
The Jordanian IPO Market in 2007

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1.0 Executive Summary

IPOs across the region have been taking the market by a storm, offering investors the opportunity to double or triple their investment within a very short period of time. While a relatively new phenomenon in the Jordanian capital markets, the number of IPOs have been increasing in recent years, brought on by a booming stock market, an abundance of liquidity and heightened foreign investment, in addition to privatisation efforts by the Jordanian Government, and a widespread awareness that IPOs provide the opportunity to make a lot of money fast.

Despite being one of the longest-established stock markets in the region, the Amman Stock Exchange has only recently begun to see large activity levels; the number of companies listed increased by 52% since 2003, and the market capitalisation soared to almost JD 30 billion from JD 7 billion just five years prior. The volume of trading has quadrupled over the same period, and foreign investment has increased ten-fold.

Key Statistics of the ASE	2003	2004	2005	2006	2007
Number of Listed Companies	161	192	201	227	245
Market Cap (JD Millions)	7,772.8	13,033.8	26,667.1	21,078.2	29,214.2
Trading Value (JD Millions)*	1,855.2	3,793.2	16,871.0	14,209.9	12,348.1
Trading Volume (Millions of Shares)*	1,008.6	1,338.7	2,582.6	4,104.3	4,479.4
ASE General Weighted Price Index (Points)	2,614.5	4,245.6	8,191.5	5,518.1	7,519.3
P/E Ratio (Times)	21.7x	31.1x	44.2x	16.7x	28.0x
P/BV Ratio (Times)	1.9x	2.7x	3.2x	2.9x	3.0x
Non-Jordanian Buying (JD Millions)	281.1	380.3	2,152.2	1,995.1	2,825.3
Non-Jordanian Selling (JD Millions)	199.2	311.4	1,739.2	1,814.5	2,359.1

* Represents the trading value/volume for one-side of the transaction
Source: Amman Stock Exchange

The purpose of an initial public offering is usually as a route through which to raise capital in order to finance the growth of an already existing business. In Jordan, however, the IPO trend has been to generate finance for start-up companies, which have no prior operations or track record, through an offering of stock at a price of JD 1 per share. This contrasts with Western country IPOs, where the offering price is set based on a corporate valuation, current market conditions and pricing of comparable listed companies.

The relatively cheap offering price in Jordan means that IPOs have tended to be oversubscribed, reaching double-digit multiples in many cases, applying upward pressure on the opening price of the stock on its first day of trading. A renowned characteristic of the IPOs in Jordan is the ability to realize large initial returns during an IPOs first day on the market. Of the 17 IPOs that took place in 2007 and were listed on the Amman Stock Exchange as of the date of this report, the average initial return (i.e. the average return realised by investors that subscribed in these IPOs at the offer price and sold the stock at the end of the first trading day) amounted to 84.6%, with 3 companies closing at a price of more than 200% higher than the offer price, and a total of 10 companies offering a return of at least 50%. The history of strong returns realised from previous initial public offerings has encouraged companies to take the "IPO route" even in cases where the company has no need for additional capital.

The value of shares offered for subscription on IPOs has risen over the years from a mere JD 11 thousand in 2004 to JD 17.37 million in 2005, JD 99.68 million in 2006 and to a further JD 120.79 million in 2007, excluding the Royal Jordanian IPO. On including the Royal Jordanian IPO, the value of the shares offered for subscription in 2007 jumps to an impressive JD 305.30 million.

The IPO mania, both locally and in the region, ploughed on in spite of the market correction that took place at the end of 2005 and throughout 2006, and the market was witness to an actual

Rising number of IPOs due to buoyant economy and capital market and privatisation efforts

Number of companies listed on the Amman Stock exchange since 2003 amounted to 84

IPOs in Jordan highly oversubscribed...

...leading to average abnormal initial returns of 85% in 2007

Value of shares offered for subscription increased by 152.75% since 2006

increase in the number of IPOs. While the IPOs, as market liquidity drainers, may be partially to blame for the market crash, it could be argued that the heightened IPO activity was signalling a bubble to the market, as, traditionally, companies tend to issue equity when equity is overpriced. The 92.9% increase in the ASE General Index in 2005, which led to huge appreciation in stock prices, was unmatched by corporate performance. The realisation of this gap between share prices and profitability led to a sharp downturn in the stock market, which fell by 32.6% to 5,518.1 points at the end of 2006.

The fact that the majority of the companies that pursued an initial public offering are new companies that commenced operations in 2007 would lead one to expect the share prices of these companies to trade at prices close to par value on listing, with a small margin added based on market sentiment regarding who the founders and executive management of the company are, the expected potential of the projects outlined in the company's issuance prospectus, and the anticipated liquidity of the stock.

Instead, companies with virtually no operations and no historical financials began trading at prices well above par value. The exceptions to this are First Investment, whose share price following listing quickly followed a downward trend to settle at a price close to par value with a small margin of less than 10%, and Al Rakaez for Investment, whose share price declined consistently on listing to below JD 1. First Investment differs from the remaining IPOs of 2007 in that the offering size was substantially larger than the remainder, to exclude Royal Jordanian, at 60 million shares, meaning that speculative trading and individual investor sentiments were unable to govern the stock's performance on the market. Royal Jordanian also stands out from the remaining IPOs in that it is not a start-up company. Royal Jordanian was established in 1963, and therefore has a history of performance against which investors could base their decision on whether to invest in the offering.

The large gains made on IPOs may be attributed to the high level of oversubscription, with an average oversubscription of almost nineteen times in 2007's IPOs, signifying that demand substantially surpassed supply. Predictably, the larger issuances of Royal Jordanian and First Investment, each with an issuance of 60 million shares, were the least oversubscribed. Moreover, the more expensive Royal Jordanian issuance, at a price of JD 3.08 per share, meant that it was oversubscribed by 1.4 times, compared to First Investment which was oversubscribed by 3.7 times.

Average oversubscription level reached 19 times

A key driver of the IPO trend was the role played by the financial services sector, where banks offered facilities for the purchase of shares, with the shares purchased often being applied as collateral against the loan. According to statistics issued by the Central Bank of Jordan, facilities granted by licensed banks for the purpose of buying shares rose from JD 22.5 million in 2003 to a whopping JD 427.8 million in 2007. Such facilities contribute to the creation of "artificial" liquidity and demand for IPOs, contributing to the level of oversubscription present in the market. A change in the Central Bank of Jordan's regulations, with respect to tightening banks' financing of subscriptions, could bring about a sharp decline in the degree of oversubscription, and a consequent drop in the demand for the shares on issuance.

Banks played an important role in supporting the IPO market

Analysis of IPO stock performance subsequent to listing reveals that aside from the initial gains made consequent to participating in the stock issuance, the performance post-listing tends to be negative, with the majority of companies underperforming the market. This occurrence is to be expected, and it highlights an over-optimistic sentiment about the stock by investors in the short-run, and the consequent correction of the initial misvaluation in the longer run.

Over-optimism by investors at time of offering leads to underperformance in the aftermarket

2.0 Initial Public Offerings

2.1 Overview of IPOs

An initial public offering (IPO) provides a route for a company to grow and increase its capital. IPOs are globally defined as the first sale of company's stock to the public, where usually, small young companies with the need to expand and raise capital are the ones to consider an IPO. However, larger companies that are privately owned have been known to take the IPO route, knowing that they can immediately improve their liquidity position, with the ability to grow organically and expand further in the market.

IPOs are defined as the first issuance of stock by a company to the public

There are a number of ways through which a company may raise capital; increasing its equity through issuing shares to the public via an IPO, issuing debt in the form of corporate bonds, or borrowing directly from banks. The advantage of issuing equity over issuance of debt or bank borrowing is that the latter two options necessitate the repayment of the borrowed amount plus interest at some time in the future, whereas capital obtained from an IPO never needs to be repaid, but instead the new shareholders are entitled to a share of the company's distributed future profits.

Key benefits to a company of an initial public offering are as follows:

- Obtain access to a liquid market, which facilitates future fund-raising activities.
- May enhance a company's performance and efficiency.
- Raises a company's profile in the market place.
- Expands a company's ownership base.
- Heightens the marketability of the company through listing in the secondary trading market.
- Helps expand the company's business.
- Decreases the company's leverage or gearing ratio.
- Provides an exit strategy for existing owners.
- Creates an option program for employees.

While IPOs are among the more exciting and strongly followed events in the stock market, their drawbacks are numerous and their risks are high. Poor market timing or inadequate planning and preparation can jeopardize an IPO, rendering the raising of additional funds a difficult process, involving time commitment from the company's management and advisors.

Initial public offerings, like most other corporate actions, have their advantages and disadvantages. When going public, a company may increase its marketability and the value of its stock, as well as enhancing its prestige in the market. Management and employees may become more motivated, improving efficiency and dedication, and the enactment of a clear business plan can help in the future success of the company. Conversely, when a company goes public it loses its privacy, being obliged to report to shareholders, in addition to reducing management control, who become answerable to the company stakeholders. They can also be costly and very time- and resource-consuming activities. Companies become subject to more stringent requirements, such as those by the securities commission. Moreover, they lead to a dilution of the stake that existing shareholders have in a company, and increase the company's vulnerability to hostile takeovers.

2.2 Key IPO Instructions and Regulations

All issuers must apply to the Jordan Securities Commission to register securities, in accordance with the Commission's laws and regulations. Public issuances are defined as those that are offered to more than 30 individuals, while non-public issuances are issuances offered to less than 30 individuals.

Registration with the Jordan Securities Commission is required prior to the IPO process

A public issuance is enacted through an issuance prospectus, which must be approved by the Commission in terms of data and information content. Furthermore, issuers are required to place an advertisement regarding the issuance in two local newspapers for at least two days, no less than seven days prior to the commencement of the subscription period.

Public issuance requires an issuance prospectus

Public issuances are not permitted without an effective issuance prospectus, and a sale of securities is not binding if the buyer did not receive a copy of the prospectus.

Subscription should take place on the relevant subscription forms accompanied by the issuance prospectus. The subscription must occur at the price indicated in the issuance prospectus, as determined by the issuer, and the minimum number of shares in a single subscription application must be between 100-500 shares, and this must be stated in the prospectus.

Minimum number of subscription shares is 100-500 shares

The issued prospectus should be prepared in accordance with the Commission's requirements and instructions, by an issuance manager who is licensed by the Commission.

The prospectus shall become effective after 30 days of submitting it to the Commission, unless the Board of Commissioners declares the prospectus effective or rejected during that period, with the Board specifying the period in which the prospectus is considered effective.

The prospectus should state the period of the public offer, which should be no less than ten days and no more than 90 days, and the period of subscription or sale shall be considered as part of the public offer period.

Any changes to the information in the prospectus must be communicated immediately to the Commission. Where the changes are material, the Commission may suspend or cancel the public offer. If a material change is revealed prior to commencement of the subscription process, the new information may be included in a "prospectus appendix" that is approved by the Commission, and attached to the prospectus. This prospectus appendix must also be advertised in the newspapers. If the material change occurs during the subscription process, the subscription shall be suspended temporarily.

Non-Jordanians wishing to engage in a public offer of securities inside the Kingdom and any Jordanian wishing to offer securities outside the Kingdom are to obtain the Commission's approval.

2.3 Allocation of Shares

Upon completing the subscription process, the allocation of shares to subscribed investors takes place. This allocation in the local market tends to be either via a pro rata basis, or allocating the minimum subscription amount to all subscribers, and then allocating the remaining on a pro rata basis. While pure pro-rata allocation has been popular in the Jordanian market, it often results in the allocation of a very small proportion of shares to each subscriber. Companies going public generally prefer that their shares be allocated to long-term investors who will hold on to their shares and increase their investment in the company should it deliver on what it promised. However, the Jordanian market is filled with "flippers", who are short-term investors who buy pre-IPO issuances and sell them to the market immediately on listing for a quick profit.

