamic Insurance Company (METHAQ.ADSM)	179.61%
United Insurance Company - UAE (UIC.ADSM)	79.64%
Arkan Building Materials Company (ARKAN.ADSM)	58.42%

Source: Zawya

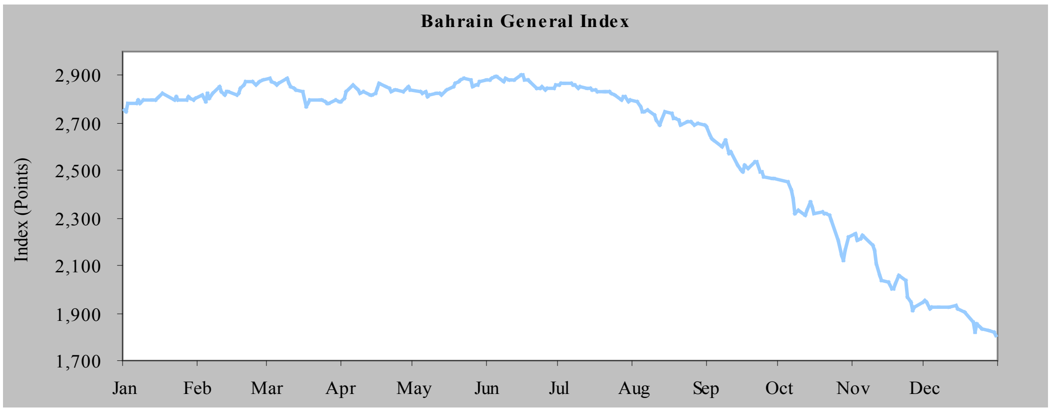
Abu Dhabi Heavyweights' Financial Highlights

- Emirates Telecommunications Corporation (ETISALAT.ADSM) announced its preliminary profits for 2008, which amounted to AED 8.67 billion (USD 2.36 billion) compared to AED 7.30 billion for 2007.
- National Bank of Abu Dhabi (NBAD.ADSM) realised profits of AED 3.02 billion (USD 821.87 million) for 2008, up 20.5% compared to 2007. The Bank's BOD will propose the distribution of 20% cash dividends and 40% stock dividends.
- Arkan Building Materials Company (ARKAN.ADSM) has yet to release its full-year 2008 results. At the end of the third quarter, net profit amounted to AED 158.86 million (USD 43.25 million) compared to AED 143.67 million for the same period of 2007.
- First Gulf Bank (FGB.ADSM) announced profits of AED 3.01 billion (USD 818.20 million) for 2008, up from AED 2.01 billion in 2007. The BOD approved the distribution of AED 0.35 per share.
- National Bank of Fujairah's (NBF.ADSM) financial results for 2008 are still outstanding. At the end of Q3 2008, net profits stood at AED 66.98 million (USD 18.24 million).

9.2 Bahrain Stock Exchange

For the first seven months of 2008, the Bahrain General Index traded more or less horizontally, fluctuating between 2,720 points and 2,915 points. In August, the Index began to slide, a trend that was consistent through to the end of the year where the Index closed at 1,804.1 points, down 34.5% from the 2,755.3 points closing of 2007.

The Bahrain General Index registered a decline for 2008 of 34.5%



Source: Zawya

Market Highlights

Trading Volume	1,650.31 million	**P/E (TTM)***	6.43x
Total Turnover	BHD 778.87 million	**P/BV***	1.18x
Daily Average Turnover	BHD 3.17 million	**ROE**	8.58%
Market Cap (Dec. 31st, 08)	BHD 7.98 billion	**ROA**	1.29%

*As of February 18th 2008
Source: Zawya

Bahrain's Top Share Performers

Company Name	% Change in Price
Bahrain Family Leisure Company (FAMILY.BSE)	55.56%
National Hotels Company (NHOTEL.BSE)	44.83%
Banader Hotels Company (BANADER.BSE)	40.82%
Al Ahlia Insurance (AHLIA.BSE)	30.90%
Gulf Hotels Group (BHOTEL.BSE)	19.28%

Source: Zawya

Bahrain Heavyweights' Financial Highlights

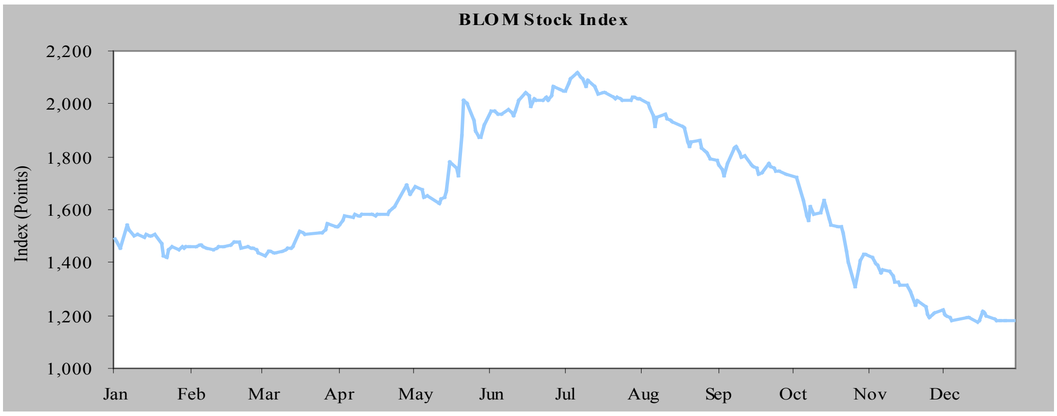
- Bahrain Telecommunications Company (BATELCO.BSE) announced net profits for 2008 of BHD 104.21 million (USD 276.41 million). The Company's BOD will recommend the distribution of 30% cash dividends.
- Arab Banking Corporation (ABC.BSE) has not announced its 2008 results. Up to the end of Q3 2008, the Bank had realised losses of USD 852.00 million.
- Ahli United Bank's (AUB.BSE) 2008 results remain outstanding. At the end of September 2008, net profits reached USD 280.10 million, up from the USD 225.95 million recorded for the same period of 2007.
- Albaraka Banking Group (BARAKA.BSE) has not announced its 2008 results to date. Its profits for the first three quarters of the year amounted to USD 93.25 million, down from USD 122.45 million for the three quarters of 2007.
- United Gulf Bank (UGB.BSE) has not announced its results for 2008. Up to the end of September, however, its profits amounted to USD 248.86 million, up from USD 195.04 million at the end of September 2007. The Bank announced that it signed an agreement to sell part of its stake in Algeria Gulf Bank, Bank of Baghdad, Jordan Kuwait Bank, and Tunis International Bank to Burgan Bank.

ABC Investments

9.3 Beirut Stock Exchange

The BLOM Stock Index started 2008 trading relatively horizontally within a range of 1,400 points and 1,600 points. In March, the Index began to ascend, but it didn't begin its sharp climb until May, ending the first half of the year at 2,051.77 points. The ascent continued with the Index reaching its high for the year of 2,125.73 points on July 7th, after which it began to descend sharply, with a few brief upward corrections. By the end of the year, the Index had closed at the 1,178.25 points, level, down 27.5% from the start of the year.

