

EQUITY REPORT

Jordan National
Shipping Lines (SHIP)

Initiation of Coverage Report

Prepared by:
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Jordan National Shipping Lines Company (SHIP)

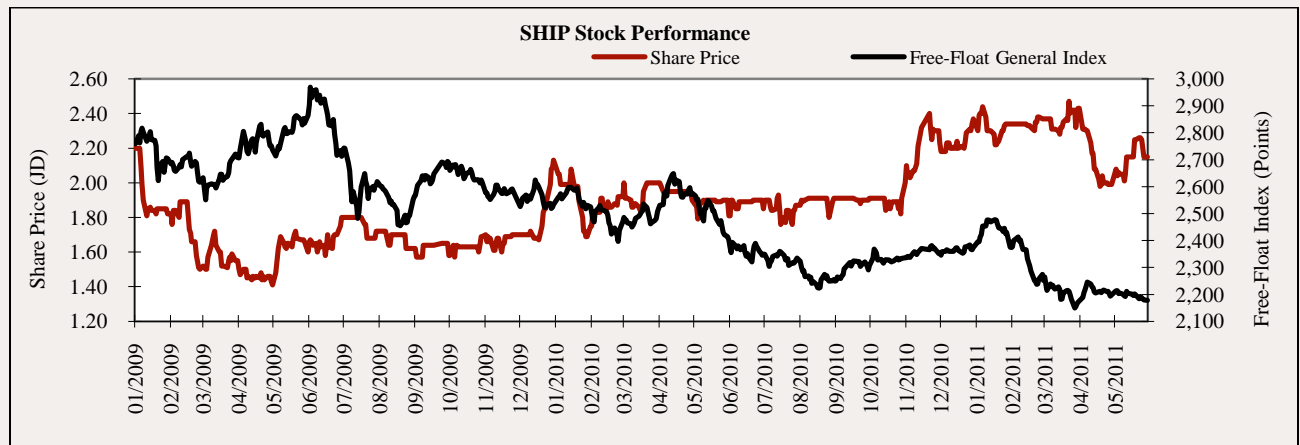
Initiation of Coverage
29 May 2011

12 Month Fair Value: **JOD3.07**
Recommendation: **BUY**

Key Highlights

Ticker	SHIP
Share Price	JOD 2.15
52-Week High	JOD 2.47
52-Week Low	JOD 1.75
Market Capitalisation	JOD 25,961,250
EPS (2010)	JOD 0.350
Trailing P/E	6.14x
Trailing P/BV	1.25x

Revenues	JOD 27,323,011
Operating Expenses	JOD 22,331,601
Operating Income	JOD 4,991,410
Profit before Tax	JOD 4,960,298
Profit after Tax	JOD 4,732,017
Profit attributable to Shareholders	JOD 4,226,246
ROAA	12.9%
ROAE	24.2%



- SHIP registered an impressive 58.3% increase in its profits after tax, rising from JOD2.99 million in 2009 to JOD4.73 million. Revenues from chartered ships, sea freight and commissions registered a slight JOD125.27 thousand decline, while the related costs rose by JOD304.81 thousand. The resultant drop in net operating profits was more than compensated for by revenues generated by the Jordan National Lines for Ships Operation Company (JNLSO), whose financial results were consolidated with those of SHIP for the 2010 financial year, after SHIP acquired significant influence and control over the company. The revenues generated by JNLSO amounted to JOD11.15 million, giving an operating profit for its operations of JOD1.57 million, which fed through to SHIP's bottom line.
- SHIP's consolidated ROAA and ROAE registered at 12.9% and 24.2% respectively, up from 9.6% and 17.1% the previous year.
- The General Assembly approved the distribution of dividends amounting to JOD0.20 per share, equivalent to a total JOD2.42 million, up from JOD0.15 per share in 2009.
- On the basis of our forecasts, using the excess earnings method of valuation to value SHIP's existing operations, and applied a sum-of-parts method to incorporate the projected value of the Hilton Hotel, which was valued based on the multiples method, we arrive at a 12-month fair value for the SHIP stock of JOD3.07 per share, 42.9% higher than its current price. Therefore, we initiate our coverage with a BUY recommendation.