Jordanian IPO market is characterised by a large number of "flippers"

The oversubscription evident in the Jordanian market ends up leaving a large amount of "money on the table" following allocation. This amount of money may be viewed as a loss of capital that could have been raised by the company had it set its offering price at a higher price. However, in accordance with the Securities Commission, the offer price of a new company is set at JD 1, which prohibits companies from fully realising the benefit of the excess liquidity provided by the

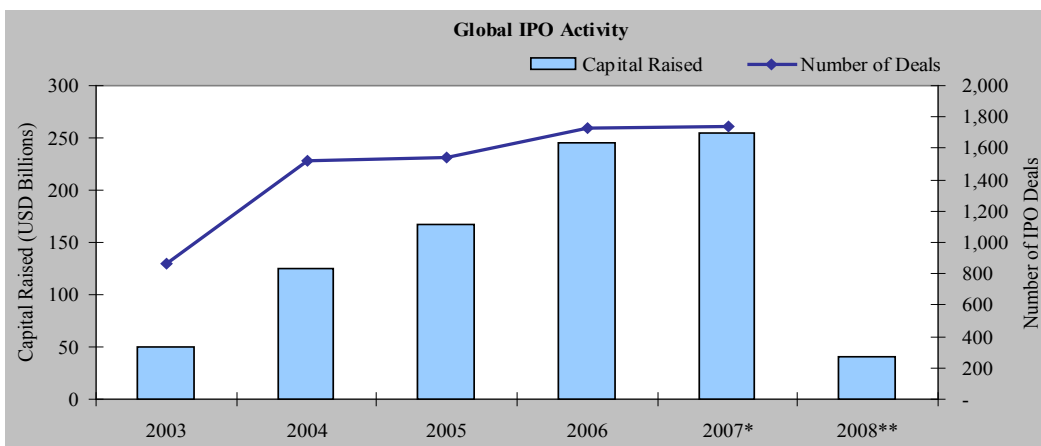
market for the IPO. But, that is not to say that the issuing companies do not benefit from the oversubscription; because issuing companies may retain subscription funds received from investors at no charge for a period of one month, the issuing companies can benefit from the excess cash by investing it in a high interest account until the cash is due to be reimbursed to the public, earning a significant amount of interest income.

IPO companies invest excess funds from the subscription in short-term high-interest accounts and earn interest income

3.0 Global IPO Market

Despite the ongoing turbulence in the global financial markets, particularly following the debt crisis in the U.S. and the collapse of one or more of the world's financial centres, the global IPO market activity has been buoyant, with the value of IPOs rising dramatically year-on-year. The capital raised by the IPO market, according to statistics produced by Ernst & Young, reached USD 246 billion in 2006 and an impressive USD 255 billion during the first eleven months of 2007.

Size of global IPO market in 2007 reached USD 255 billion up to November...



* Based on the period January-November 2007

** Based on first quarter 2008

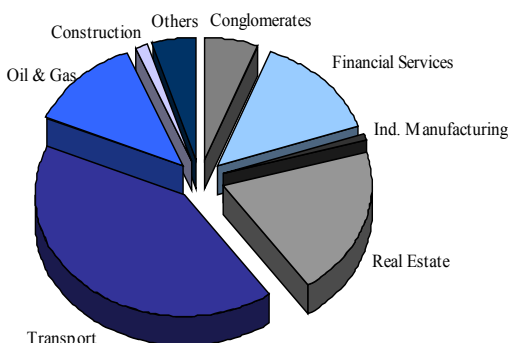
Source: Ernst & Young

The drivers of growth in IPO activity has moved away from the traditional markets of the U.S. and Europe, being propelled in recent years by emerging markets, which accounted for the majority of the largest deals, with Brazil, Russia, India and China raising USD 106.5 billion of the total JD 255 billion in 2007 up to the end of November. The Asia-Pacific region was home to 46% of the global IPOs during that period, followed by the Europe, Middle East and Africa area with 36%.

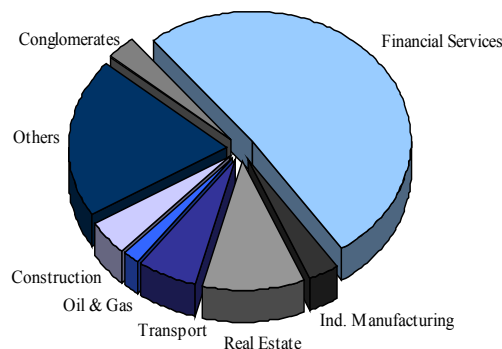
...with emerging markets as the principle drivers of the growth

In the Middle East, the IPO market raised USD 12.8 billion in 2007, the largest of which were the Dubai Ports IPO (U.A.E.) for USD 5.0 billion and the Saudi Kayan Petro Company IPO (Saudi Arabia) for USD 1.8 billion.

2007 MENA Region IPOs by Sector - Value



2007 MENA Region IPOs by Sector - # of Deals



Transport, real estate and financial services were the most popular sectors for IPOs in 2007

Source: Zawya

The Transport sector took centre stage in terms of value of IPOs, due to the size of the Dubai Ports IPO and the two airline offerings, Air Arabia (U.A.E.) and Royal Jordanian (Jordan), that took place during 2007. In terms of number of IPO offerings, the Financial Services sector claimed the lion's share, followed by the Real Estate and Transport sectors.

During the first quarter of 2008, however, the global IPO activity declined by a sharp 60% compared to the previous quarter, although registering 15% higher than the same quarter of 2007. This drop comes despite the public offering of Visa Inc. for USD 19.6 billion, the United States' largest IPO to date, that took place earlier this year. Depressed international stock markets and uncertainty regarding the Fed's strategy on interest rates is heightening market volatility, leading several companies to cancel their IPOs and others to hold off on their issuances until the outlook stabilises.

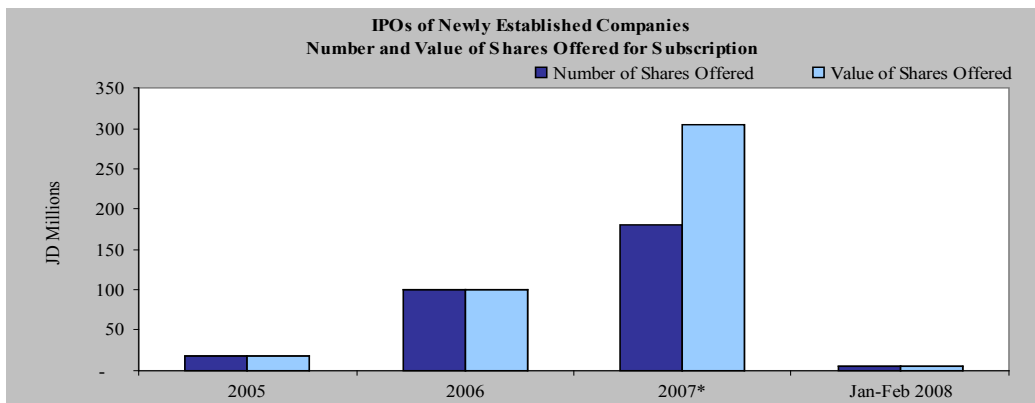
IPO activity in 2008 down by 60%

This instability, however, has not appeared to have been reflected in the IPO market of the region, with fund managers in the GCC maintaining a bullish outlook for 2008, with over 120 IPOs planned during the period of 2008 through to 2010.

4.0 IPO Market in Jordan

The IPO market in Jordan has only recently started picking up speed, with the number of issued shares rising year on year to reach 99.34 million shares in 2006 and 180.70 million shares in 2007, or, on excluding Royal Jordanian, 120.79 million shares.

Number of issued shares up by 81.9% in 2007



* 2007 figures include the IPO of Royal Jordanian
Source: Amman Stock Exchange

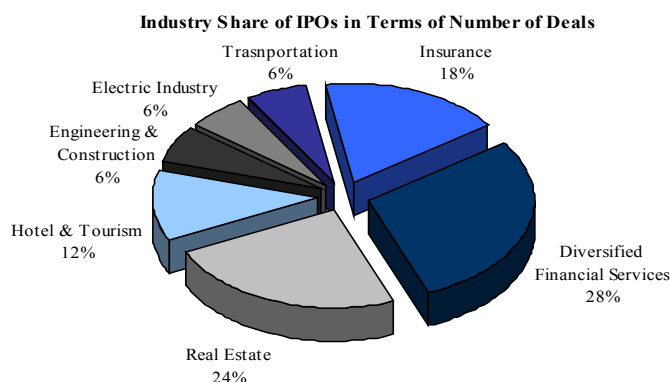
The activity of the IPO market coincided with the boom in the stock market that commenced in 2004 and continued throughout most of 2005. The capital market in Jordan during this period was characterised by an abundance of liquidity, attributed to increased foreign investment supported by high oil prices, rising remittances from Jordanians working in the oil-rich Gulf countries, soaring corporate profitability buoyed by a flourishing economy, and additional liquidity accompanying the Iraqis and other nationalities that took up residence in Jordan following the second war on Iraq.

The IPO market consists primarily of start-up companies. The supportive conditions of the market and the economy overall led to entrepreneurs capitalising on the liquidity available, establishing companies and taking them public before their first year of operation.

In Western countries, IPOs are managed by professional underwriters and the reputation of the underwriter is a signal to investors of the potential success of the IPO. In contrast, underwriters, in the true sense of the word, are not common in the Jordanian market. However, with Jordan being a small market in which major players are well-known, investors tend to base their decision of whether to partake in an IPO on the list of founders for that particular company.

During 2007, 17 IPOs took place, with a total value of issuance of JD 305.30 million, the majority of which were investment, real estate, and insurance companies, attributed to the boom in these particular industries in the overall market.

17 IPOs took place in 2007 with a total offering of JD 305.3 million



The companies that went public in 2007 are as follows:

Company Name	Authorised Capital (JD)	Offering Size (JD)	Oversubscription (times)
Damac Jordan Real Estate Development	5,000,000	1,250,000	72.20x
Model Restaurants	25,000,000	6,250,000	60.96x
Al Salem for Investments Company	500,000	125,000	24.00x
Mediterranean Gulf Cooperative Insurance Jordan	10,000,000	2,500,000	17.90x
Baton Blocks and Interlocking Tiles Company	12,000,000	3,000,000	15.17x
Tuhama for Financial Investments	9,000,000	3,000,000	11.87x
United Cable Industries Company	40,000,000	10,000,000	11.68x
Jordan Emirates Dimensions for Commercial Inv.	10,000,000	3,075,000	10.76x
Al Rakaez Investment Company	10,000,000	6,000,000	5.00x
First Insurance	24,000,000	6,000,000	4.70x
Housing Loan Insurance Company / Darkom	10,000,000	2,500,000	4.45x
First Jordan Investment	150,000,000	60,000,000	3.74x
Royal Jordanian	84,373,350	184,507,643	1.41x
The Professional for Real Estate Inv. & Housing	55,000,000	14,649,260	N/A
Al Tahdith for Real Estate Investments	2,000,000	1,194,000	N/A
Al Kafa'a for Financial and Economic Investments	4,000,000	1,000,000	N/A
Ard Annomow for Real Estate Development & Inv.	500,000	250,000	N/A
Total	451,373,350	305,300,903	18.75x*

* Average oversubscription

4.1 Oversubscription

Demand for IPOs in 2007 greatly surpassed supply, and oversubscription of IPOs became the norm, evident by the double-digit oversubscription rates registered for the bulk of the offerings that took place. Aside from Royal Jordanian, which had a higher offer price of JD 3.08 per share versus JD 1 for the remainder of the companies, all companies were oversubscribed by at least three times, suggesting an abundance of liquidity in the market. While this is partly true, the banking sector played a major hand in the development and growth of the IPO market. An emerging branch of retail banking has been the granting of credit facilities to customers for the purpose of buying shares and participating in IPOs. Investors borrow funds from banks in order to subscribe in an IPO, often offering the shares in which they will subscribe as collateral, and purchase shares at the offer price, only to sell the stock on commencement of trading and repay the loan. These facilities create an “artificial” level of liquidity in the market, which contributes to the exaggerated level of oversubscription.

Double digit oversubscription levels registered for most of the companies...

The average oversubscription level of 18.8 times may suggest a highly active healthy IPO market, however, the success of an IPO is not determined by the level of oversubscription. The oversubscription merely reflects an indication in the market that an IPO is priced “cheaply” compared to the level of demand, resulting in “mispricing”. Very often, the offerings most highly oversubscribed are the ones to have the highest level of underpricing.

...giving an average oversubscription of 18.8x

In Jordan, the offering price of an IPO of a newly established company is set by the Jordanian Securities Commission at its par value of JD 1. Due to the relatively low number of IPOs in the market and the degree of attractiveness to investors, this “cheap” price is the primary cause of the oversubscription that arises.

The previous table accentuates two important features of the IPO market in Jordan. The largest offerings in terms of size, those of Royal Jordanian and First Jordan Investment, were the least oversubscribed, highlighting a general correlation between the offering size and the degree of oversubscription; the higher the offering size, the lower the level of oversubscription. Moreover, as illustrated by Royal Jordanian, the higher the offering price of the stock, the lower the oversubscription.

Meanwhile, for the most oversubscribed, Damac claimed the top spot for 2007 with an oversubscribed record of 72 times. The reason for this is heightened investor attention due to the Company’s reputable presence in the U.A.E. Model Restaurants, our second most oversubscribed company also attracted a large level of investor attention, with an oversubscription level of 61 times, due to the Company belonging to the Dahleh group, owned by a renowned and respected business man in the Jordanian market. Al Salem for Investment, our smallest IPO for the year, was oversubscribed by 24 times, as would be expected with a mere offering of 125,000 shares.