The BLOM Stock Index reached a high for the year of 2,125.7 points before dropping to 1,178.3 points at year-end



Source: Reuters

Market Highlights

Trading Volume	60.92 million	**P/E (TTM)***	9.03x
Total Turnover	USD 1,267.19 million	**P/BV***	1.20x
Daily Average Turnover	USD 5.63 million	**ROE**	13.75%
Market Cap (Dec. 31st, 08)	USD 12.01 billion	**ROA**	1.62%

*As of February 18th 2008
Source: Zawya

Beirut's Top Share Performers

Company Name	% Change in Price
Rasamny Younis Motor Company (RYM.LBSE)	55.56%
Bank of Beirut (BOB.LBSE)	43.14%
Societe Libanaise des Ciments Blancs (CNB.LBSE)	35.71%
Banque Bemo (BEMO.LBSE)	19.55%
Societe Libanaise des Ciments Blancs (CBB.LBSE)	16.11%

Source: Zawya

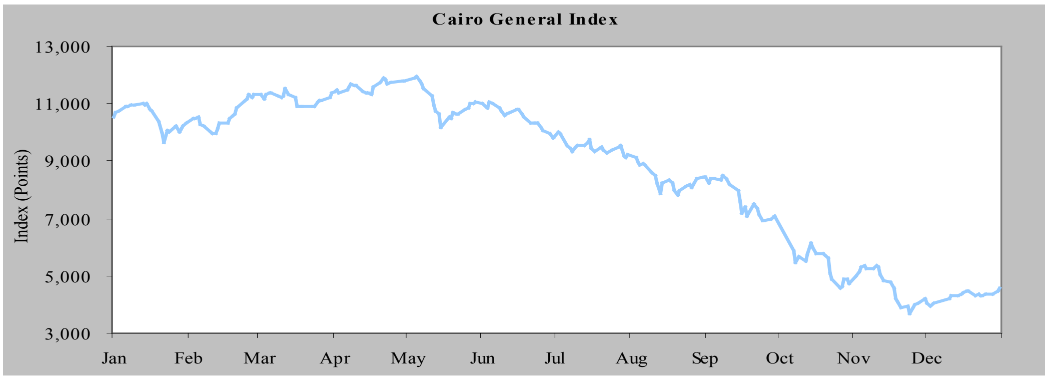
Beirut Heavyweights' Financial Highlights

- Bank Audi (AUSR.LBSE) announced profits for 2008 of LBP 352.02 billion (USD 234.45 million), up 21.5% from 2007's LBP 289.68 billion.
- BLOM Bank (BLBO.LBSE) has not released its 2008 financial results so far. Its profits at the end of the first half of 2008 amounted to LBP 191.26 billion (USD 126.96 million) compared to LBP 138.87 billion for the same period of 2007.
- Bank of Beirut's (BOB.LBSE) net profits for 2008 stood at LBP 100.01 billion (USD 66.60 million), up from LBP 66.36 billion the year prior. The Bank is intending to distribute 10% stock dividends.
- Byblos Bank (BYB.LBSE) announced profits of LBP 173.84 billion (USD 115.77 million) for 2008 against profits of LBP 142.55 billion in 2007. The Bank also revealed that it has established a GDR program representing 23% of its stock. Shareholders will have the option to convert 50 common shares into one GDR that will be listed on the London Stock Exchange.

9.4 Cairo Stock Exchange

The Cairo General Index started off 2008 positively, rising by over 400 points during the first couple of weeks. The market corrected in mid-January and into February before recommencing its climb. In April, the Index reached its high for the year of 12,039.19 points before dropping by almost 2,000 points by mid-May. The downward trend continued through the entirety of the second half of the year, reaching a low of 3,686.35 points in November before recovering slightly to end the year at 4,569.49 points, some 56.4% lower than the start of the year.

The Cairo General Index reached a high for the year of 12,039.2 points before declining to end the year at 4,569.5 points



Source: Zawya

Market Highlights

Trading Volume	21.22 billion	**P/E (TTM)***	5.37x
Total Turnover	EGP 393.23 billion	**P/BV***	1.11x
Daily Average Turnover	EGP 1.59 billion	**ROE**	48.66%
Market Cap (Dec. 31st, 08)	EGP 317.37 billion	**ROA**	15.29%

*As of February 18th 2008
Source: Zawya

Cairo's Top Share Performers

Company Name	% Change in Price
Semiramis InterContinental Cairo (SEHO.CASE)	1,016.25%
Upper Egypt Flour Mills (UEFM.CASE)	153.03%
Egypt Poultry (EPCO.CASE)	149.24%
Misr National Steel (ATQA.CASE)	147.09%
Nile Cotton Ginning (NCGC.CASE)	141.49%

Source: Zawya

Cairo Heavyweights' Financial Highlights

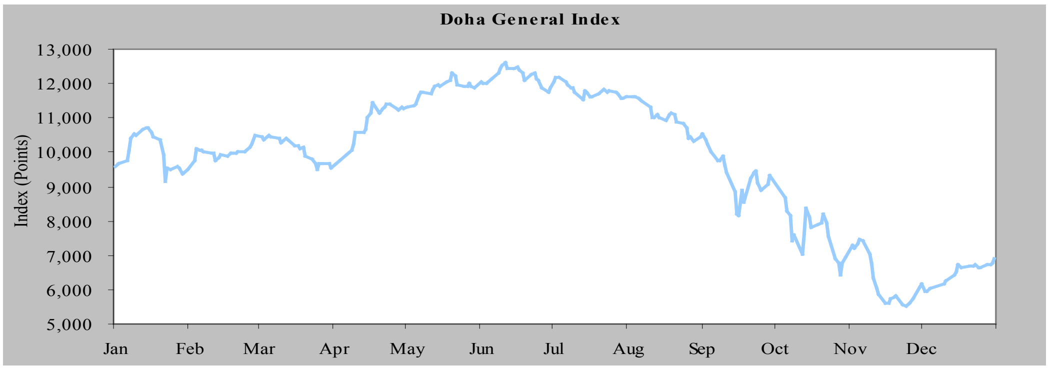
- Telecom Egypt (ETEL.CASE) has not issued its 2008 financial results to date. Its third quarter profits amounted to EGP 2.19 billion (USD 401.41 million) up from EGP 1.70 billion for the same period of 2007.
- Orascom Construction Industries (OCIC.CASE) has not announced its results for 2008 yet. Its profits at the end of September 2008 amounted to EGP 4.95 billion (USD 908.71 million) against profits of EGP 2.80 billion at the end of September 2007.
- Orascom Telecom Holding's (ORTE.CASE) 2008 results have yet to be disclosed. At the end of the third quarter of 2008, its profits had dropped to EGP 1.96 billion (USD 359.69 million) from EGP 7.20 billion for the same period of 2007.
- Egyptian Company for Mobile Services (EMOB.CASE) announced profits of EGP 1.97 billion (USD 356.67 million) for the year against EGP 1.82 billion for 2007.
- Commercial International Bank's (Egypt) (COMI.CASE) profits for 2008 amounted to EGP 1.37 billion (USD 248.12 million) compared to EGP 1.29 billion in 2007. The Bank's BOD has proposed the distribution of 10% cash dividends.

