

---

**CORPORATE PROFITABILITY  
COMPARISON BETWEEN  
H1 2009 AND H1 2008**

---

**ABC**   
*Investments*

P.O. Box 930059, Amman 11193, Jordan

Tel. + 962 (0) 6 5629300,

Fax. + 962 (0) 6 5682941

[www.abci.com.jo](http://www.abci.com.jo)

(A wholly owned subsidiary of ABC (Jordan))

## OVERVIEW OF OUR CORPORATE PROFITABILITY COMPARISON BETWEEN H1 2009 AND H1 2008

The rapid turn of events that occurred during the second half of 2008 in consequence to the financial crisis in the United States that spread worldwide in the form of a global economic slowdown, brought about significant changes in all aspects of the economy. This summary report intends to highlight the performance of the 50 largest companies listed on the Amman Stock Exchange in terms of market capitalisation that issued 2009 first half results, illustrating key financial data for the first half of 2009 compared to the first half of 2008 in terms of profits and losses, and the end of 2008 in terms of financial position.

The first six months of 2008 were categorised globally by booming stock markets, buoyant economies, and flourishing commodities. Prices of oil had been soaring for a number of months, generating abundant excess wealth and liquidity in the oil-rich countries. As a primary recipient of GCC countries' foreign investment, Jordan was on the receiving end of a sizeable amount of GCC liquidity. This investment fed into the stock market, with the General Index skyrocketing by 29.8% during the six months. Liquidity, however, was not the sole contributor to the outstanding market performance; prices of commodities, namely fertiliser inputs, potash and phosphates, in addition to steel, and, as mentioned, oil, were rising to unprecedented levels, an effect that fed through to their stock prices. Trading activity soared as huge profit-generating opportunities were presented, and Jordanians were becoming increasingly better off. Spending rose, driving a boom in core operations of companies, which reflected further on the stock market, and investments flourished. The continuous surge in prices of goods and commodities both locally and in the international market provided opportunity for companies to hike up the sales price of their products and services, enabling the generation of higher profit margins and earnings, although the impact of this did not become truly visible until the second quarter of the year. Industrial companies, particularly those in the mining industry, benefited dramatically from the soaring prices of commodities in the international markets, with the Arab Potash Company and the Jordan Phosphate Mines recording both unprecedented earnings for the 2008 financial year and new all-time highs with regards to their stock price.

Strikingly, this strong performance came at a time of sizeable challenges in the market; accompanying the rise in prices of oil was an overwhelming rise in prices of goods and services across the board brought on by increased production costs from the hike in energy prices, rising transportation costs, the removal of the Jordanian Government's subsidy on fuel prices, and a spill-over effect to other segments of the economy. Inflation had begun a rising trend month-on-month to levels not seen in years, which pushed up the costs relating to production and corporate operations. As prices continued to rise, corporations had to increase salaries to compensate for the higher cost of living, leading to further increases in expenses. Moreover, the devaluation of the dollar, and therefore the dinar, against other major currencies further exacerbated the effect of imported inflation, which for Jordan, a primarily import-oriented economy, added to the local inflation problem further.

The crisis that occurred in the U.S. market in terms of the sub-prime mortgage debacle, followed by the financial crisis and credit crunch, set the global economy into a tailspin. Gains made on the stock market evaporated, with stock markets on the global front shifting into freefall. Billions of dollars of wealth disappeared, and consumer and investor confidence deteriorated. The Amman Stock Exchange lost 42.2% in the second half of 2008, registering a 24.9% decline year-on-year, and continued to drop by 0.8% during the first half of 2009. Comparing the end of H1 2009 with H1 2008 reveals a substantial 2,037.0 points decline in the General Index. Moreover, the trading value had dropped to JD 6.03 billion for the six months, around half the JD 12.29 billion registered in the same period one year prior. Oil prices slumped at an accelerating rate on the back of negative market sentiment, further exaggerating the markets' poor performance. Liquidity dissipated, bringing about huge asset sell-offs. Meanwhile, banks became increasingly risk averse, limiting their lending, rendering businesses unable to obtain finance to continue with their projects and investments. Many projects have been terminated or put on hold, and companies worldwide are laying off employees to cut costs. And while inflation levels have returned to more reasonable levels, the deceleration of the economy and the hardship experienced by the Jordanian population translated into reduced sales, particularly for companies in cyclical industries. Trading portfolios also continued to be hit as stock prices remained substantially lower than their 2008 peak levels, leading to the anticipated poor financial results for the first half of 2009 vis-a-vis the first half of 2008. Overall, of the 50 companies considered, 36 registered a decline in their 2009 profits compared to 2008, and 8 companies registered losses for the period.