4.2 IPO Underpricing Phenomenon versus Pricing in Jordan

The low issuance price of an offering translates into an apparent underpricing of the IPOs in the market, meaning that the price of the offering is below its market value. This underpricing is suggested by the variance in price between the IPO issuance price of JD 1 per share and the share price on the stock’s first day of trading, as illustrated below.

Low issuance price of JD 1 per share and high demand leads to “underpricing” of IPOs

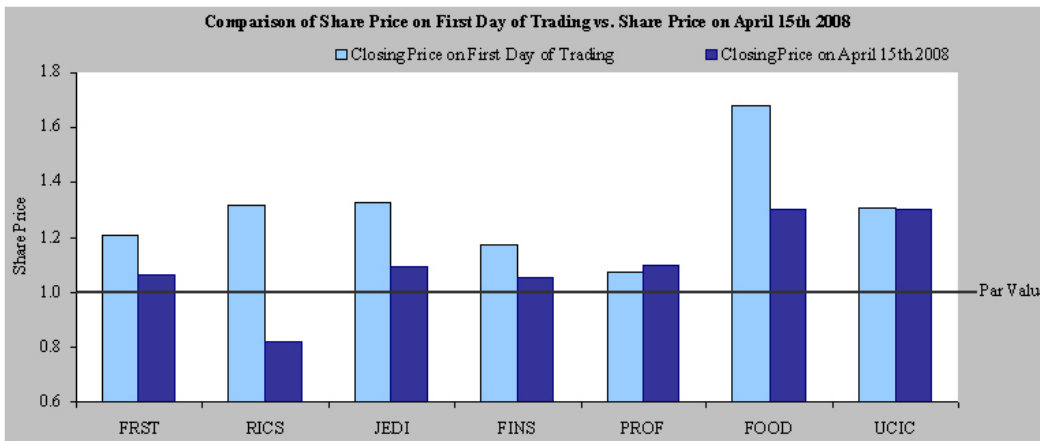
Company Name	Offer Price (JD)	Closing Price of Stock on First Day of Trading
Damac Jordan Real Estate Development	1	2.31
Model Restaurants	1	1.68
Al Salem for Investments Company	1	3.91
Mediterranean Gulf Cooperative Insurance Jordan	1	1.83
Baton Blocks and Interlocking Tiles Company	1	1.73
Tuhama for Financial Investments	1	1.54
United Cable Industries Company	1	1.31
Jordan Emirates Dimensions for Commercial Investments	1	1.33
Al Rakaez Investment Company	1	1.32
First Insurance	1	1.17
Housing Loan Insurance Company	1	1.59
First Jordan Investment	1	1.21
Royal Jordanian	3.08	3.14
The Professional for Real Estate Investment & Housing	1	1.10
Al Tahdith for Real Estate Investments	1	1.86
Al Kafa’a for Financial and Economic Investments	1	3.33
Ard Annomow for Real Estate Development & Investment	1	3.15

In general, stocks of an IPO company are usually underpriced only for a short period before they are driven to their intrinsic value by the forces of supply and demand. Very often, issuers will set the issuance price of the IPO below its market value due to concerns about the level of liquidity in the market, and uncertainty regarding market sentiment. The more unpredictable the stock, the more underpriced the stock will be in order to compensate the investors for the risks they are taking. Moreover, the less liquid the stock's after-market performance is anticipated to be and the less predictable its marketability, the larger the degree of underpricing.

Underpricing is deliberate in Western countries to compensate investors for the risk they take in subscribing to an IPO

In Jordan, because the issuance price is already fixed at JD 1 by the Commission, a degree of underpricing in some cases is to be expected. However, since all the companies are start-up companies with no historical performance or financial results, the only way to set the opening price of the stock is to float it on the market at a price determined by supply and demand by investors, speculators and flippers. Excess demand on the stock drives up the share price on the first day of trading, rendering the issue price "underpriced". However, as flippers commence sell-off activities exerting downward pressure depressing the stock's price, and speculative trading diminishes after the fever of the initial trading settles down, the share price of the stock typically follows a downward trend, a symptom illustrated by almost all of 2007's start-ups. The chart below indicates the closing price of a number of IPOs on their first day of trading versus the closing price a few months later, highlighting the apparent convergence of the share price with its JD 1 par value.

IPOs in Jordan as listed at a floating price that is determined by the forces of supply and demand



4.3 Aftermarket Returns on IPOs

The aftermarket price of initial public offerings can be defined as the quoted price of the shares on commencement of trading on the market. The table below shows the abnormal initial gains made from IPOs, the capital gains made at the end of the first day of listing compared to the offer price, and the aftermarket returns, comparing the post-market performance during the period from the closing of the first day of trading up to December 31st 2007, based on a buy-and-hold strategy.

Company Name	Date of Listing	Offer Price	First Day Closing Price	Closing Price 31/12/07	Initial IPO Returns	Total IPO Return	Aftermarket Return
		(A)	(B)	(C)	(B-A)	(C-A)	(C-B)
Damac Jordan Real Estate Dev.	24/02/08	JD 1	JD 2.31	N/A	131.0%	N/A	N/A
Model Restaurants	11/02/08	JD 1	JD 1.68	N/A	68.0%	N/A	N/A
Al Salem for Investments Company	20/05/07	JD 1	JD 3.91	JD 2.84	291.0%	184.0%	(27.4%)
Med-Gulf Cooperative Insurance	20/05/07	JD 1	JD 1.83	JD 2.20	83.0%	120.0%	20.2%
Baton Blocks & Interlocking Tiles	24/11/07	JD 1	JD 1.73	JD 1.34	73.0%	34.0%	(22.5%)

Company Name	Date of Listing	Offer Price	First Day Closing Price	Closing Price 31/12/07	Initial IPO Returns	Total IPO Return	Aftermarket Return
		(A)	(B)	(C)	(B-A)	(C-A)	(C-B)
Tuhama for Financial Investments	20/08/07	JD 1	JD 1.54	JD 2.35	54.0%	135.0%	52.6%
United Cable Industries Company	16/01/08	JD 1	JD 1.31	N/A	31.0%	N/A	N/A
Jordan Emirates Dimensions	08/10/07	JD 1	JD 1.33	JD 1.15	33.0%	15.0%	(13.5%)
Al Rakaez Investment Company	11/07/07	JD 1	JD 1.32	JD 1.01	32.0%	1.0%	(23.5%)
First Insurance	27/08/07	JD 1	JD 1.17	JD 1.16	17.0%	16.0%	(0.9%)
Housing Loan Insurance Company	02/07/07	JD 1	JD 1.59	JD 1.27	59.0%	27.0%	(20.1%)
First Jordan Investment	06/11/07	JD 1	JD 1.21	JD 1.17	21.0%	17.0%	(3.3%)
Royal Jordanian	17/12/07	JD 3.08	JD 3.14	JD 3.00	1.9%	(2.6%)	(4.5%)
Professional for Real Estate Inv.	08/10/07	JD 1	JD 1.10	JD 1.15	10.0%	15.0%	4.5%
Al Tahdith for Real Estate Inv.	29/07/07	JD 1	JD 1.86	JD 1.89	86.0%	89.0%	1.6%
Al Kafa'a for Financial & Econ. Inv.	20/08/07	JD 1	JD 3.33	JD 2.67	233.0%	167.0%	(19.8%)
Ard Annomow for Real Estate Dev.	27/08/07	JD 1	JD 3.15	JD 4.81	215.0%	381.0%	52.7%
Average Returns					84.6%	70.5%	(3.9%)

The initial IPO returns were positive for all IPO companies while the aftermarket returns for most of the IPOs were negative

The table shows that all companies registered a positive return during their first day of trading, with the average initial returns amounting to 84.6%. Positive and highly significant initial returns of IPOs are a universally accepted phenomenon about which a large volume of literature has been written, and can be attributed to the “cheap” price of the offering. Some companies had an exaggerated increase in price of more than 200% such as Al Kafa’a for Financial and Economic Investors, Ard Annomow for Real Estate, and Al Salem for Investment, all of which commenced trading at a floating price in excess of JD 3.00. Investors who participated in the issuance and purchased those shares at the offer price of JD 1.00 and sold them during the first day of trading realized profits of more than 200% in a very short period of time. The question that raises itself is why the market price jumps up irrationally when the stock starts trading, only for the initial gains to deteriorate slowly away as time goes by.

It was documented by Ritter and Laughran that, on average, companies that go public have a significant negative return during the first few years of trading, which raises another question; if IPOs continue to underperform in the long run, why does anyone buy them? Comparing the result of the Ritter and Laughran study with the Jordanian company aftermarket returns, measured by the percentage change of the first day closing price compared to the year-end closing price, reveals that nine of the fourteen companies listed during 2007 registered negative returns.

Moreover, as compared to the overall market performance, the share prices of IPO companies based on a buy-and-hold strategy consistently underperform. Studies carried out on the aftermarket performance of IPOs confirm the generation of poor abnormal aftermarket returns.

Company Name	Date of Listing	Aftermarkt Return*	Market Index Performance*	Comparative Performance
Damac Jordan Real Estate Development	24/02/2008	29.4%	6.8%	Overperform
Model Restaurants	11/02/2008	(23.2%)	13.5%	Underperform
Al Salem for Investments Company	20/05/2007	(13.3%)	49.3%	Underperform
Med-Gulf Cooperative Insurance Jordan	20/05/2007	37.7%	49.3%	Underperform
Baton Blocks and Interlocking Tiles Co.	24/11/2007	(37.0%)	24.3%	Underperform
Tuhama for Financial Investments	20/08/2007	33.8%	53.9%	Underperform
United Cable Industries Company	16/01/2008	(0.8%)	5.4%	Underperform
Jordan Emirates Dimensions for Comm. Inv.	08/10/2007	(18.0%)	40.2%	Underperform
Al Rakaez Investment Company	11/07/2007	(37.9%)	50.2%	Underperform

Company Name	Date of Listing	Aftermarket Return*	Market Index Performance*	Comparative Performance
First Insurance	27/08/2007	(10.3%)	54.8%	Underperform
Housing Loan Insurance Company	02/07/2007	(35.2%)	50.5%	Underperform
First Jordan Investment	06/11/2007	(12.4%)	28.3%	Underperform
Royal Jordanian	17/12/2007	18.8%	19.7%	Underperform
Professional for Real Estate Inv. & Housing	08/10/2007	(2.7%)	40.2%	Underperform
Al Tahdith for Real Estate Investments	29/07/2007	(17.7%)	53.2%	Underperform
Al Kafa'a for Financial & Economic Inv.	20/08/2007	(12.0%)	53.9%	Underperform
Ard Annomow for Real Estate Dev. & Inv.**	27/08/2007	N/A	N/A	N/A

* Measured using the closing as per the date of listing and the closing on April 15th 2008.

** Company was suspended from trading after one month of going public

A post-issuance buy-and-hold strategy for the IPO companies tends to underperform the market benchmark

When considering the issuance price, IPOs may outperform the market, however, when basing the comparison on the aftermarket performance (i.e. based on the closing price of the first day of trading), IPOs continuously underperform their benchmark, the Amman Stock Exchange General Index, as shown above. The only exception to this is Damac, which was listed at the end of February 2008, due to the short period of consideration following listing. Therefore, in order to realise significant gains in the aftermarket of an IPO, investors should confine their purchases to those allocated at the issuance stage, and join in the ranks of the market flippers.

To illustrate this trend further, the table below highlights the aftermarket return of the stock one month after listing, 3 months after listing, and 6 and 9 months after listing, and relates it to the performance of the General Index. In the 1 month category, the relative return of eight of the 17 companies was negative, meaning that even in the short period of one month, eight IPO's underperformed the market index. In the three month category, the number of underperforming companies amounted to 7 out of 13 companies. By the end of six months, only Tuhama for Financial Investment managed to outperform the market.