ABC Investments

9.5 Doha Securities Market

Doha General Index was the third best performer in the region, registering a decline of 28.1% by year end

Doha Securities Market was the third best performer in the region this year, after the Amman Stock Exchange and the BLOM Stock Index, with a 28.1% decline in its index. As the year took off, the General Index was rather bumpy with relatively large fluctuations between 9,000 points and 11,000 points. In April, however, the Index began to climb to reach its high for the year of 12,627.3 points on June 11th. As was typical for the markets in the region, the Index reversed its direction during the second half of the year, falling to its 52-week low in November of 5,504.5 points before correcting slightly and closing the year at 6,886.1 points. An important point to note is that the Doha General Index registered a significant loss of 42.0% during the second half of the year, a fact that was partially offset by the rise in the Index during the second quarter.



Source: Zawya

Market Highlights

Trading Volume	3.89 billion	**P/E (TTM)***	7.41x
Total Turnover	QAR 175.51 billion	**P/BV***	1.51x
Daily Average Turnover	QAR 690.98 million	**ROE**	22.66%
Market Cap (Dec. 31st, 08)	QAR 278.28 billion	**ROA**	5.76%

*As of February 18th 2008
Source: Zawya

Doha's Top Share Performers

Company Name	% Change in Price
Qatar Islamic Financial Securities Company (IFFS.DSM)	300.00%
Ezdan Real Estate Company (ERES.DSM)	82.43%
Qatar General Insurance & Reinsurance Co. (QGRI.DSM)	54.75%
Qatar Islamic Bank (QIBK.DSM)	22.48%
Mannai Corporation (MCCS.DSM)	20.30%

Source: Zawya

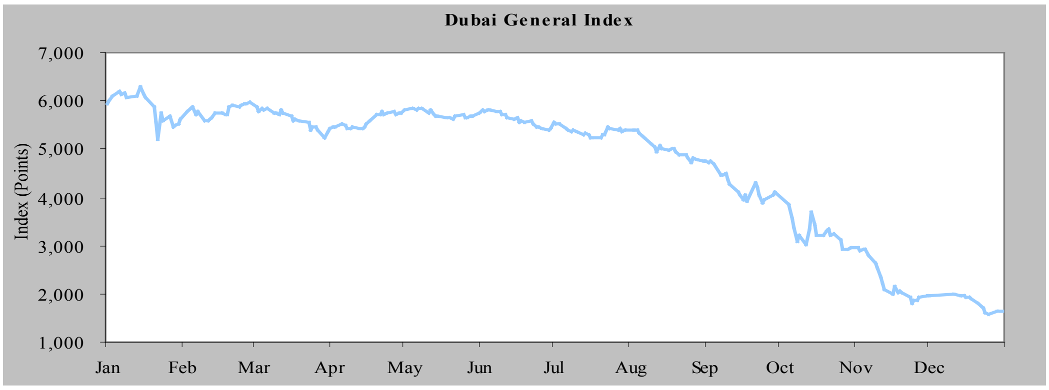
Doha Heavyweights' Financial Highlights

- Industries Qatar (IQCD.DSM) has yet to reveal its 2008 financial results, however, its BOD has proposed the distribution of 80% cash dividends. At the end of the third quarter of 2008, profits of the company had reached QAR 7.18 billion (USD 1.97 billion) compared to QAR 3.40 billion in 2007.
- Qatar National Bank (QNBK.DSM) announced profits for 2008 of QAR 3.65 billion (USD 1.00 billion). Its AGM and EGM approved the distribution of 75% cash dividends and 25% bonus shares.
- Qatar Islamic Bank (QIBK.DSM) realised profits of QAR 1.64 billion (USD 451.00 million) for 2008. The Bank's BOD has proposed the distribution of 70% cash dividends.
- Qatar Telecom (QTEL.DSM) has yet to announce its 2008 profits. At the end of the third quarter, however, its profits amounted to QAR 1.83 billion (USD 502.74 million).
- Aamal Company's (AHCS.DSM) 2008 results have not as yet been disclosed. At the end of Q3, however, profits amounted to QAR 734.31 million (USD 201.62 million).

9.6 Dubai Financial Market

Dubai was the worst performing market in the region this year, losing 72.4% of its value. What is striking is that following a very brief rise in the Index in January to reach the year's high of 6,315.00 points, the Index seemed to follow a consistent downward trend. By the end of the first half of the year, the Index had dropped 8.2%. However, the second half of the year saw the market plummet to half its value by September. The decline continued, aside from a minor blip in October, breaking through the 2,000 point-floor and ending 2008 at 1,636.3 points.

Dubai General Index was the worst performing market in the region losing 72.4% of its value by the end of the year



Source: Zawya

Market Highlights

Trading Volume	76.24 billion	**P/E (TTM)***	4.69x
Total Turnover	AED 304.17 billion	**P/BV***	0.8x
Daily Average Turnover	AED 1.24 billion	**ROE**	17.35%
Market Cap (Dec. 31st, 08)	AED 137.72 billion	**ROA**	3.85%

*As of February 18th 2008
Source: Zawya

Dubai's Top Share Performers

Company Name	% Change in Price
National General Insurance (NGI.DFM)	56.25%
Oman Insurance Company (OIC.DFM)	38.29%
Dubai Insurance Company (DIN.DFM)	35.17%
Gulf Finance House (GFH.DFM)	32.48%
Gulf General Investment Company (GGICO.DFM)	24.01%

Source: Zawya

Dubai Heavyweights' Financial Highlights

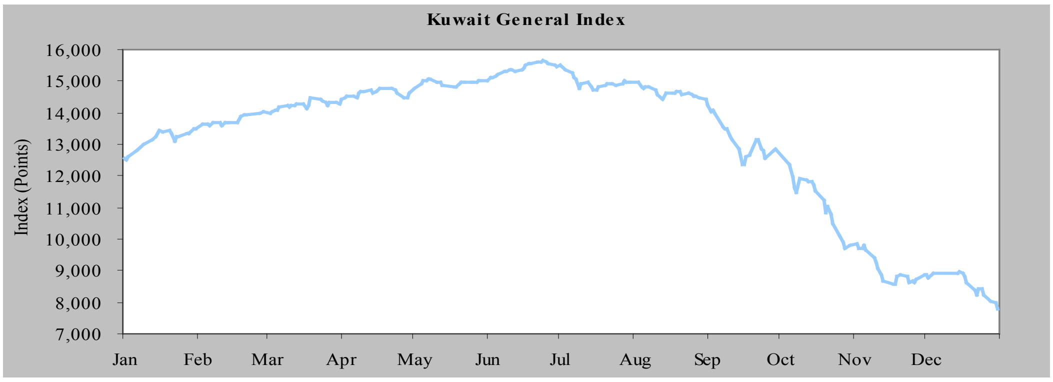
- Mashreq (MASQ.DFM) has not announced its financial results for 2008. At the end of Q3 2008, however, its profits amounted to AED 1.52 billion (USD 413.41 million).
- Emirates NBD's (ENBD.DFM) net profits for 2008 amounted to AED 3.68 billion (USD 1.00 billion) up from AED 2.77 billion in 2007. The Company's BOD will propose the distribution of 20% cash dividends and 10% stock dividends.
- Emaar Properties (EMAAR/DFM) announced profits for the year of AED 3.55 billion (USD 965.2 million) compared to AED 6.58 billion registered in 2007. Its fourth quarter results registered a net loss of AED 1.77 billion (USD 481 million).
- Dubai Financial Market (DFM.DFM) has not announced its 2008 results to date. Its profits at the end of the third quarter of 2008 amounted to AED 780.65 million (USD 212.54 million), down from AED 865.33 million for the same period of 2007.
- Emirates Integrated Telecommunications Company (DU.DFM) has turned a profit in 2008, with earnings of AED 4.12 million (USD 1.12 million) compared to a loss of AED 885.27 million for 2007.