Company	Ticker	Paid-up Capital		Total Assets			Shareholders' Equity			Net Profit			ROAA		ROAE	
		H1 2009	2008***	H1 2009	2008***	% Change	H1 2009	2008***	% Change	H1 2009	H1 2008	% Change	H1 2009	H1 2008	H1 2009	H1 2008
ARAB BANKING CO.	ABCO	70,919,063	64,471,875	544,257,883	587,006,228	(7.3%)	91,882,446	85,103,604	8.0%	5,078,832	6,869,657	(26.1%)	1.8%	2.3%	11.5%	16.9%
AL-AHLIA ENTERPRISES	ABLA	37,062,175	37,062,175	58,432,543	60,718,758	(3.8%)	35,000,012	35,705,521	(2.0%)	(670,508)*	(269,208)*	(149.1%)	(2.3%)	(1.6%)	(3.8%)	(2.6%)
ARAB EAST INVST.	AEIV	47,000,000	47,000,000	120,143,955	123,865,224	(3.0%)	95,590,568	97,472,452	(1.9%)	1,602,987	22,366,503	(92.8%)	2.6%	39.6%	3.3%	56.7%
ARAB INT INV EDU	AIEI	40,500,000	40,500,000	83,542,307	88,350,555	(5.4%)	48,617,172	55,752,084	(12.8%)	290,880	2,308,264	(87.4%)	0.7%	5.2%	1.1%	8.3%
ARAB INTL HOTEL	AIHO	27,000,000	25,000,000	71,288,544	69,779,451	2.2%	57,865,383	58,916,236	(1.8%)	2,689,818	2,782,581	(3.3%)	7.6%	7.9%	9.2%	9.1%
ARAB JOR/INV/BANK	AJIB**	100,000,000	100,000,000	776,311,514	697,473,021	11.3%	121,301,292	123,832,020	(2.0%)	6,428,073	6,828,562	(5.9%)	1.7%	2.0%	10.5%	11.3%
AMWAL INVEST	AMWL	42,500,000	42,500,000	84,979,071	85,209,107	(0.3%)	67,566,132	63,379,808	6.6%	9,191,437*	7,720,774*	19.0%	21.6%	19.6%	28.1%	25.1%
ARAB POTASH CO	APOT	83,318,000	83,318,000	773,750,000	873,339,000	(11.4%)	652,133,000	641,951,000	1.6%	68,540,000	90,066,000	(23.9%)	16.6%	38.8%	21.2%	36.7%
ARAB BANK	ARBK	534,000,000	534,000,000	23,156,091,000	22,751,002,000	1.8%	3,646,204,000	3,579,954,000	1.9%	159,528,000	215,566,000	(26.0%)	1.4%	2.0%	8.8%	12.1%
BANK OF JORDAN	BOJX**	100,000,000	100,000,000	1,785,598,590	1,686,018,203	5.9%	180,321,129	179,604,487	0.4%	14,585,637	15,155,247	(3.8%)	1.7%	1.9%	16.2%	17.8%
CAIRO AMMAN BANK	CABK	88,000,000	80,000,000	1,586,503,214	1,462,244,466	8.5%	165,956,694	151,500,924	9.5%	12,123,423	11,950,591	1.4%	1.6%	1.7%	15.3%	16.1%
DAR ALDAWA DV/IV	DADI	20,000,000	20,000,000	76,470,670	68,492,775	11.6%	50,813,946	51,289,862	(0.9%)	2,900,088	2,678,657	8.3%	8.0%	8.1%	11.4%	10.3%
INVEST ESTATE INDUST	IEAI	30,000,000	30,000,000	62,902,171	64,210,456	(2.0%)	38,364,615	39,064,937	(1.8%)	(700,322)*	(821,177)*	14.7%	(2.2%)	(2.8%)	(3.6%)	(4.7%)
INDSTR L DEV BANK	INDV	50,000,000	24,000,000	158,594,765	113,993,500	39.1%	114,612,722	42,142,204	172.0%	1,266,454	2,367,062	(46.5%)	1.9%	3.9%	3.2%	9.3%
INT TOBACCO	ITCC	20,000,000	20,000,000	81,769,230	78,894,532	3.6%	34,588,944	35,402,904	(2.3%)	4,827,384	4,500,997	7.3%	12.0%	11.8%	27.6%	24.1%
JOR DUTY FRE SHP	JDFS	5,000,000	5,000,000	19,159,457	20,751,609	(7.7%)	16,614,639	17,560,323	(5.4%)	4,054,316*	2,791,499*	45.2%	40.6%	28.5%	47.5%	33.9%
JOR INV FIN BANK	JIFB	70,000,000	61,325,000	628,403,432	683,282,263	(8.0%)	87,974,066	85,752,798	2.6%	1,311,931	2,475,134	(47.0%)	0.4%	0.7%	3.0%	6.0%