Company	1 Month Return	1 Month Relative Return	3 Months Return	3 Months Relative Return	6 Months Return	6 Months Relative Return	9 Months Return	9 Months Relative Return
Damac Jordan Real Estate	50.65%	51.37%	N/A	N/A	N/A	N/A	N/A	N/A
Model Restaurants	(14.3%)	(27.2%)	N/A	N/A	N/A	N/A	N/A	N/A
Al Salem for Investments	(7.7%)	(7.2%)	(28.4%)	(25.4%)	(25.8%)	(64.0%)	(25.8%)	(65.3%)
Med-Gulf Insurance	18.6%	18.7%	20.2%	23.5%	29.5%	(8.7%)	20.8%	(15.4%)
Baton Blocks & Tiles	(13.3%)	(16.8%)	(24.9%)	(38.3%)	N/A	N/A	N/A	N/A
Tuhama for Fin.Inv.	23.4%	22.9%	65.8%	45.4%	52.6%	12.2%	N/A	N/A
United Cable Industries	(0.8%)	5.4%	N/A	N/A	N/A	N/A	N/A	N/A
Jordan Emirates Dim.	(15.8%)	(22.3%)	(14.3%)	(30.7%)	N/A	N/A	N/A	N/A
Al Rakaez Investment	(3.8%)	(2.1%)	18.2%	7.9%	(17.4%)	(58.1%)	(35.6%)	(84.7%)
First Insurance	(3.4%)	(8.9%)	(5.1%)	(29.2%)	(6.0%)	(54.0%)	N/A	N/A
Housing Loan Insurance	12.0%	13.9%	33.3%	35.3%	(19.5%)	(52.6%)	(34.6%)	(78.8%)
First Jordan Investment	(3.3%)	(8.8%)	(9.9%)	(25.4%)	N/A	N/A	N/A	N/A
Royal Jordanian	21.7%	7.7%	(8.0%)	(25.9%)	N/A	N/A	N/A	N/A
Professional for Inv.	12.7%	4.0%	5.5%	(25.9%)	0.9%	(36.6%)	N/A	N/A
Al Tahdith for Inv.	7.0%	8.2%	19.4%	1.3%	(8.6%)	(46.3%)	N/A	N/A
Al Kafa'a for Financial	(11.5%)	(12.0%)	(4.9%)	(35.2%)	(10.0%)	(50.4%)	N/A	N/A
Ard Annomow.**	52.7%	54.5%	N/A	N/A	N/A	N/A	N/A	N/A

** Suspended from trading after one month of listing.

5.0 IPO Market SWOT Analysis

Strengths	Weaknesses
IPO Market is supported by high liquidity levels	Majority of IPOs are newly established companies with no historical performance against which to gauge expected future value of the companies
Increasing foreign investment in the Amman Stock Exchange	Low issuance price leading to oversubscription regardless of prospects of the companies
Persistent oversubscription in IPOs indicating strong investor demand	Lack of underwriters in the market
Low-interest environment supporting investment in securities	“Flippers” subscribing only to sell on listing of stock
	Lack of market depth
Opportunities	Threats
Increasing corporate profitability	Inflation leading to decreased disposable income which will reduce available liquidity levels
Increasing regulation of IPOs	A drop in oil prices leading to a decline in foreign investment in Jordan, and increased exposure to international market turbulence
Electronic IPOs, which will facilitate growth in the market	US Federal Reserve raising interest rates, which will lead to rising interest rates in Jordan, drawing liquidity away from the stock market to the safer returns of deposits
	Central Bank of Jordan restricting facilities granted by Banks to investors for the purpose of buying shares.

6.0 Company Profiles

6.1 Al Salem for Investment Company (SALM)

Company Background

Al Salem for Investments is the first and the smallest of the newly established companies to be listed on the exchange in 2007. The Company was established on July 11th 2006 with an authorised capital of JD 500 thousand. Its primary operations entail trading in securities, import and export, marketing, dealing in trademarks, financing and investing in projects, and performing feasibility and market studies. Al Salem’s IPO involved the offering of 125 thousand shares for public subscription with a minimum subscription of 250 shares per subscriber.

Company was established in July 2006 with an authorised capital of JD 500 thousand

125 thousand shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Issam Bassam S. Haddad	Jordan	45.00%
Waleed Najeeb I. Lutfi	Jordan	20.00%
Bashir Mahmoud H. Kharma	Jordan	6.00%
Total		71.00%

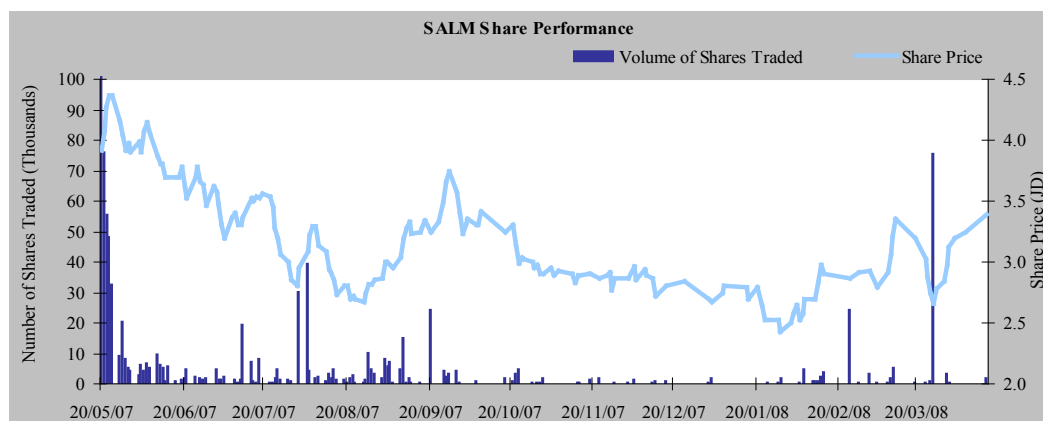
Source: Al Salem for Investment Company IPO Prospectus

The bulk of the proceeds from the IPO will be used to invest in shares listed on the stock exchange.

Financial Highlights

Paid-Up Capital	JD 500,000	EPS	JD 0.432
Total Assets	JD 964,591	Share Price (15th April 2008)	JD 3.39
Shareholders’ Equity	JD 716,049	P/E (times)	7.85x
Net Income	JD 216,049	P/BV (times)	2.37x

Performance on the Amman Stock Exchange



Al Salem commenced trading on May 20th 2007 with a closing price of JD 3.91, the highest price amongst all of 2007’s IPOs. The share price continued to rise that week, reaching a high of JD 4.44 on the 23rd, before embarking on a sharp descent, with large oscillations to reach a low of JD 2.58 on August 22nd. The share price rebounded briefly in September to reach JD 3.83, and followed from then on a declining trend to end the year at JD 2.84.

Share price of Al-Salem at the end of its first trading day was JD 3.91...

The start of 2008 was very turbulent for Salem’s stock, with sharp rises and falls, ending the first quarter of the year at JD 2.98 and reaching JD 3.39 on April 15th.

...and reached JD 3.39 on April 15th 2008

6.2 Mediterranean and Gulf Cooperative Insurance Jordan (MDGF)

Company Background

The Mediterranean and Gulf Cooperative Insurance Company (Medgulf) was established on November 21st 2006 by the Medgulf Group with an authorised capital of JD 10 million. The Company's operations will entail offering a variety of general insurance products and services, in addition to investing in a variety of products.

MDGF was established in November 2006 with an authorised capital of JD 10 million

Medgulf's IPO entailed the offering of 2.5 million shares to the public, with a minimum subscription amount of 500 shares/JD per subscriber.

2.5 million shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Mediterranean and Gulf Insurance and Reinsurance Company	Bahrain	53.50%
Ziad Khalaf M. Al-Manaseer	Jordan	18.75%
Total		72.25%

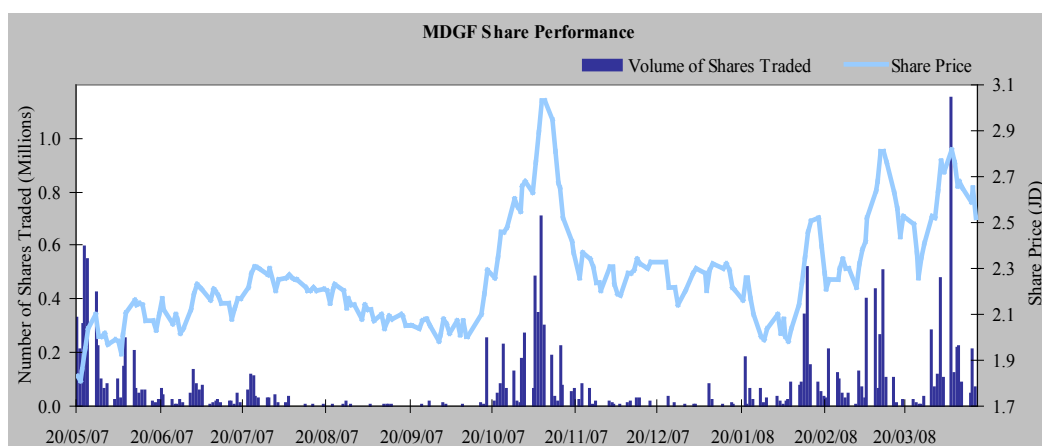
Source: The Mediterranean and Gulf Cooperative Insurance Jordan IPO Prospectus

The proceeds of the IPO will be invested as follows: JD 3.83 million will be deposited in banks, JD 3.83 million will be invested in government bonds, while JD 1.9 million will be invested in non-government bonds.

Financial Highlights

Paid-Up Capital	JD 10,000,000	EPS	JD 0.010
Total Assets	JD 14,069,879	Share Price (15th April 2008)	JD 2.52
Shareholders' Equity	JD 10,095,730	P/E (times)	P/E > 100
Net Income	JD 95,730	P/BV (times)	2.50x

Performance on the Amman Stock Exchange



Medgulf's shares were listed on May 20th 2007 and closed their first trading day at a price of JD 1.83. The shares began to fluctuate, following a slight upward incline to reach JD 2.39 on the 24th of July before declining to touch on JD 1.95 on October 1st. A flurry of trading activity in October and November saw the share price soar to its all-time high of JD 3.08 on November 8th before falling sharply and ending the year at JD 2.20. In 2008, the share price fell to a low for the year of JD 1.90 on February 6th before climbing, albeit with a large degree of volatility, to end the first quarter of the year at JD 2.52.

Share price of Medgulf at the end of its first trading day was JD 1.83...

...and rose to JD 2.52 at the end of the first quarter of 2008

6.3 The Housing Loan Insurance Company / Darkom (DRKM)

Company Background:

The Housing Loan Insurance Company (Darkom) was registered on February 4th 2007 with an authorised capital of JD 10 million. The Company’s primary operations entail offering mortgage insurance products and services to mortgage lenders and banks, in a bid to promote mortgage financing in the Jordanian market through encouraging lenders to offer larger loans, and managing and reducing the credit risk in the housing loan market.

Darkom was established in February 2007 with an authorised capital of JD 10 million

Darkom’s IPO consisted of offering 2.5 million shares to the public for subscription, with the minimum subscription amount set at 500 shares/JD.

2.5 million shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
United Arab Investors Company	Jordan	29.00%
Taameer Jordan Holdings	Jordan	24.00%
Total		41.68%

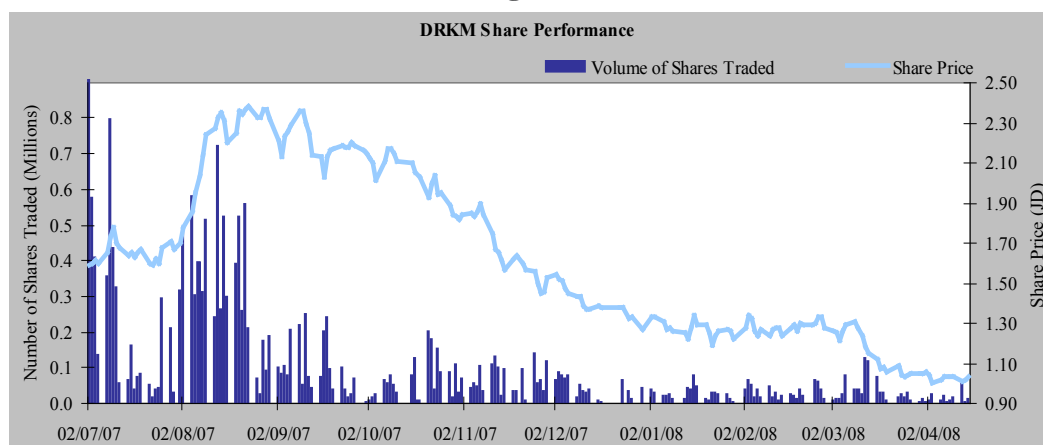
Source: The Housing Loan Insurance Company/Darkom IPO Prospectus

The proceeds of the IPO will be used to finance the Company’s insurance operations and to invest any excess funds in investment activities.

Financial Highlights

Paid-Up Capital	JD 10,000,000	EPS	(JD 0.087)
Total Assets	JD 9,191,628	Share Price (15th April 2008)	JD 1.03
Shareholders’ Equity	JD 9,132,044	P/E (times)	Negative
Net Income	(JD 867,956)	P/BV (times)	1.13x

Performance on the Amman Stock Exchange



Darkom was listed on the Amman Stock Exchange on July 2nd 2007 and was subject to a large volume of trading, reaching 2 million shares on its first day of listing, closing at a price of JD 1.59. While the share price continued to rise over the next few days to reach a high of JD 1.80 on the 10th of July, what is strikingly different about the performance of the DRKM shares is that the share reached its peak more than one month after listing, climbing sharply during the first couple of weeks of August to a high of JD 2.38 on the 15th. The share price remained high until September, where the share resumed a long and continuous depreciation in price, registering at JD 1.27 at year end, and dropping to a low JD 1.05 at the end of the first quarter of 2008.

The closing price of Darkom on its first day of trading was JD 1.59...