ABC Investments

9.7 Kuwait Stock Exchange

The Kuwait General Index followed a smooth and steady climb for the duration of the first half of 2008, rising by a total of 23.1% to 15,456.2 points at the end of June. During the second half of the year, however, the tide turned, shifting the index into freefall, registering its low for the year of 7,702.4 points at year end and closing at 7,782.6 points, giving an aggregate decline of 38.0% and a 49.6% drop in the last six months of the year.

The Kuwait General Index dropped by 38.0% during 2008 to reach 7,782.6 points



Source: Zawya

Market Highlights

Trading Volume	80.33 billion	**P/E (TTM)***	6.15x
Total Turnover	KWD 35.61 billion	**P/BV***	1.00x
Daily Average Turnover	KWD 146.55 million	**ROE**	16.58%
Market Cap (Dec. 31st, 08)	KWD 29.64 billion	**ROA**	4.58%

*As of February 18th 2008
Source: Zawya

Kuwait's Top Share Performers

Company Name	% Change in Price
AREF Energy Holding Company (AREFENERGY.KSE)	219.83%
Al Soor Fuel Marketing Company (SOOR.KSE)	142.86%
Hits Telecom Holding Company (HITSTELEC.KSE)	91.08%
Gulf Rocks Company (ROCKS.KSE)	73.21%
Al Mowasat Holding Company (MHC.KSE)	49.55%

Source: Zawya

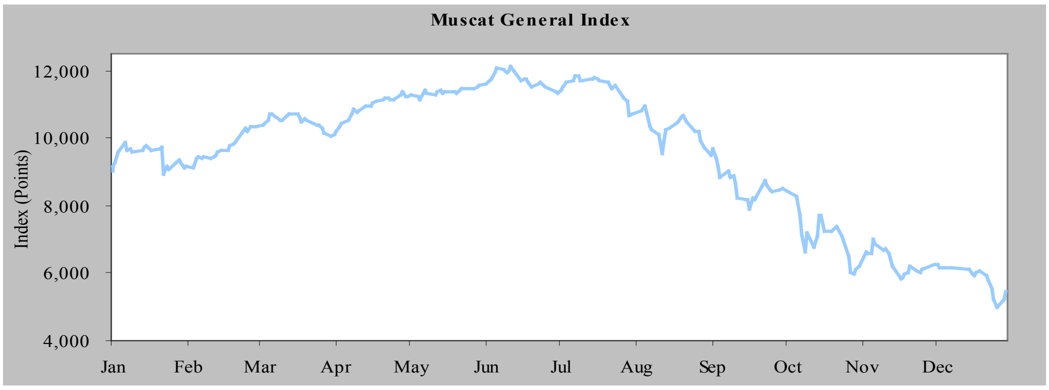
Kuwait Heavyweights' Financial Highlights

- Mobile Telecommunications Company (ZAIN.KSE) has delayed announcing its 2008 results till March but has revealed that the Board will propose a dividends of KWD 0.05 per share. Its profits at the end of Q3 2008 stood at KWD 236.16 million (USD 880.76 million).
- National Bank of Kuwait's (NBK.KSE) profits for the year declined slightly to KWD 255.35 million (USD 925.18 million) from KWD 273.57 million in 2007. The Bank's BOD will propose cash and stock dividends of 45% and 10%, respectively.
- Kuwait Finance House (KFIN.KSE) announced profits for 2008 of KWD 156.96 million (USD 568.70 million), down from KWD 275.27 million in 2007. The BOD will propse 40% cash dividends and 12% bonus shares.
- Gulf Bank (GBK.KSE) approved a 100% rights issue to raise the Bank's capital at a price of KWD 0.3 per share. Its results at the end of the third quarter of 2008 amounted to KWD 85.96 million (USD 321.93 million).
- Commercial Bank of Kuwait (CBK.KSE) has not announced its 2008 results, but has disclosed that its BOD will propose cash dividends of 40%. Its profits at the end of the third quarter of 2008 amounted to KWD 104.89 million (USD 392.84 million), down from KWD 92.18 million for the same period of 2007.

9.8 Muscat Stock Exchange

Muscat's General Index followed a positive trend during the first half of 2008, rising from 9,035.46 points at 2007 year-end to 11,432.98 points on June 30th 2008. Mirroring the trend in the region, the Index reversed its upward climb during the second half of the year, falling to a low 4,990.7 points on December 25th and ended the year at 5,441.12 points, registering an overall drop for the year of 39.8%.

Muscat's General Index dropped by 39.8% during 2008 to end the year at 5,441.1 points



Source: Zawya

Market Highlights

Trading Volume	4.15 billion	**P/E (TTM)***	6.80x
Total Turnover	OMR 3.33 billion	**P/BV***	1.43x
Daily Average Turnover	OMR 13.42 million	**ROE**	21.50%
Market Cap (Dec. 31st, 08)	OMR 5.74 billion	**ROA**	4.85%

*As of February 18th 2008
Source: Zawya

Muscat's Top Share Performers

Company Name	% Change in Price
The National Detergent Company (NDTI.MSM)	223.04%
Oman Medical Projects Company (OMPS.MSM)	112.77%
The Financial Corporation Company (FINC.MSM)	101.30%
Al Ahlia Converting Industries (AACI.MSM)	100.00%
Al Batinah Hotels Company (BAHS.MSM)	74.78%

Source: Zawya

Muscat Heavyweights' Financial Highlights

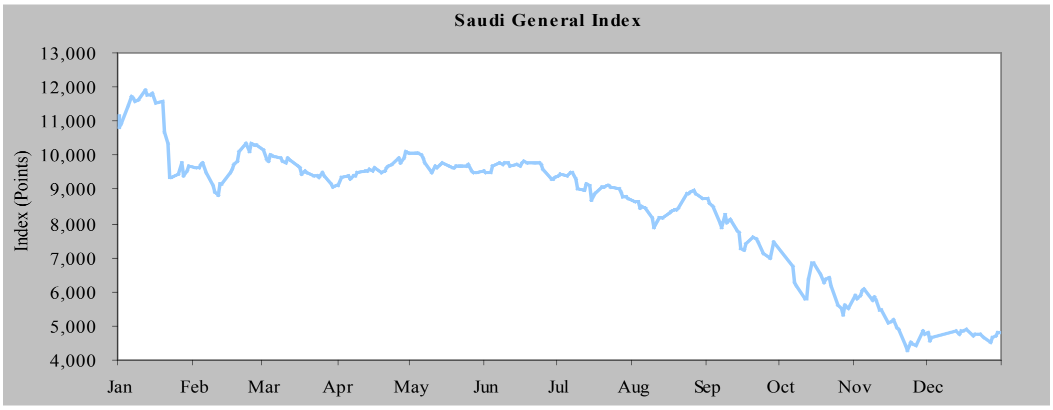
- Oman Telecommunications Company (OTEL.MSM) announced preliminary profits of OMR 116.71 million (USD 303.14 million) for 2008 compared to OMR 112.03 million the year prior.
- Bank Muscat's (BKMB.MSM) net profits for 2008 amounted to OMR 93.73 million (USD 243.46 million), up 11.2% compared to 2007. The Bank's Board of Directors will propose the distribution of 20% cash dividends.
- National Bank of Oman (NBOB.MSM) announced profits of OMR 45.4 million (USD 117.92 million). The AGM and EGM approved the distribution of OMR 0.018 per share.
- Bank Dhofar (BKDB.MSM) announced profits for 2008 of OMR 23.6 million (USD 61.3 million) compared to profits of OMR 22.7 million in 2007. The Bank's BOD will propose the distribution of 15.5% cash dividends and 4.5% stock dividends.
- Oman International Bank (OIBB.MSM) has realised profits of OMR 29.47 million (USD 76.56 million), just slightly higher than the OMR 28.08 million registered for 2007. The Bank's BOD will propose the distribution of 27% cash dividends in its EGM.