JOR CEMENT FACT	JOCM	60,444,460	60,444,460	287,618,690	284,629,845	1.1%	178,539,412	183,247,716	(2.6%)	35,127,828	26,183,380	34.2%	24.6%	18.9%	38.8%	29.4%
JOR ELECTRIC PWR	JOEP	75,600,000	70,000,000	454,453,126	432,159,450	5.2%	89,345,847	96,459,649	(7.4%)	(385,911)	2,553,873	(115.1%)	(0.2%)	1.3%	(0.8%)	5.3%
JCBANK	JOGB**	73,053,750	69,575,000	640,026,662	628,156,537	1.9%	85,793,713	87,628,197	(2.1%)	2,004,148	6,661,664	(69.9%)	0.6%	2.3%	4.6%	15.8%
JOR HOTEL TOURS	JOHT	10,000,000	10,000,000	29,646,005	28,770,605	3.0%	23,407,948	23,739,694	(1.4%)	1,168,254	2,582,169	(54.8%)	8.0%	17.9%	9.9%	23.2%
JOR ISLAMIC BANK	JOIB**	81,250,000	81,250,000	1,976,927,815	1,848,373,078	7.0%	169,482,580	160,989,384	5.3%	20,657,763	20,082,879	2.9%	2.2%	2.3%	25.0%	27.3%
JORDAN INSURANCE	JOIN	30,000,000	30,000,000	72,540,346	64,628,985	12.2%	48,159,668	40,634,829	18.5%	2,174,075	13,004,263	(83.3%)	6.3%	41.3%	9.8%	68.2%
JOR KUWAIT BANK	JOKB**	100,000,000	100,000,000	2,142,234,827	2,062,791,204	3.9%	270,723,752	239,397,722	13.1%	31,288,983	29,706,588	(5.3%)	3.0%	2.9%	24.5%	26.0%
JORDAN AHLI BANK	JONB**	110,000,000	110,000,000	2,199,614,226	2,106,172,872	4.4%	201,872,506	201,458,941	0.2%	8,132,928	11,537,660	(29.5%)	0.8%	1.1%	8.1%	11.6%
JOR PHOSPHATE MN	JOPH	75,000,000	75,000,000	556,670,030	551,097,811	1.0%	446,788,837	417,113,593	7.1%	67,171,289	75,273,943	(10.8%)	24.3%	34.6%	31.1%	49.3%
JOR PETROLM REF	JOPT	32,000,000	32,000,000	387,469,040	523,790,000	(26.0%)	83,495,017	65,373,696	27.7%	17,819,087	2,277,167	682.5%	7.8%	0.9%	47.9%	7.1%
JOR STEEL	JOST	35,000,000	35,000,000	79,768,176	80,356,281	(0.7%)	47,852,685	44,287,675	8.0%	5,974,436	14,817,581	(59.7%)	14.9%	42.6%	25.9%	64.9%
JOR WORSTED MILL	JOWM	15,000,000	15,000,000	78,056,109	81,640,455	(4.4%)	72,951,665	77,950,958	(6.4%)	3,659,788	3,916,294	(6.5%)	9.2%	8.4%	9.7%	8.8%
JOR PROJ TOUR DEV	JPTD	21,500,000	21,500,000	71,596,835	69,427,856	3.1%	32,782,700	35,533,315	(7.7%)	(600,615)*	(1,498,443)*	59.9%	(1.7%)	(4.7%)	(3.5%)	(8.9%)
JORDAN TELECOM	JTEL	250,000,000	250,000,000	616,569,441	676,145,635	(8.8%)	367,675,859	416,502,433	(11.7%)	50,823,224	52,076,869	(2.4%)	15.7%	15.5%	25.9%	25.2%
AL-DAWLIYAH H&M	MALL	43,200,000	43,200,000	70,037,950	67,459,778	3.8%	55,628,299	56,761,956	(2.0%)	1,262,622	1,472,724	(14.3%)	3.7%	4.4%	4.5%	5.2%
AFAQ INVEST REAL DEV	MANR	80,000,000	80,000,000	104,510,806	101,762,270	2.7%	97,437,500	93,376,380	4.3%	4,061,120	4,330,586	(6.2%)	7.9%	8.6%	8.5%	9.7%
MEDITER. TOURISM	MDTR	45,000,000	45,000,000	52,760,270	52,864,413	(0.2%)	48,303,309	49,762,159	(2.9%)	1,472,967	1,900,982	(22.5%)	5.6%	7.3%	6.0%	7.7%
MID EAST COMPLEX	MECE	100,000,000	100,000,000	434,386,235	426,078,126	1.9%	172,565,854	171,694,376	0.5%	150,176	8,361,001	(98.2%)	0.1%	4.2%	0.2%	10.0%