...and reached JD 1.03 on April 15th 2008

6.4 Al Rakaez Investment Company (RICS)

Company Background

Al Rakaez Investment Company was established on September 27th 2006 with an authorised capital of JD 10 million. The Company’s objectives are to trade in real estate, construct residential units, commercial buildings, resorts and towers, in addition to investing in a variety of sectors and industries. Al Rakaez’s IPO was for 6 million shares with a minimum subscription of 250 shares per subscriber.

Al Rakaez was established in September 2006 with an authorised capital of JD 10 million, with JD 6 million offered to the public

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Al-Jazira Trading Company	UAE	15.50%
Al Yam Investment Company	Jordan	15.34%
Total		30.84%

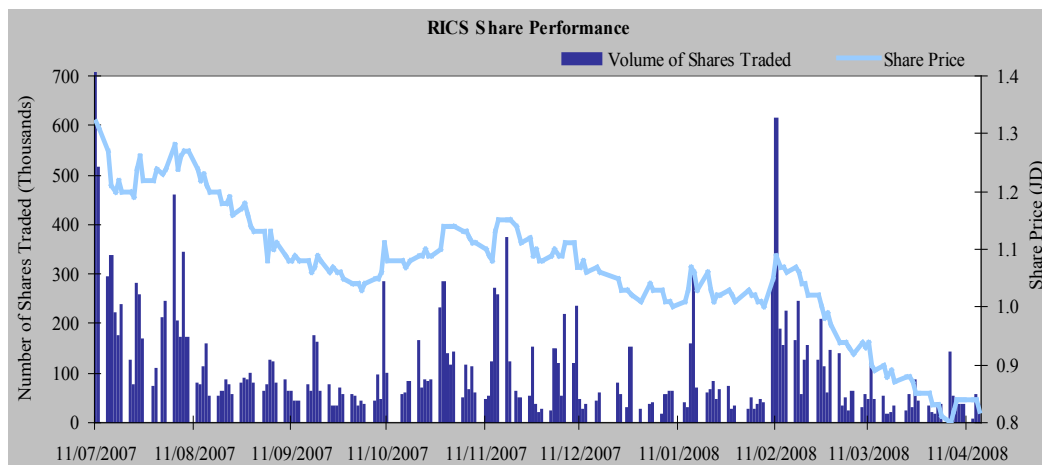
Source: Al Rakaez for Investment Company IPO Prospectus

The proceeds of the IPO will be used to finance the Rakaez Hotel project, which will be built on a plot of land of 2,059 square meters in the Capital.

Financial Highlights

Paid-Up Capital	JD 10,000,000	EPS	(JD 0.006)
Total Assets	JD 9,985,962	Share Price (15th April 2008)	JD 0.82
Shareholders’ Equity	JD 9,941,420	P/E (times)	Negative
Net Income	(JD 58,580)	P/BV (times)	0.83x

Performance on the Amman Stock Exchange



The stock of Al Rakaez was listed on the Amman Stock Exchange on July 11th 2007 with a closing price of JD 1.32. During its first day of trading, the stock reached its all-time high of JD 1.36, and has since been following an overall declining trend. At the end of 2007, the stock closed at a price of JD 1.01, and following a brief recovery in January and again in February, where the stock reached its high for 2008 of JD 1.1 on February 11th, the share price declined at a sharp rate to end the first quarter of the year at JD 0.83 before dropping further to JD 0.82 on April 15th.

Al Rakaez ended its first day of trading at JD 1.32...

...and dropped significantly to reach JD 0.82 on April 15th 2008

Strikingly, however, is that Al Rakaez stands out from the remainder of the IPOs in its continuous volume activity throughout the listing period, which may be attributed to its comparatively lower price.

6.5 Tuhama for Financial Investment (THMA)

Company Background

Tuhama is a newly established investment company registered on February 11th 2007 with an authorised capital of JD 9 million. The Company's primary activities include investing in a variety of sectors and industries, buying and selling land and property, in addition to investing in the capital market. THMA's IPO involved the offering of 3 million shares to the public for subscription, with the remaining 6 million shares being covered by the Company's founders. The minimum subscription amount was set at 250 shares/JD per subscriber.

Tuhama was established in February 2007 with an authorised capital of JD 9 million

3 million shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Al Ourjouwan for Financial Investment	Jordan	22.22%
Dlala Brokerage and Investment Holding	Qatar	22.22%
General Retirement and Pension Authority	Qatar	11.11%
South Electronics Company	Jordan	5.56%
Total		61.11%

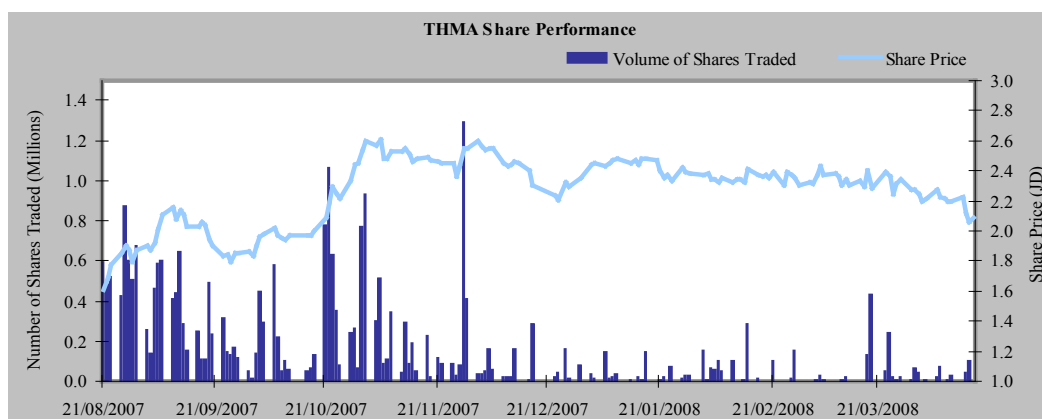
Source: Tuhama Investment Company IPO Prospectus

Of the proceeds from the initial public offering, JD 2 million will be used to invest in Madarak Investment Company, a private shareholding company, while JD 6.5 million will be invested in stock.

Financial Highlights

Paid-Up Capital	JD 9,000,000	EPS	JD 0.054
Total Assets	JD 9,003,729	Share Price (15th April 2008)	JD 2.06
Shareholders' Equity	JD 8,850,509	P/E (times)	38.15x
Net Income	JD 483,190	P/BV (times)	2.09x

Performance on the Amman Stock Exchange



Tuhama's stock was listed on the Amman Stock Exchange on August 20th 2007 at a floating price of JD 1.54 where it ended its first day of trading at the same price. Unlike the majority of the other IPOs that were listed in 2007, Tuhama managed to maintain a relatively high volume of trading for a few months post-listing, which contributed to the increase in share price to end the year at JD 2.35, up 52.6% since its commencement of trading. Moreover, Tuhama was the only IPO company whose share performance managed to outperform the General Index's performance in 2007.

The closing price of Tuhama's stock on its first day of trading was JD 1.54...

In 2008, fluctuation was minimal, with THMA's share price following a minor descending trend to end the first quarter at JD 2.25 before falling to JD 2.06 on April 15th.

...and reached JD 2.06 on April 15th 2008

6.6 First Insurance Company (FINS)

Company Background

First Insurance Company was established on December 28th 2006 with an authorised capital of JD 24 million. The Company’s primary purpose is to offer Islamic general insurance services, in addition to investing in a variety of financial products in accordance with the Shari’a principles. The Company went public in May 2007 by issuing 25% of its paid-up capital to the public, equivalent to 6 million shares, with a minimum required subscription of 500 shares per subscriber.

First Insurance was established in December 2006 with an authorised capital of JD 24 million of which JD 6 million was offered to the public

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Global Investment House	Kuwait	16.67%
Solidarity Company	Bahrain	16.67%
Jordan Dubai Capital	Jordan	8.34%
Total		41.68%

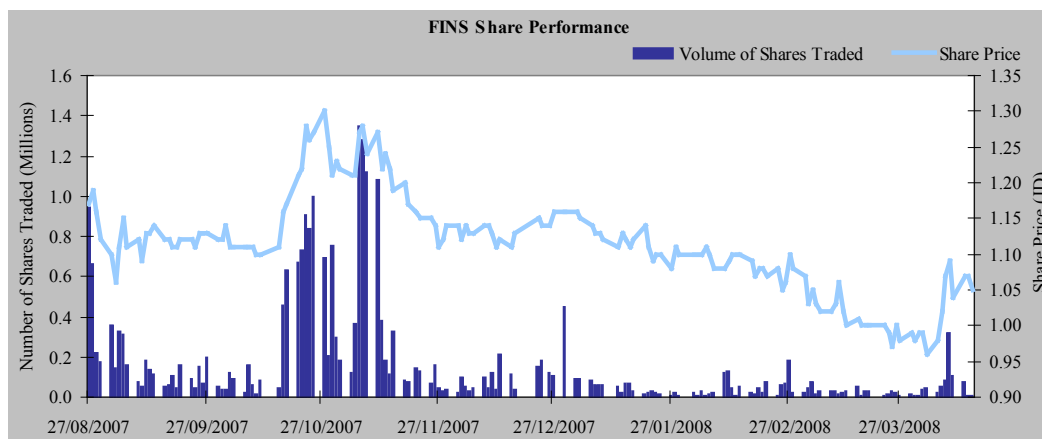
Source: First Insurance Company IPO Prospectus

The proceeds of the IPO will be used to finance the Company’s insurance operations and investment purposes.

Financial Highlights

Paid-Up Capital	JD 24,000,000	EPS	N/A
Total Assets	N/A	Share Price (15th April 2008)	JD 1.05
Shareholders’ Equity	N/A	P/E (times)	N/A
Net Income	N/A	P/BV (times)	N/A

Performance on the Amman Stock Exchange



First Insurance first began trading on the Amman Stock Exchange on August 27th 2007, closing at JD 1.17 on its first day. The share price rose the following day to JD 1.19 before declining to the 2007 low of JD 1.06 just the following week. The share recovered slightly and stabilised, oscillating within a narrow range before climbing in October and November, driven by high trading volumes, to over JD 1.30 before falling once more to end the year at JD 1.16. The share fared no better in 2008, with the share price declining to an all-time low of JD 0.95 on April 6th before rising briefly to JD 1.03 on the 15th.

First Insurance ended its first trading day at JD 1.17

...and dropped to JD 1.05 on April 15th 2008

6.7 Jordan & Emirates Dimensions for Commercial Investment (JEDI)

Company Background

The Jordan Emirates Dimensions for Commercial Investment was established on April 2nd 2007 with an authorised capital of JD 10 million. The Company's operations include investing in, supervising, managing and administering real estate, housing, agriculture, industrial and tourism projects, in addition to offering financial leasing, and importing, exporting and trading in machinery, equipment and appliances. The Company's IPO involved the offering of 3.075 million shares to the public, with a minimum subscription of 500 shares/JD per subscriber. The remaining JD 6.93 million paid-up capital was allocated to the Company founders.

JEDI was established in April 2007 with an authorised capital of JD 10 million

3.08 million shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Gulf General Investment Company	Emirates	10.00%
Commercial Bank International (via Takamul Real Estate Company)	Emirates	10.00%
Mam Commercial Investments Company	Jordan	10.00%
Rahman M. Hussein	Pakistan	10.00%
Mohammed Omar Haider	Emirates	5.00%
Total		45.00%

Source: Jordan & Emirates Dimensions for Commercial Investment IPO Prospectus

The proceeds from the initial public offering will be used to finance a residential project in the Mafraq area, for a value of JD 5.05 million, in addition to trading in land and stocks.

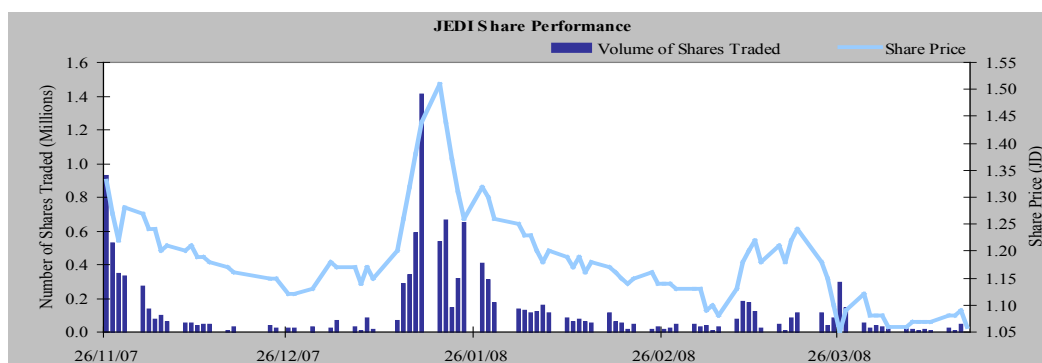
Financial Highlights

Paid-Up Capital	JD 10,000,000	EPS	(JD 0.020)
Total Assets	JD 9,885,863	Share Price (15th April 2008)	JD 1.09
Shareholders' Equity	JD 9,799,169	P/E (times)	Negative
Net Income	(JD 200,831)	P/BV (times)	1.11x

Performance on the Amman Stock Exchange

The Company was listed on the Amman Stock Exchange at the end of November 2007, ending its first trading day at JD 1.33. Trading volume was relatively high during the first few days of trading, although insignificant in relation to the market. The performance of the share was not impressive, with the share price dropping to JD 1.22 just two days later. The share managed to recover to JD 1.28 on day four before following an almost continuous downturn to end the year at JD 1.13, 15% lower than its first-day closing price.