ABC Investments

9.9 Saudi Stock Exchange

Year 2008 was a tough year for the Saudi Stock Exchange, with the General Index managing to climb during the first couple of weeks of the year. In mid-January, the Index was replaced by a free-float index, causing the value of the Index to fall some 2,000 points. The Index managed to climb further before trading horizontally over a number of months. However, in July, the Index took a down-turn, falling to a low for the year of 4,223.70 points on November 23rd before closing the year at 4,802.99 points, down by 57.0% year-on-year.

Saudi Arabia's General Index ended the year down by 57.0% at 4,803.0 points



Source: Zawya

Market Highlights

Trading Volume	59.03 billion	**P/E (TTM)***	9.39x
Total Turnover	SAR 1,974.08 billion	**P/BV***	1.58x
Daily Average Turnover	SAR 7.74 billion	**ROE**	9.25%
Market Cap (Dec. 31st, 08)	SAR 924.53 billion	**ROA**	2.63%

*As of February 18th 2008
Source: Zawya

Saudi's Top Share Performers

Company Name	% Change in Price
United Cooperative Assurance Company (8190.SSE)	252.00%
Arabia Insurance Cooperative Company (8160.SSE)	32.00%
Trade Union Cooperative Insurance Company (8170.SSE)	28.00%
Saudi Paper Manufacturing Company (2300.SSE)	23.75%
Al Sagr Company for Cooperative Insurance (8180.SSE)	21.00%

Source: Zawya

Saudi Heavyweights' Financial Highlights

- Saudi Basic Industries Corporation (2010.SSE) realised profits for 2008 of SAR 22.02 billion (USD 5.87 billion), down 18.5% from 2007's SAR 27.02 billion profits. The BOD will propose to the General Assembly the distribution of SAR 1.25 per share.
- Al Rajhi Bank (1120.SSE) announced profits of SAR 6.52 billion (USD 1.74 billion) for 2008, exceeding 2007's profits of SAR 6.45 billion. Dividends of SAR 1.75 per share will be proposed.
- Saudi Telecom (7010.SSE) registered an 8% drop in its profits for 2008 to register at SAR 11.05 billion (USD 2.94 billion). Cash dividends of SAR 0.75 per share will be proposed to the General Assembly.
- Saudi Electricity Company's (5110.SSE) net profits for 2008 amounted to SAR 1.07 billion (USD 286.46 million), down from SAR 1.55 billion recorded for 2007.
- SABB (1060.SSE) announced profits of SAR 2.92 billion (USD 778.26 million), registering a year-on-year increase of 11.9%. The Company's BOD will propose the distribution of 9.6% cash dividends and 25% stock dividends.

ABC Investments

10.0 MARKET DRIVERS

10.1 Economic Growth

Year 2008 marked a highly challenging period for the Jordanian economy, first in the form of soaring inflation, brought on by rising prices of fuel, commodities and food in the international market, coinciding with the Government's removal of its oil subsidies, coupled with continued weakening of the U.S. dollar, to which the Jordanian Dinar is pegged, vis-a-vis other major currencies, and secondly as a result of a reversal in trends brought on by the financial crisis and credit crunch in the U.S., which sent global economies into recession, commodity prices plunging, capital markets into freefall, and investor and consumer confidence to an all-time low.

2008 was a challenging year for the Jordanian economy

What was previously a booming phase for Jordan's economy soon came to a standstill; banks became reluctant to lend, and businesses, unable to obtain liquidity to fund their operations, were approaching bankruptcy. Stocks in the capital market were dramatically oversold, with some JD 15 billion in equity value lost during the second half of 2008 alone, which came alongside a slump in the Kingdom's previously active sectors, the real estate and construction. By year end, the Country's real GDP at market prices had managed to register a growth of 6.1%, down from 2007 and 2006's 6.6% and 8.0%, respectively.

Real GDP at market prices decelerated in 2008 to 6.1%

	2004	2005	2006	2007	Q3 2008
Nominal GDP at Mkt Prices (JD Million)	8,090.7	8,953.7	10,520.9	11,721.5	10,497.1
Nominal GDP at Mkt Prices (%)	11.9%	10.7%	17.5%	11.4%	21.8%
Real GDP at Basic Prices (%)	8.7%	7.6%	8.1%	6.2%	5.7%
Real GDP at Mkt Prices (%)	8.6%	8.1%	8.0%	6.6%	6.1%
GDP per Capita at Mkt Prices (JD)	1,512	1,636	1,879	2,048	N/A
GDP Deflator at Mkt Prices (%)	3.1%	2.3%	8.8%	4.5%	N/A
Inflation (%)	3.4%	3.5%	6.3%	5.4%	14.9%*

N/A: Not Available
* Based on year-end inflation
Source: Central Bank of Jordan

10.2 Balance of Payments & Current Account

Volatility exhibited in prices of oil and other commodities, not to mention the exchange rate of the dinar against other leading currencies, played havoc with Jordan's balance of payments. Since 2005, the Kingdom has been struggling with a current account deficit, which, although showed some improvement in 2006, widened to JD 2.08 billion in 2007. The expense from rising oil prices in the earlier part of 2008 when oil reached around USD 150 per barrel meant that the current account deficit reached JD 1.61 billion at the end of September 2008. Annualising this gives a deficit of JD 2.15 billion, highlighting a continued widening of the deficit.

Increase in prices across the board led to an increase in the Kingdom's current account

Balance of Payments

JD Millions	2004	2005	2006	2007	Q3 2008	2008*
Current Account	62.9	(1,559.4)	(1,133.3)	(2,079.5)	(1,606.9)	(2,142.5)
Trade Balance	*(2,395.1)*	*(3,556.3)*	*(3,584.7)*	*(4,574.2)*	*(4,154.3)*	*(5,539.1)*
Imports (F.O.B)	*5,148.1*	*6,606.0*	*7,274.6*	*8,637.8*	*8.297.7*	*11,063.6*
Exports (F.O.B)	*2,753.0*	*3,049.7*	*3,689.9*	*4,063.6*	*4,143.4*	*5,524.5*
Capital & Finance Account	(199.4)	982.7	1,173.9	1,158.8	328.3	437.7
Net Errors & Omissions	136.5	576.7	(40.6)	920.7	1,278.6	1,704.8

* Based on annualised Q3 2008 balances
Source: Central Bank of Jordan

Moreover, the devaluation of the U.S. dollar did not do the Kingdom's trade balance any favours.