Company	Ticker	Paid-up Capital		Total Assets			Shareholders' Equity			Net Profit			ROAA		ROAE	
		H1 2009	2008***	H1 2009	2008***	% Change	H1 2009	2008***	% Change	H1 2009	H1 2008	% Change	H1 2009	H1 2008	H1 2009	H1 2008
SOCGEN BK - JORDANIE	MEIB**	40,455,830	40,455,830	274,470,128	275,841,242	(0.5%)	50,222,824	48,423,110	3.7%	1,796,027	1,725,042	4.1%	1.3%	1.4%	7.3%	9.1%
NAT'L POULTRY	NATP	30,000,000	30,000,000	78,628,524	77,246,925	1.8%	59,790,349	57,656,640	3.7%	2,133,709*	3,092,997*	(31.0%)	5.5%	8.2%	7.3%	11.2%
PETRA EDUCATION	PEDC	16,000,000	16,000,000	26,752,254	26,799,927	(0.2%)	20,483,245	20,515,118	(0.2%)	2,368,127	1,021,864	131.7%	17.7%	7.7%	23.1%	10.1%
PHILADELPHIA UNI	PIEC	15,000,000	15,000,000	24,910,177	26,177,214	(4.8%)	18,954,017	19,457,183	(2.6%)	2,196,834	1,584,242	38.7%	17.2%	12.6%	22.9%	16.5%
J. PRESS FOUNDAT	PRES	7,500,000	7,500,000	32,447,424	38,305,031	(15.3%)	28,924,853	34,022,170	(15.0%)	2,402,683	4,229,394	(43.2%)	13.6%	21.8%	15.3%	25.1%
REAL ESTATE DV	REDV	91,500,000	91,500,000	191,137,471	198,782,640	(3.8%)	119,196,059	124,113,797	(4.0%)	(3,357,715)*	52,369 *	(6511.6%)	(3.4%)	0.1%	(5.5%)	0.1%
REAL ESTATE INV	REIN	70,000,000	70,000,000	89,307,326	82,247,240	8.6%	69,917,499	70,168,099	(0.4%)	(173,883)*	(224,193)*	22.4%	(0.4%)	(1.0%)	(0.5%)	(1.2%)
READY MIX CONCRT	RMCC	25,000,000	25,000,000	47,646,952	42,462,874	12.2%	29,287,806	29,522,032	(0.8%)	(77,901)	1,433,618	(105.4%)	(0.3%)	7.5%	(0.5%)	12.4%
SPCZ.INVST.COMD	SPIC	25,760,000	25,760,000	71,069,227	72,327,333	(1.7%)	27,785,846	26,953,290	3.1%	2,060,763	4,206,986	(51.0%)	5.7%	11.8%	15.1%	29.5%
TAAMEER JOR HLDGS	TAMR	211,982,573	211,982,573	333,797,968	340,456,793	(2.0%)	181,472,769	182,721,786	(0.7%)	(27,841,668)*	3,872,167*	(819.0%)	(16.5%)	2.5%	(30.6%)	4.1%
HOUSING BK TRD FIN	THBK**	252,000,000	252,000,000	5,553,843,357	5,430,579,044	2.3%	846,093,177	868,663,134	(2.6%)	29,176,977	68,251,162	(57.3%)	1.1%	2.6%	6.8%	15.9%