The closing share price for JEDI on its first day of trading was JD 1.33



In 2008, trading remained rather subdued until the start of the third week in January, where the volume of trading accelerated, leading to a sharp rise in the share price to reach the share's all-time high of JD 1.56 on January 21st, before resuming a declining trend. During March, the share price recovered briefly before falling to its all-time low of JD 1.05 on the 26th.

By April 15th 2008, the share price had fallen to JD 1.05

6.8 First Jordan Investment Company (FRST)

Company Background

First Jordan Investment Company was established on May 3rd 2006 with an authorised capital of JD 150 million. The Company's primary operations entail trading in securities, in addition to investing in new companies, real estate projects, and in a variety of projects in all types of economic sectors. The Company's IPO involved the offering of 40% of the capital, equivalent to JD 60 million, to the public for subscription, with the minimum subscription amount set at 500 shares/JD per subscriber. The remaining 60% was allocated to the Company founders.

First Jordan was established in May 2006 with an authorised capital of JD 150 million of which 40% was offered to the public

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Global Investment House	Kuwait	33.00%
Wafra International Investment Company	Kuwait	7.33%
Total		40.33%

Source: First Jordan Investment IPO Prospectus

The proceeds of the initial public offering will be used to invest in companies and real estate, to include the Aqaba Convention Centre, the Arabian Seas Insurance Company, and Mazaya Jordan Real Estate Company, with an expected investment of JD 52.5 million. The Company is also intending on investing JD 7.5 million each in listed stocks and fixed income instruments.

Financial Highlights

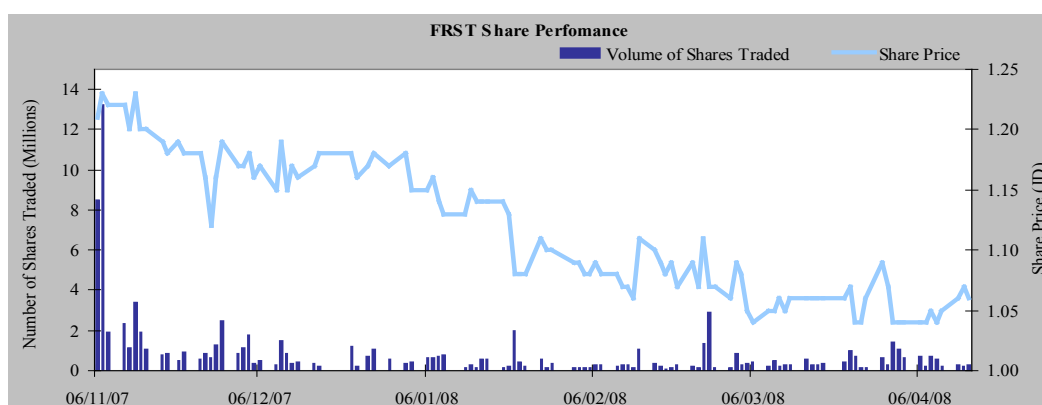
Paid-Up Capital	JD 150,000,000	EPS	N/A
Total Assets	N/A	Share Price (15th April 2008)	JD 1.06
Shareholders' Equity	N/A	P/E (times)	N/A
Net Income	N/A	P/BV (times)	N/A

N/A - Not Available

Performance on the Amman Stock Exchange

The First Jordan Investment Company (FRST) was first listed on the Amman Stock Exchange on November 6th 2007 ending its first day of trading at JD 1.21. Trading activity, as evident in the chart below highlights the high volumes traded during the first couple of days, with a combined volume of 21.7 million shares traded.

The closing price of First Jordan's stock on its first day of trading was JD 1.21...



Following its first week of trading, the share price of FRST followed a declining trend, ending the year at JD 1.17, 3.3% lower than its first day of trading. During the first four months of 2008, the descent in share price continued, touching on an all-time low of JD 1.02 on April 1st, before recovering to JD 1.06 on April 15th.

...and reached JD 1.06 on April 15th 2008.

6.9 Baton For Block and Interlocking Tiles Company (BLOK)

Company Background

Baton is a newly established company registered on the 5th of June 2007 with an authorized capital of JD 12 million. The Company's operations include the establishment, construction and management of factories for the production, trade, import and export of stone, ceramic, interlock and other types of stone.

Baton was established in June 2007 with an authorised capital of JD 12 million

Baton's IPO involved offering 3 million shares for public subscription with a minimum subscription of 500 shares per subscriber.

3 million shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

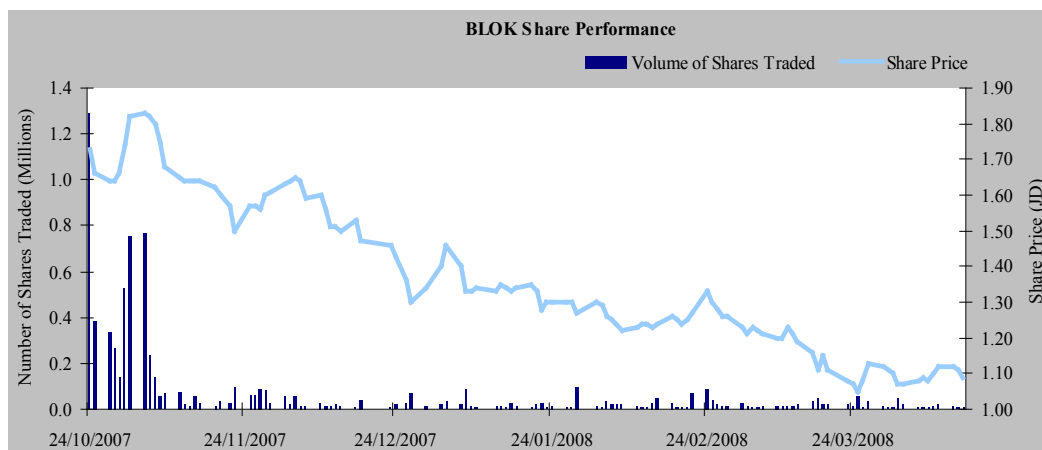
Investor	Nationality	Ownership
Ready Mix Concrete and Construction Supplies	Jordan	31.67%
Mr. Khaled Moh'd Salem Al Anzi	Saudi Arabia	8.33%
Total		40.00%

Source: Baton for Block and Interlocking Tiles IPO Prospectus

Financial Highlights

Paid-Up Capital	JD 12,000,000	EPS	JD 0.18
Total Assets	JD 14,373,566	Share Price (15th April 2008)	JD 1.09
Shareholders' Equity	JD 12,210,914	P/E (times)	62.02x
Net Income	JD 210,914	P/BV (times)	1.07x

Performance on the Amman Stock Exchange



Baton for Block and Interlocking was listed on the Amman Stock Exchange on the 24th of October 2007, at a floating price of JD 1.75, before closing at a price of JD 1.73 on the first day of trading, down 0.11% compared to the open price. The volume of trading was high during the the first couple of weeks following listing, but this activity was not sustained.

The closing price of Baton's on the first day of trading was JD 1.73...

The waning of trading activity place the share price on a downward slope, to reach JD 1.34 at year-end before ascending further to JD 1.09 on April 15th 2008.

...and reached JD 1.09 on April 15th 2008

6.10 United Cable and Industries Company (UCIC)

Company Background:

United Cable and Industries was established on July 5th 2007 with an authorised capital of JD 40 million. The Company operates in the construction sectors with activities involving constructing, establishing and managing factories that produce electric wires and cables, which will be used for telephones, televisions, computers and insulated wires.

United Cable was established in February 2007 with an authorised capital of JD 40 million

The IPO of the company involved the offering of 10 million shares to the public with a minimum subscription of 500 shares/JD.

10 million shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Abdullatif and Mohammad Al Forzan Company	Saudi Arabia	37.50%
Mohammed Ahmad Mohammed Abu Ghazaleh	Jordan	8.75%
Jordan Kuwait Bank	Jordan	2.50%
Total		48.75%

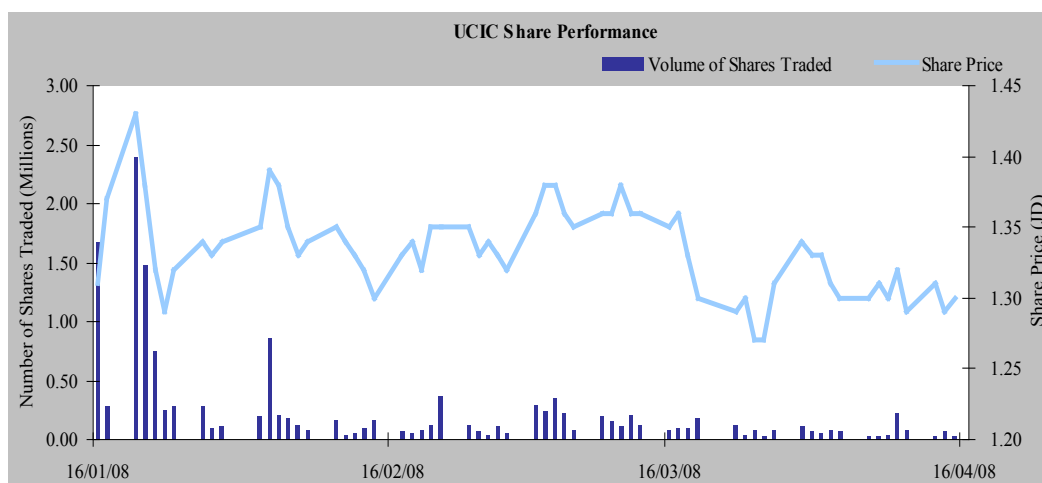
Source: United Cable Industries Company IPO Prospectus

The IPO funds will be used to finance its production and to pay for raw materials.

Financial Highlights

Paid-Up Capital	JD 40,000,000	EPS	N/A
Total Assets	N/A	Share Price (15th April 2008)	JD 1.30
Shareholders' Equity	N/A	P/E (times)	N/A
Net Income	N/A	P/BV (times)	N/A

Performance on the Amman Stock Exchange



The Company was listed on the Amman Stock Exchange on the 16th of January 2008, ending its first day of trading at JD 1.31. Trading volume peaked on its third day of trading, reaching 2.39 million shares, hiking up the share price to its peak of JD 1.43. The share price continued to oscillate falling to a price of JD 1.27 on March 25th before rising to register at JD 1.3 on the 15th of April.

United Cable's stock ended its first day of trading at JD 1.31, and registered at JD 1.3 on April 15th 2008

6.11 Model Restaurants Company (FOOD)

Company Background

Model Restaurants Company was registered on the 26th of June 2007 with an authorized capital of JD 25 million and a paid-up capital by the founders of JD 18.75 million. Model Restaurants' major activity is to establish and manage American fast-food restaurants, and ensuring the preparation, marketing and offering of services and food complies with American standards.

Model Restaurants was established in June 2007 with an authorised capital of JD 25 million...

Model Restaurants' IPO entailed the offering of JD 6.25 million shares with a minimum subscription amount of 250 shares/JD.

...of which 6.25 million shares were offered to the public through the IPO

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Global Opportunistic Fund II	Kuwait	28.00%
Global Investment House	Kuwait	12.00%
Khaled A. Al Dahleh	Jordan	10.20%
Marwan A. Al Dahleh	Jordan	5.60%
Total		55.80%

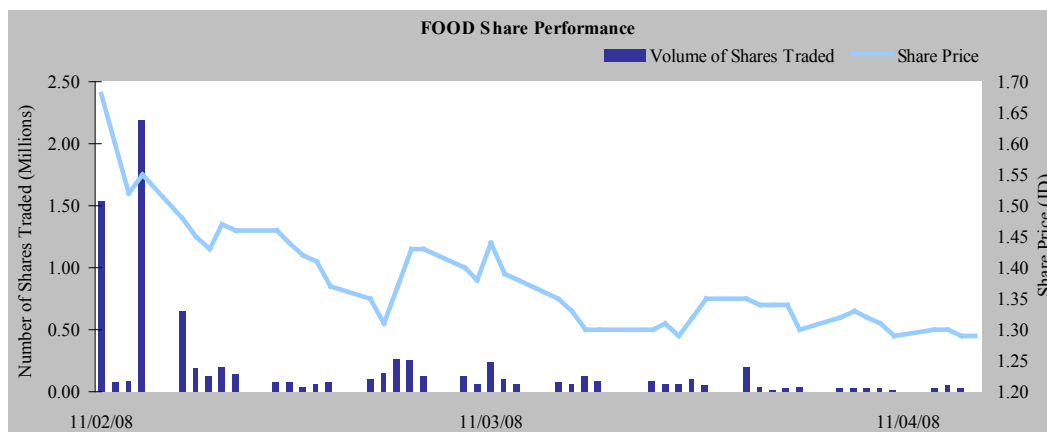
Source: Model Restaurants Company IPO Prospectus

The purpose of the IPO is to obtain and buy the rights of international restaurants chains, as well as opening several branches across the Kingdom in the coming years.