ABC Investments

While a weakened currency helps boost exports, Jordan being an import-based economy means that a devaluation of the dinar translates into more expensive imports. The trade balance deficit increased during the first nine months to JD 4.15 billion, which annualised gives JD 5.53 billion.

Trade balance deficit to increased to reach JD 4.15 billion during the first nine months of 2008...

The Government has efforts in place to reduce the trade deficit, including expanding its international trade activity to reach beyond the tradition markets, and signing bilateral agreements with several new countries.

On a positive note, the increase in the trade balance deficit was partially offset by the rise in remittances from workers abroad, which increased from JD 2.12 billion in 2007 to JD 2.31 billion based on annualised Q3 2008 figures. Remittances of Jordanians working abroad are a significant factor in the Kingdom's balance of payment. The number of Jordanians working outside the Country has been on the rise, hiking up remittances, contributing positively to the economy and increasing available liquidity. Moreover, the rise in oil prices in Gulf countries resulted in raised salaries of employees in the Gulf, translating into higher remittances still. By the end of November, remittances had soared to JD 2.5 billion, far surpassing the JD 2.1 billion registered for the entirety of 2007 and exceeding the Q3 annualised figure for 2008.

... although offset in part by a rise in remittances from Jordanians abroad

Worker Remittances (JD Millions)

JD Millions	2004	2005	2006	2007	Nov 2008
Remittances (Inflows)	1,459.6	1,544.8	1,782.7	2,122.5	2,500.0

Source: Central Bank of Jordan

Meanwhile, the capital and finance account declined significantly in 2008 compared to 2007, registering at JD 328.3 million, giving an annualised figure of JD 437.73 million, less than half that of 2007, despite a JD 255.7 million increase in the capital account balance in 2008 compared to 2007, based on annualised 9-month capital transfers for 2008. The financial account, on the other hand, declined by JD 976.8 million on an annualised basis.

The Financial Account balance witnessed a drop in 2008 compared to 2007

Financial Account Components

JD Millions	2004	2005	2006	2007	Q3 2008	2008*
Direct Investments	565.9	1,142.1	2,414.6	1,348.8	1,252.9	1,670.5
Portfolio Investments	(204.8)	221.7	(26.1)	595.5	317.9	423.9
Other Investments	(503.9)	(257.0)	(299.5)	(217.7)	(777.3)	(1,036.4)
Reserve Assets	(58.1)	(130.1)	(959.6)	(576.9)	(663.8)	(885.1)
Financial Account	**(200.9)**	**976.7**	**1,129.4**	**1,149.7**	**129.7**	**172.9**

* Based on annualised Q3 2008 balances
Source: Central Bank of Jordan

The components of the financial account reveal a strong growth in the direct investments inflow, detailed in the following section. Meanwhile, the remaining investments registered substantial declines in value, a fact that is likely to be exacerbated during the final quarter of 2008, as a result of the downturn in values of investments globally.

Overall, many of the components of the balance of payments are expected to be hit hard in the coming periods, with expectations of a stabilisation, if not a decline in remittances, as economies in the GCC begin to falter. Moreover, the downturn in the market in Jordan and the inability to liquidate positions in other markets without realising substantial losses is expected to lead to a tightening of liquidity, particularly at a time where financial institutions are tightening their credit terms.

10.3 Foreign Direct Investments

With Jordan being a small country with limited natural resources, it is heavily reliant on external liquidity and investments for its growth. Developments in the region since year 2000, including the September 11th terrorist attack on the U.S., the U.S.-led invasion of Iraq, turmoil in Lebanon and Syria, alongside initiatives to attract investment by the Jordanian Government, all set the stage for Jordan as a prime investment location. The buoyancy of the Amman Stock Exchange during years 2004 and 2005, alongside the boom in the real estate sector, both attracted liquidity to the Kingdom in the form of foreign investment. Boosting this influx of investments was the rising price of oil in recent years, which generated excess funds in the oil-rich GCC countries, causing investors to look for avenues in which to invest their wealth. Jordan was soon on the receiving end of this liquidity, and the Government helped continue to attract investments through its privatisation program and the enactment of the Investment Promotion Law.

Foreign direct investment plays a major role in the development of the Jordanian economy

Foreign direct and indirect investment was visible in Jordan's capital market, which, following its recovery in late 2007, offered an alternative investment venue for foreign investors to diversify their portfolios. Ownership of non-Jordanians in the Amman Stock Exchange remained at a high 50% of the total market cap.

Foreign investment was also visible in Jordanians capital market

Non-Jordanians Activity in the Amman Stock Exchange

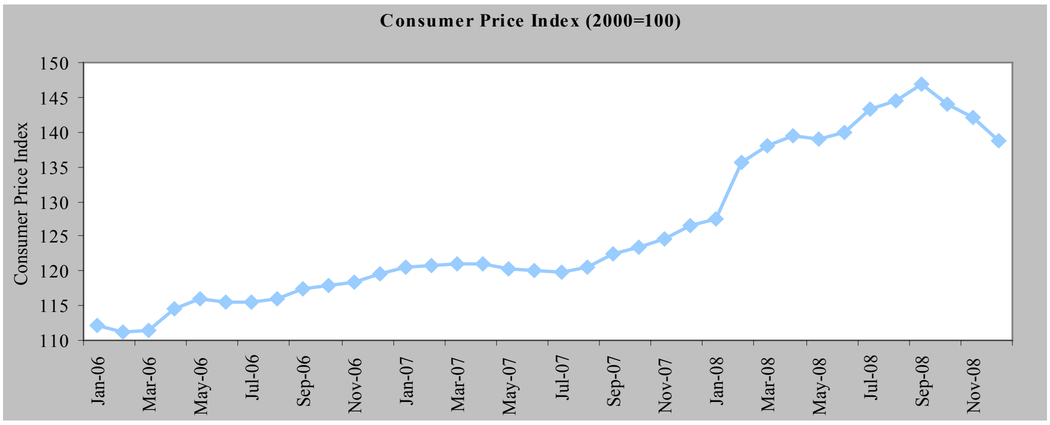
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Buying	195.3	193.1	262.4	392.4	344.0	633.5	836.9	448.7	357.8	248.8	184.4	122.5
Selling	178.8	187.6	259.9	346.5	304.2	557.9	788.4	403.9	327.1	216.1	256.0	83.6
Net Investments	**16.4**	**5.6**	**2.5**	**45.9**	**39.8**	**75.5**	**48.5**	**44.8**	**30.8**	**32.7**	**(71.7)**	**38.9**
Ownership of Market Cap	49.2%	50.1%	49.6%	50.1%	50.5%	50.9%	50.9%	49.8%	49.8%	49.5%	49.4%	49.2%

Source: Amman Stock Exchange

By the third quarter of 2008, FDI to the Kingdom had reached JD 1.22 billion compared to JD 943.6 million for the same period of 2007. The fall in oil prices during the later part of 2008 is expected, however, to have a detrimental effect on the Kingdom's FDI levels, as the excess oil wealth in the Gulf countries continues to evaporate, particularly at a time where the drop in oil prices coincides with the bust in the capital markets in the Gulf and on a global front as a whole. The decline in foreign ownership in the Jordanian stock market was evident, with it slowly declining from almost 51% in mid-2008 to 49.2% by year-end.