UNION BK SAV/INV	UBSI**	100,000,000	95,000,000	1,242,561,488	1,134,469,444	9.5%	221,450,501	218,517,817	1.3%	9,892,503	13,631,769	(27.4%)	1.7%	2.5%	9.0%	12.6%
UNION INV	UINV	50,000,000	50,000,000	80,954,026	84,396,132	(4.1%)	59,113,490	61,128,322	(3.3%)	424,070*	2,917,334*	(85.5%)	1.0%	6.7%	1.4%	9.1%
UNION LAND DEV	ULDC	45,000,000	45,000,000	83,682,730	82,153,477	1.9%	57,100,361	55,776,655	2.4%	1,005,937	2,615,272	(61.5%)	2.4%	6.7%	3.6%	9.4%
ZARA INVESTMENTS	ZARA	125,000,000	125,000,000	263,308,427	255,579,679	3.0%	135,572,496	131,673,954	3.0%	4,925,580	7,607,473	(35.3%)	3.8%	6.4%	7.4%	12.1%
<b>TOTAL</b>		<b>3,707,545,851</b>	<b>3,642,344,913</b>	<b>48,717,602,414</b>	<b>47,768,761,344</b>	<b>2.0%</b>	<b>9,923,579,203</b>	<b>9,755,610,944</b>	<b>1.7%</b>	<b>571,942,635</b>	<b>786,595,819</b>	<b>(27.3%)</b>	<b>2.4%</b>	<b>3.5%</b>	<b>11.6%</b>	<b>16.9%</b>

\* Figure for profit is pre-tax

\*\* Based on draft financial statements

\*\*\* Based on 2008 year-end results

Figures for shareholders' equity are before minority interest

ROAA and ROAE are based on annualised H1 earnings

## **Research Department**

Tanya Khammash, CVA  
Head of Equity Research Department  
tanyak@abci.com.jo

Zein Alkhas  
Equity Research Analyst  
zeina@abci.com.jo

## **Brokerage**

Tel. + 962 6 5629300 (ext. 340 - 360)

## **Disclaimer**

This document has been issued by ABC Investments for informational purposes only. The information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed and such information may be incomplete or condensed. This document is not, and should not, be construed as an offer or the solicitation of an offer to buy or sell any security. ABC Investments accepts no liability for any loss or damage of any kind arising from the use of all or any part of this document. ABC Investments has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein changes or subsequently becomes inaccurate. This document may not be reproduced or circulated without the written consent of ABC Investments.