Financial Highlights

Paid-Up Capital	JD 25,000,000	EPS	N/A
Total Assets	N/A	Share Price (15th April 2008)	JD 1.29
Shareholders' Equity	N/A	P/E (times)	N/A
Net Income	N/A	P/BV (times)	N/A

Performance on the Amman Stock Exchange



Model Restaurants was listed on the Amman Stock Exchange on the 16th of January 2008. The volume of trading volume on the first day of trading reached 1.52 million shares and the stock closed at a price of JD 1.68. The share price then embarked on a sharp declining trend, with a minor recovery during the first week of March, before resuming its drop to reach a low of JD 1.34 at the end of the first quarter of 2008 and dropping further to JD 1.29 on April 15th.

Food ended its first day of trading in January 2008 at JD 1.68 before declining to JD 1.29 on April 15th.

6.12 Damac Real Estate Development Company (DMAC)

Company Background

Damac Real Estate Development Company is one of the largest real estate companies in the Middle East region. Registered in Jordan on the 28th of December 2006, Damac’s main operations include development and real estate activities, purchasing, buying and leasing lands as well as the establishment of housing and commercial projects. The company has an authorised capital of JD 5 million.

Damac was established in December 2006 with an authorised capital of JD 5 million

Damac’s IPO involved the offering of JD 1.25 million to the public with a minimum subscription of 500 million JD/shares. The remaining 3.75 million of paid-up capital was allocated to the founders.

Damac’s initial public offering to the public was for 3.75 million shares

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
Shine Invest Company	U.A.E	14.98%
Fourteen Company	U.A.E	14.98%
Bright Investment Company	U.A.E	14.98%
Damac Industries Investment Company	U.A.E	14.98%
Damac Industries Management Company	U.A.E	14.98%
Total		74.90%

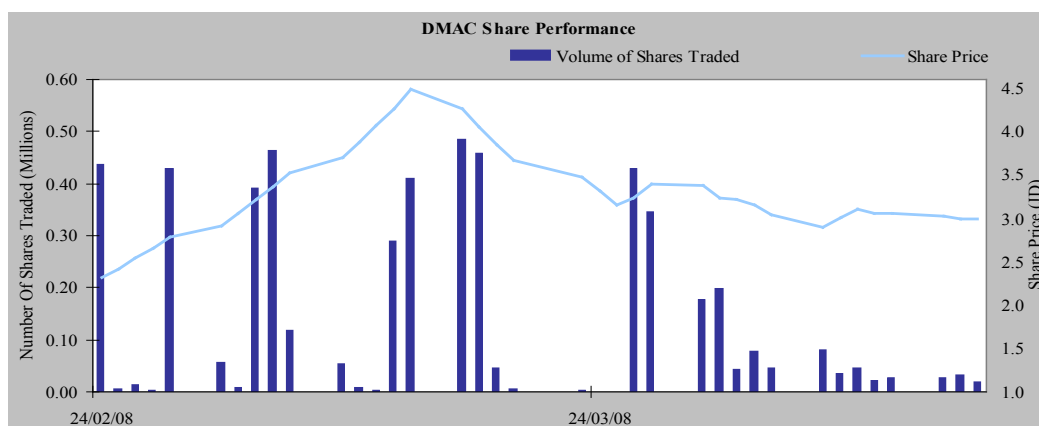
Source: Damac Real Estate Development Company IPO Prospectus

Financial Highlights

Paid-Up Capital	JD 5,000,000	EPS	JD 0.038
Total Assets	JD 5,383,592	Share Price (15th April 2008)	JD 2.99
Shareholders’ Equity	JD 5,190,760	P/E (times)	78.37x
Net Income	JD 190,760	P/BV (times)	2.88x

The proceeds from the Initial Public Offerings will be used to establish residential and commercial projects.

Performance on the Amman Stock Exchange



Damac was listed on the Amman Stock Exchange on the 24th of February 2008 and ended its first day of trading at a price of JD 2.31. The volume of shares traded on the first day reached 437 thousand shares, dropping the following few days to a low of 6 thousand shares. As seen in the chart above, the trading activity fluctuated between days of high volumes and days of very low volumes. The share price of the Company rose to a high of JD 4.62 on the 16th of March before dropping to JD 2.92 on the 15th of April.

Damac ended its first trading day at JD 2.31 before rising to JD 4.62 a month later, and dropping once more to JD 2.92 on April 15th 2008.

6.13 Royal Jordanian (RJAL)

Company Background

Royal Jordanian represents the sole privatisation IPO to be listed in 2007. The Government decided to privatise 71% of the Company and list the shares on the Amman Stock Exchange in December 2007. Royal Jordanian has a paid-up capital of 84.37 million shares, of which 59.91 million shares were offered to the public through a public subscription. Unlike the remainder of the IPOs that were listed in 2007, Royal Jordanian is not a start up company; Royal Jordanian was established in 1963 under the name of “Alia”, until 1986 where the name was changed to Royal Jordanian. In 2001, the Company was transformed into a public shareholding company fully owned by the Jordanian Government, and in 2007, 29% was offered to the public at an issuance price of JD 3.08 instead of the JD 1 imposed on the newly established companies.

Royal Jordanian was privatised and listed on the Amman Stock Exchange in December 2007, where 59.9 million shares were offered to the public at an issuance price of JD 3.08 per share

Founder Shareholder Details and Capital Structure - Over 5% Ownership

Investor	Nationality	Ownership
The Jordan Government	Jordan	20.0%
The Social Security Cooperation	Jordan	10.0%
Royal Jordanian Employee Saving Fund	Jordan	8.0%
Total		47.0%

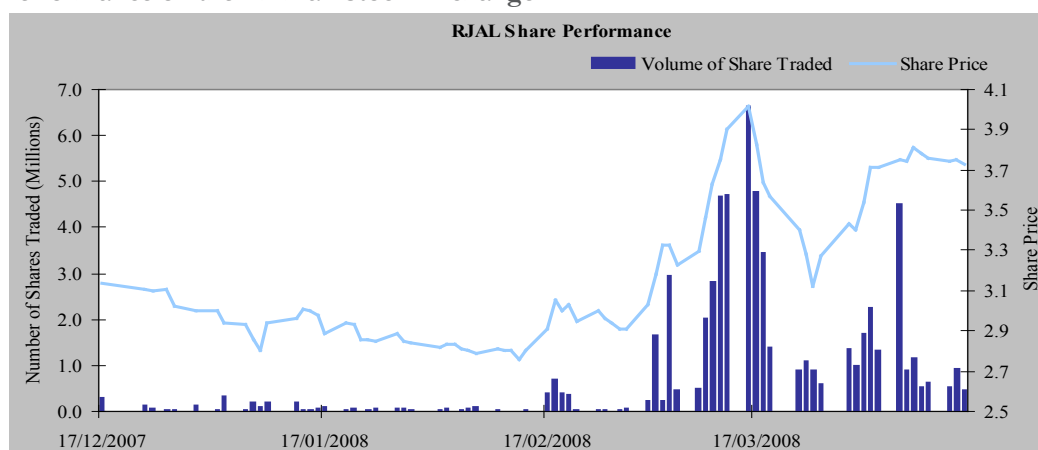
Source: Royal Jordanian IPO Prospectus

The purpose of the privatization falls in line with the Government’s overall privatisation strategy, and the proceeds of the IPO were directed to the Jordanian Government, as the seller of the stock.

Financial Highlights

Paid-Up Capital	JD 84,373,350	EPS	JD 0.24
Total Assets	JD 326.319,000	Share Price (15th April 2008)	JD 3.73
Shareholders’ Equity	JD 109,098,000	P/E (times)	15.47x
Net Income	20,363,000	P/BV (times)	2.89x

Performance on the Amman Stock Exchange



Royal Jordanian was listed on the Amman Stock Exchange on the 17th of December 2007. The Company ended its first week of trading at JD 3.14, only slightly higher than its issuance price of JD 3.08. During the first two months of listing, trading remained very quiet and the share price dropped to a low of JD 2.72 on February 11th 2008. It wasn’t until March where volume began to pick up dramatically, causing the share price to soar to JD 4.09 on March 16th before falling once again to a low JD 3.05 on the 26th. Volume picked up again, driving up the share price to reach JD 3.73 on April 15th.

The closing price of Royal Jordanian on its first day of trading was JD 3.14...

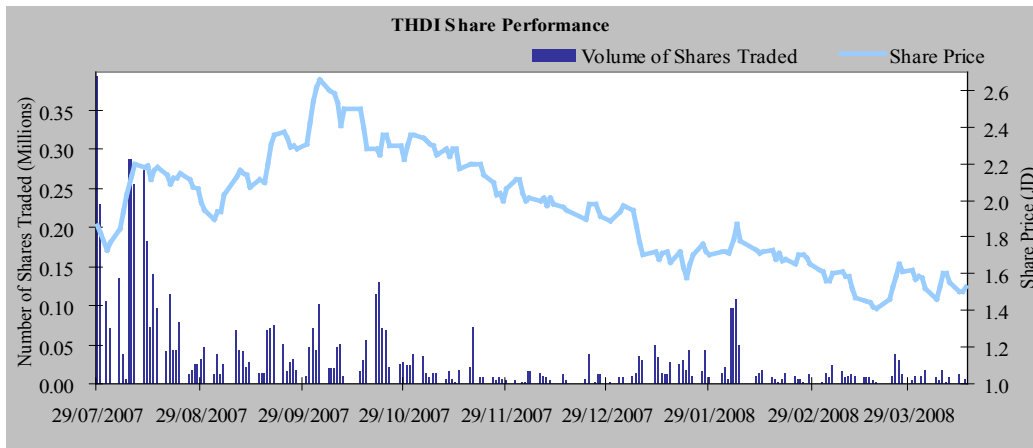
...and reached JD 3.73 on April 15th 2008

6.14 Al Tahdith for Real Estate Investment Company (TDHI)

Financial Highlights

Paid-Up Capital	JD 2,000,000	EPS	(JD 0.005)
Total Assets	JD 2,243,681	Share Price (15th April 2008)	JD 1.53
Shareholders' Equity	JD 1,994,419	P/E (times)	Negative
Net Income	(JD 10,023)	P/BV (times)	1.53x

Performance on the Amman Stock Exchange

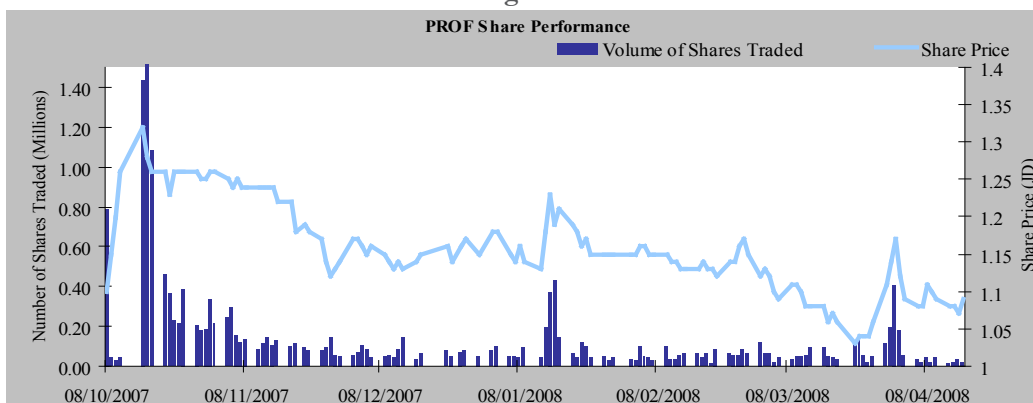


Al Tahdith Company's first day of trading on the Amman Stock Exchange was on the 29th of July 2007, with a first day closing price of JD 1.86. The share price dropped the next day but managed to rise again reaching over JD 2.00 by the end of its first week of listing. This overall upward trend continued until the end of October to reach an all-time high of JD 2.75 on October 7th, before following a downward trend until the end of the year which continued into 2008, to reach JD 1.53 on the 15th of April.