Foreign Direct Investment reached JD 122 billion up to the end of the third quarter of 2008

10.4 Consumer Price Index and Inflation



Year 2008 saw inflation rates soar to levels not reached since the early 1990s, registering a year-on-year high of 19.9% in September, and giving an inflation rate for the year of 14.9%. The rise in oil prices in recent years had been applying pressure on the Government's fiscal position, leading it to finally remove its subsidies on oil prices early in the year. The resulting hike in prices in the local

Inflation reached 14.9% in 2008

market fed through to transportation and production costs initially, both oil-intensive industries, before spreading to costs of non-oil related products and services. Selling prices were then raised by amounts to cover the increase in costs of goods sold, in order to maintain profit margins as a minimum. External factors also came into play which sent prices sky-rocketing; prices of oil in the global market continued to soar, reaching almost USD 150 per barrel in the summer. Prices of commodities and food had also escalated, boosting the costs of imports. Meanwhile, the U.S. Dollar had depreciated against major currencies, which, due to the peg of the Jordanian Dinar to the Dollar, reduced the purchasing power of Jordan. Imports became increasingly expensive, causing selling prices to be repeatedly raised.

Consumer Price Index (2000 =100)

	Weight	2007	2008	% Change
Food Items	39.7%	132.5	157.4	18.8%
Clothing and Footwear	4.9%	102.7	110.3	7.4%
Housing	26.4%	113.8	129.7	14.0%
Other Good and Services	29.0%	117.4	130.2	10.9%
Consumer Price Index	**100.0%**	**121.7**	**139.9**	**14.9%**

Source: Central Bank of Jordan

Comparing the change in the Consumer Price Index according to category of good or service reveals that the highest increases in prices were attributed to food items, which have the heaviest weighting in the Index, followed by housing.

Food items witnessed the highest price increase during the year

In the later part of the year, the weakening of consumer confidence led to sharp drops in prices of oil, commodities and food, a factor that has recently been reflected in prices in the local market.

10.5 External Debt and Fiscal Position

External debt reached JD 3.58 billion in November 2008 compared to JD 5.25 billion at the end of 2007. The decline came as a result of the drop in loans from Export Credit Guarantees, which declined from JD 1,825.3 million at the end of 2007 to JD 166.6 million in November 2008. During March 2008, the Jordanian Government signed an agreement with the Paris Club to buy back USD 2.4 billion of its outstanding debt with an 11% discount, resulting in a payment by the Government of around USD 2.1 billion. The buy-back was funded from privatisation proceeds, and helped reduce the outstanding external public debt by 11% of GDP.

The Paris Club buy back reduced the outstanding external public debt by 11% of GDP

External Debt

(JD Millions)	2004	2005	2006	2007	Nov 2008
Long-term Loans	5,341.9	4,948.9	5,080.7	5,150.3	3,479.3
- Arab Governments	305.1	339.5	360.9	382.1	387.6
- Industrial Countries	3,375.9	3,045.0	3,174.5	3,263.3	1,663.8
• Bilateral Loans	1,618.1	1,426.1	1,431.8	1,437.9	1,497.2
• Export Credit Guarantees	1,757.8	1,618.9	1,742.6	1,825.3	166.6
- Other Governments	31.6	36.8	38.3	38.6	43.5
- Foreign Banks and Companies	10.1	1.9	1.1	0.2	0.1
- Multilateral Institutions	1,619.2	1,525.7	1,505.9	1,466.3	1,384.3
Bonds	-	103.0	103.0	103.0	103.0
Leasing Contracts	6.9	4.9	2.8	-	-
Outstanding External Public Debt	**5,348.8**	**5,056.7**	**5,186.5**	**5,253.3**	**3,582.3**

Source: Central Bank of Jordan

The fiscal position of the Kingdom reveals a slight deterioration in 2008 compared to 2007, with the deficit including grants rising from JD 615.0 million in 2007 on a commitment basis to JD

616.7 million at the end of November 2008. On an annualised basis, the deficit including grants reached JD 672.8 million.

Fiscal Position

(JD Millions)	2004	2005	2006	2007	Nov 2008
Total Revenues and Grants	2,958.5	3,062.1	3,469.0	3,971.5	4,248.7
Domestic Revenues	2,147.2	2,561.8	3,164.4	3,628.1	3,691.6
Foreign Grants	811.3	500.3	304.6	343.4	557.1
Total Expenditures	3,180.5	3,538.9	3,912.2	4,586.5	4,865.4
Current Expenditures (Commitment Basis)	2,377.8	2,908.0	3,118.1	3,743.9	4,039.7
Capital Expenditure	802.7	630.9	794.1	842.6	825.7
Overall Balance (Commitment Basis)					
Including Grants	**(222.0)**	**(476.8)**	**(443.2)**	**(615.0)**	**(616.7)**
Excluding Grants	**(1,033.3)**	**(977.1)**	**(747.8)**	**(958.4)**	**(1,173.8)**

Source: Central Bank of Jordan

Domestic revenues increased by JD 63.5 million, while foreign grants rose by 62.2% to JD 557.1 million. Worth highlighting is that tax revenues for the eleven months of 2008 amounted to JD 2,565.7 million, representing 69.5% of total domestic revenues.

Domestic revenues and foreign grants increased during 2008...

Meanwhile, expenditures grew by a larger JD 278.9 million to JD 4,865.4 million, attributed largely to the 7.9% increase in current expenditures.

... while expenditures grew by 7.9%

10.6 Money Supply

Money supply, as measured by M2, reached JD 18.30 billion in 2008, up 17.3% from the prior year. The components of the M2 show that 67.3% consists of deposits in Jordanian Dinars, 18.2% consists of deposits in foreign currencies, while 14.6% consists of currency with the public. Of the JD 2.70 billion increase in money supply, a substantial JD 2.26 billion represents increases in time and savings deposits in Jordanian Dinars.

M2 increased by 2.7 billion during 2008, with JD 2.26 billion representing increases in time and savings deposits in Jordanian Dinars

Money Supply (M2)

(JD Millions)	2004	2005	2006	2007	2008
Money Supply (M2)	10,571.4	12,364.0	14,109.7	15,606.8	18,304.2
% Change	11.7%	17.0%	14.1%	10.6%	17.3%

Source: Central Bank of Jordan

The economic crisis in the U.S. caused the Federal Reserve to continually cut its interest rates in order to trigger spending and investment, and therefore boost the economy. The peg of the Jordanian Dinar to the U.S. Dollar meant that the Central Bank of Jordan was forced to mimic the U.S.'s monetary policy. However, due to the soaring inflation in the Kingdom in late 2007 and through most of 2008, the Central Bank refrained from completely duplicating the interest rate cuts. Jordan cut the interest rate on its key monetary instruments only three times in 2008. The Re-discount rate and overnight deposit window rate were reduced to 6.25% and 4.00% respectively by the end of 2008, from 7.00% and 4.75% at the end of 2007. The Repo rate, meanwhile, was reduced from 6.75% to 6.00% over the same period. The widening of the interest rate between the Dinar and the Dollar led to an increase in total deposits in Jordanian Dinars compared to that in other currencies. Deposits in foreign currencies had comprised 23.2% of M2 in 2007.

The Central Bank of Jordan refrained from completely duplicating the interest rate cuts of the US Federal Reserves

One would expect that a decline in interest rates would lead to a reduction in deposits; however, following the exposure of the fraudulent activity of brokerage companies dealing in international markets, coupled with the slump in international stock markets, investors began to favour placing their funds in banks, despite a lower offered return, particularly after the Government of Jordan offered guarantees of all bank deposits till the end of 2009.

10.7 Interest Rates

Interest rates of bank deposits and loans rose in 2008

While the Central Bank of Jordan has been cutting interest rates on its key monetary instruments, banks in the local market have been simultaneously raising interest rates on both deposits and loans. Weighting the interest rates according to the percentage each type of deposit makes up of total deposits highlights a rise in interest rates from 3.77% in January to 3.95% at 2008 year-end, with the bulk of the increase being attributed to the rise in interest rates offered on time deposits.

Interest Rates on Bank Deposits - 2008

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Demand	0.89%	0.90%	0.88%	0.90%	0.90%	0.86%	0.87%	0.92%	0.93%	0.96%	0.98%	1.01%
Saving	1.07%	1.12%	1.09%	1.04%	1.01%	1.07%	1.02%	1.05%	1.11%	1.19%	1.14%	1.04%
Time	5.49%	5.44%	5.38%	5.39%	5.36%	5.36%	5.44%	5.42%	5.47%	5.50%	5.62%	5.66%
Weighted Average *	**3.77%**	**3.78%**	**3.71%**	**3.71%**	**3.66%**	**3.63%**	**3.69%**	**3.69%**	**3.75%**	**3.83%**	**3.89%**	**3.95%**

* Computed by ABC Investments based on weighting of deposits according to type
Source: Central Bank of Jordan

Meanwhile, while interest rates on overdrafts and discounted bills and bonds were reduced over the duration of the year, the rise in the rates on loans and advances from 8.86% at the end of 2007 to 9.48%, and the 80%+ weighting of loans and advances in total credit facilities meant that the weighted average interest rate on credit facilities also registered an increase from 9.01% in January to 9.44% at 2008's year-end.

Interest Rates on Banks Credit Facilities - 2008

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Overdrafts	9.66	9.56	9.62	9.60	9.63	9.74	9.95	9.81	10.31	9.75	9.64	9.31
Loans and Advances	8.88	8.79	8.94	8.87	8.87	9.16	8.94	9.04	9.04	9.11	9.15	9.48
Discounted Bills & Bonds	9.23	8.80	9.36	9.44	9.45	9.11	9.08	9.16	9.00	9.01	9.68	8.89
Weighted Average *	**9.01%**	**8.90%**	**9.06%**	**9.00%**	**9.00%**	**9.24%**	**9.09%**	**9.15%**	**9.21%**	**9.20%**	**9.24%**	**9.44%**

* Computed by ABC Investments based on weighting of deposits according to type
Source: Central Bank of Jordan

10.8 Credit Facilities

Credit facilities granted by banks to finance the purchase of shares rose by JD 55 .5 million compared to 2007

Facilities granted by banks play a significant role in boosting liquidity in the market, and loans taken to finance the purchase of shares has been growing in recent years. During the period from 2007 year-end through July 2008, credit facilities granted by licensed banks to buy shares grew by JD 78.3 million, equivalent to a growth rate of 18.3%. In August, the level of facilities declined before recovering again in September and October. By year end, the level of facilities had registered a JD 55.5 million growth to reach JD 483.3 million.

Outstanding Balance of Credit Facilitates Granted for Buying Stocks (JD Millions)

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Credit Facilities	439.5	438.7	464.4	459.3	459.9	500.6	506.1	494.5	499.0	510.2	508.1	483.3

Source: Central Bank of Jordan

One point worth making is that the level of facilities that are being used to purchase shares is likely to be higher than that highlighted, since the purpose of taking out a personal loan does not necessarily have to be stated accurately.

11.0 OUTLOOK

The global economic outlook remains bleak as poor economic data continues to emerge and credit conditions remain tight. The effects of the problems that have surfaced during the last few months have yet to take their full effect, and we therefore expect streams of bad news to continue to be announced.

After the soaring inflationary pressures, brought on by sky-high prices of oil and commodities, had subsided, they gave way to a global economic slowdown. Many of the leading economies of the world are on the doorstep of a recession, and organisations, in a bid to minimise expenses to compensate for the evaporation of revenues, are laying off employees by the hundreds as part of their restructuring strategies. At a time when central banks are trying to stimulate economic growth through boosting spending, more and more people are finding themselves without a job. Those fortunate enough to be employed are holding onto their cash in these hard times and refraining from unnecessary spending. And while saving on the one hand, if matched by investment on the other, can boost economic growth, banks are becoming increasingly risk-averse, constraining the amount of credit they are willing to supply. Businesses are therefore unable to obtain financing, and the retail segment is beginning to suffer, showing through as reduced consumer spending and limited investment activity - two necessary drivers of economic growth.

As structural weaknesses in leading economies continue to emerge, this is exacerbating further the loss of confidence in the global market, a phenomenon stock markets have failed to evade. While negative sentiment has been discounted in stock prices, evident by the sharp downturn of indices around the world, fears relating to the integrity and sturdiness of the financial system overall remain unabated. Moreover, even the most risk-taking investors remain hesitant to enter the markets in full force due to uncertainty surrounding whether the markets are nearing their troughs, or whether the bottom is deeper still.

The deleveraging that has taken place in the market and the reduction in margin debt should soon ease some of the downward pressure on stock prices that had been caused by borrowers struggling to pay down debt at a time when they are unable to liquidate positions. Furthermore, the structural changes that are taking place across continents should help restore confidence in the market. The new White House administration is hoped to clean up some of the mess created, and boost the world's largest economy, creating new jobs for the rising number of unemployed Americans. A sign of recovery in the U.S. will re-instil some confidence, a fact that will impact positively on global markets. Meanwhile, governments in other countries around the world are also putting into action various recovery plans and pumping liquidity into their financial systems and capital markets. A word of note is the long-term effect this increased spending and the strain on the fiscal position of these governments remains unknown. But in the short to medium term, these actions should help reduce the life span of the downturn.

Stocks generally tend to rebound ahead of economic recoveries by 6 to 12 months. Our expectation is that markets will see a flight to quality with investor focus on large market blue-chips and treasury bills and bonds. We also believe that corporate financial results will likely become a larger determinant of market performance in less developed markets going forward.

Many investors believe that the performance of a market during the month of January sets the stage for the year to come. The ASE General Index declined by almost 2% during the first month of 2008, and liquidity was low, with daily average values and volumes traded of JD 30 million and 15.6 million shares, respectively, with trading being largely speculative on smaller-cap stocks, as investors await announcement of 2008 annual financial results.

Some earnings announcements have already begun to trickle out, and they have been more or less positive. There is opportunity for the astute investor to locate and hand-pick some real gems amongst the stocks in the market, many of which have been drastically oversold and are trading at very attractive prices. However, Jordan's stock market has historically been, and remains, affected by those of the GCC country markets, which are suffering from the decline in oil prices, evaporation of excess liquidity, and the ongoing slump in their own stock markets. We therefore expect to see a deceleration in FDI to the Kingdom and a decline in remittances, both detrimentally affecting liquidity levels. To date, Jordan remains relatively unaffected by the situation in the Gulf and the West, as we believe the tsunami wave of gloom has not yet hit Jordan in full force. On a positive note, actions by the Jordanian Government to open up the doors to Iraqi investors will help boost investment and the economy overall, alongside the recovery plan underway and the continued efforts to improve the investment environment.

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