Al-Tahdith's stock ended its first day of trading at JD 1.86 and dropped to JD 1.53 on April 15th 2008

6.15 The Professional for Real Estate Development and Housing (PROF)

Performance on the Amman Stock Exchange

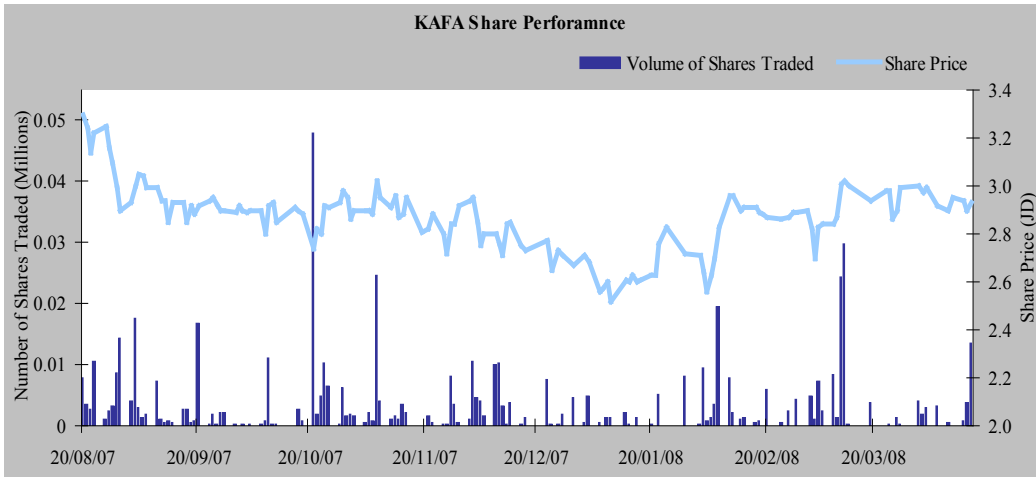


The Professional for Real Estate Development was listed on the Amman Stock Exchange on the 8th of October 2007, closing at a price of JD 1.1. Trading volume was low on the first few days of trading, before rising during the second week to reach the highest volume traded in the companies' history on the 17th of October with 1.53 million shares traded, pulling up the share price to a high of JD 1.35. The subsequent decline in trading activity led to a drop in share price, falling to a low of JD 1.03 on March 25th 2008 before rising to reach JD 1.07 on April 15th.

The closing price of the Professional's stock on the first day of trading was JD 1.10.

6.16 Kafa'a for Financial and Economical Investments

Performance on the Amman Stock Exchange

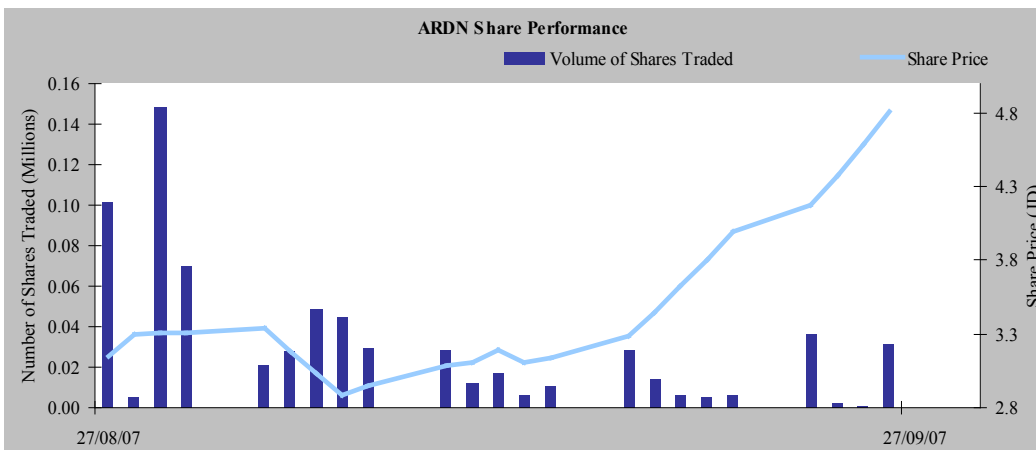


Kafa'a was listed on the Amman Stock Exchange on the 20th of August 2007, and unlike most of the other IPO companies, trading volume was insignificant during its first days of trading. However, it commenced trading at a relatively high share price, closing on the first day of trading at JD 3.3. The stock price continued to fluctuate within a narrow range of JD 2.8-3.0 before rising briefly in November, and then dropping to reach a low of JD 2.55 on December 26th 2007. In 2008, the share price managed to recover, rising, albeit with a relatively volatile pattern, to reach JD 2.99 at the end of the first quarter, and JD 2.93 on April 15th 2008.

The closing price of the stock of Kafa'a's on the first day of trading was JD 3.3.

6.17 Ard Annomow for Real Estate Investments and Housing

Performance on the Amman Stock Exchange



Ard Annomow commenced trading on the 27th of August 2007, closing at a high price of JD 3.51. With only one month of trading on the market, the share price followed an almost consistent upward climb to reach JD 4.81 on September 26th 2008, up 52.7% compared to first day closing price. However, trading on the Company was suspended by the Jordan Securities Commission effective September 27th, and it has not traded since.

Ard Annomow's share closed its first day of trading at JD 3.51. Trading on this company has been suspended

7.0 IPOs in the Pipeline

Three IPO companies are awaiting listing on the exchange for this year; Sabaek for Investments, Darat Jordan Holdings and Al Fatihoun Al Arab for Industry and Trade, all of which are start-up companies that have completed their IPO requirements and are on their way to be listed on the Amman Stock Exchange. Sabaek for Investment was oversubscribed by 9.98 times, while Darat Jordan Holding by 7.61 times. For Al Fatihoun Al Arab, however, the subscription period had to be extended due to the overall level of undersubscription during the original period.

Three IPOs awaiting listing in 2008

Company	Authorized Capital	Offer Size
Darat Jordan Holdings	JD 15 million	JD 4 million
Sabaek for Investments	JD 8 million	JD 2.15 million
Al Fatihoun Al Arab for Industry & Trade	JD 10 million	JD 5.6 million
	JD 33 million	JD 11.75 million

Darat Jordan Holdings was established on December 6th 2007 with the purpose of developing, managing, and investing in a variety of sectors. Its major shareholders, with holdings of 5% or more are:

Investor	Nationality	Ownership
Awad Ahmad M. Aljazairi	Jordan	10.00%
Riyad Burhan T. Kamal	Jordan	5.00%
Total		15.00%

Source: Darat Jordan Holdings IPO Prospectus

Sabaek for Investment was established on April 5th 2007, and will offer portfolio management services, financial consultancy and IPO underwriting services. Its major shareholders are:

Investor	Nationality	Ownership
Mohammed Sharif Al-Ja'bari	Jordan	6.25%
Ahmad Yousef M. Yousef	Jordan	6.25%
Suleiman Saleh Al-Rajhi	Saudi Arabia	6.25%
Total		18.75%

Source: Sabaek for Investment IPO Prospectus

Al Fatihoun Al Arab for Industry and Trade was established in November 2007, and its operations will entail the production of SUVs and pick-ups. Its major shareholders are:

Investor	Nationality	Ownership
Al Rakaez Investment Company	Jordan	15.00%
Al Jazeera Trading Company	U.A.E.	15.00%
Total		30.00%

Source: Al Fatihoun Al Arab IPO Prospectus

Another financial company has announced its intentions to go public; the Inwan Mortgage Finance Company, which will be the first specialized mortgage finance company in the market to provide loans for house owners and developers in addition to financing the middle and lower income citizen. The Company is expected to have an authorized capital of JD 55 million. Its major founders are Jordan Dubai Capital, the Social Security Corporation, the Arab Banking Corporation, and Amlak, in addition to others such as Taameer Jordan Holding, Global Investment House, and the Jordan Kuwait Bank. The IPO of the Company is expected to offer 25% for subscription to the public.

IPOs in the pipeline include that for Inwan Mortgage Finance Company...

Royal Tours has been rumoured to be going public this year, but no announcements have been made as yet.

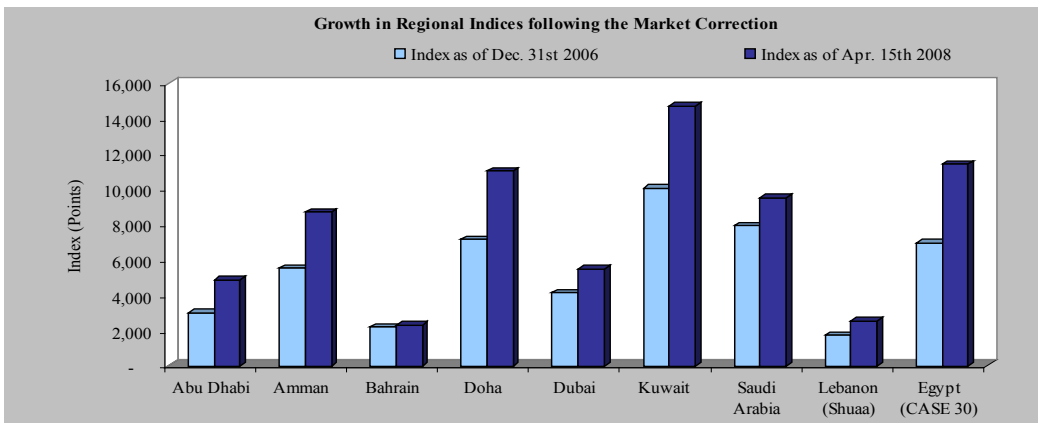
...and an IPO of Royal Tours has been rumoured to take place this year

8.0 Outlook

The fruitful performance of the economy over the past few years has rubbed off on Jordan’s capital market, with people from all walks of life signing up to prosper from the level of returns offered by the stock market.

Over the years, investor strategies and behaviour have altered as a result of the increasing globalisation of equity markets, and the removal of boundaries. Investors in developed countries such as the United States and United Kingdom have increasingly allocated assets towards emerging markets with strong growth prospects and blossoming economies. More recently, the instability in the global markets is driving investors in such markets to turn their eye away from their domestic investment environment towards other regions that have so far shown resilience against external turbulence. To serve the purpose of portfolio diversification, we expect foreign investment in the Jordanian capital market to continue to grow, as investors target investments less correlated to those of their home markets, thereby continuing to flood the market with liquidity.

The soaring oil prices, hovering at just under USD 120 per barrel, translate into rising oil wealth and liquidity in the region unmatched by the number of available investment avenues. Following a market correction that swept across the region in 2006, the capital markets in 2007 and so far in 2008 have been promising. All regional sectors experienced a rise in their General Indices, with impressive rises being witnessed for the Abu Dhabi, Doha, Kuwait and Egypt (CASE 30) indices, as illustrated below.



Source: Zawya

The Amman Stock Exchange also performed remarkably well, rising by a whopping 57.8% from the end of 2006 up to April 15th of this year. Trading volumes were also impressive, registering at JD 12.34 billion in 2007 and JD 4.66 billion in the first quarter of 2008 giving an annualised trading volume of JD 18.63 for the current year, based on one-sided transactions. The market capitalisation has also soared from JD 21.08 billion in 2006 to JD 29.21 billion and JD 31.40 billion in 2007 and the first quarter of 2008, respectively. The strong performance of the local and regional markets bodes well for the initial public offering, which have emerged as a spin-off of the thriving capital markets. IPOs generally need a bull market to see them through and to obtain the best value possible for the company. While the current performance of the markets cannot match up to the market in 2004 and 2005, the growth in profitability and corporate earnings will continue to support the capital market, and therefore support the activity of the IPO market.

Government privatisation initiatives to involve the public sector in state-held sectors should continue to result in large-scale IPOs. Moreover, the liberalisation of the oil sector and other sectors, could potentially lead to the establishment of new companies that would could result in IPOs further down the line.

Moreover, the stellar performance of IPOs so far is also expected to play a hand in encouraging family businesses to break away from the tradition of passing closely-held companies down generations, and to take their companies public in order to both realise their “true” value and to reduce inheritance disputes.

To conclude, IPO activity is determined by market conditions, which can rapidly change. However, oil prices are continuing to rise, and are showing no signs of abating. This will ensure a steady flow of liquidity to the region, and to Jordan indirectly, thereby sustaining incoming investment levels. Moreover, with the forecasted inflation rate of 11% for Jordan in 2008, demand for equities may be expected to rise further, as equities have been used often as a hedge against inflation as companies’ prices and profitability tend to increase in periods of rising inflation. This theory holds so long as the high inflation does not lead to a recession in the economy. Furthermore, inflation would normally bring about higher interest rates, which tends to deter investment in equities, however, the peg of the Jordanian dinar against the U.S. dollar should help sustain low interest rates as the Federal Reserve in the U.S. continues to lower interest rates to evade going into recession. With a few companies having already announced their intention to go public, we wrap up this report with a positive outlook for the IPO market in the short to medium term.

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