Table of Contents

1.0	Investment Highlights	3
2.0	Shipping Industry Overview	5
3.0	Company Overview	8
3.1	Company Background	8
3.2	Shareholder Structure	9
3.3	Board of Directors	9
3.4	Subsidiaries and Affiliates	10
3.5	Stock Performance	11
3.6	SWOT Analysis	13
4.0	Key Performance Indicators	14
5.0	Financial Analysis	15
5.1	Income Statement	15
5.2	Balance Sheet	17
6.0	Valuation	21
6.1	Hotel Valuation	21
6.2	SHIP's Valuation Excluding Hotel Operations	22
7.0	Appendices	23

1.0 INVESTMENT HIGHLIGHTS

- Jordan National Shipping Lines (SHIP) was privatised in 2002 following the sale of the Government of Jordan's stake to Salam International Trading and Transportation Company, SHIP's largest shareholder, whose existing holding amounts to 24.4%.
- Following the sale of SHIP's vessel in 2007, where SHIP earned a profit on the sales transaction of JOD1.25 million, and the termination of the contracts to build two new ships, its operations on a standalone basis are primarily that of an operator, managing contracts for bunkering, locating suitable vessels, arranging insurance, as well as loading and discharging vessels. The Company charters ships according to specifications required by the customer, and then rents the ships to the customer, thereby earning a margin on the rates.
- As of the start of 2010, the financial results of the Jordan National Lines for Ships Operation Company (JNLSO) were consolidated with those of SHIP. SHIP owns a 50% stake in JNLSO, and had previously accounted for it as an affiliate using the equity method. However, after obtaining control to influence decisions and policies, JNLSO was reclassified as a subsidiary.
- SHIP has two additional subsidiaries; the Jordan Group for Shipping Agencies Company and the Jordan Maritime Complex Real Estate Investment Company. The income (loss) of each for the year 2010 amounted to JOD474,677 and (JOD13,911), respectively. At the end of 2010, projects under construction amounted to JOD18.71 million representing the construction of a Hilton hotel in Aqaba by the Jordan Maritime Complex Real Estate Investment Company. The total expected cost of the project is JOD20.00 million. The Company has signed a basic term of 10-year management contract with Hilton Worldwide to operate the Hotel, with two extension terms, each for 5 years, to the basic term.
- In 2006, the consortium formed between SHIP and Lamnalco Limited, under Lamnalco Jordan (LAMJO), was awarded a fifteen-year concession by the Aqaba Development Corporation to restore, develop, manage and operate the marine services at the port of Aqaba, thereby establishing a 70%-30% partnership with ADC under the Aqaba Port Marine Services Company (APMSCO). APMSCO is responsible for managing and operating the marine services, offering services such as towage, pilotage, mooring and unmooring, and slipway operations, in addition to launch transport to and from vessels. The significance of this concession is highlighted by the importance of the port of Aqaba to Jordan, standing as its sole port. SHIP's share in LAMJO amounts to 27%, and its share of the revenues for 2010 and 2009 amounted to JOD436,050 and JOD449,010, respectively.
- SHIP's profits after tax soared to JOD4.73 million in 2010, registering a 58.3% increase over 2009's JOD2.99 million profits. A substantial proportion of the increase in profits is attributed to the financial results of JNLSO, which contributed operating profits of JOD1.57 million to the total JOD4.99 million. SHIP's bottom line was also buoyed by an improvement in the results of SHIP's affiliates and investment portfolio, as well as an amount of JOD833,648 representing revenues on accounts payable settlements.
- SHIP's General Assembly approved the distribution of cash dividends equivalent to 20.0% of par value for the 2010 fiscal year.

- High order-book numbers of new vessels in the international market is expected to increase the supply/demand imbalance. The slump in economic activity resulted in a drop in global trade and therefore a decline in freight rates. The new vessels are anticipated to further impact negatively on freight rates. And while efforts are being made by ship owners globally to rectify this to raise the freight rates by accelerating scrapping of older vessels, delaying or cancelling new ship orders, idling existing ships, and slow steaming, SHIP, through its knowledge and specialisation in the industry, has successfully positioned itself regionally to take advantage of the current market conditions, chartering these newer vessels at highly competitive prices. While part of the decline in freight rates will be compensated for by a rise in volume demand as the global economy recovers, with demand from eastern developing countries, particularly China, driving the growth, we anticipate a slight slump in the operating margins going forward.

Because of SHIP's focus on the transportation of essential commodities, such as oil and grains, for which demand is relatively inelastic, the long-term outlook for SHIP's operations remains strong, buoyed by the continued population growth and the global shortage of food. Thus, we forecast a bottom line for 2011 of JOD3.40 million, giving an EPS of JOD0.254. While SHIP's management has indicated intentions to purchase a new vessel, we believe that current conditions are unfavourable as the industry outlook is still hazy, and therefore do not anticipate this occurring in the short term. Therefore, our forecast does not account for any operating results that may be generated by the purchase and operation of a vessel by SHIP.

- Due to large uncertainty regarding the pre-operating and future operating results of the Hilton Hotel, which commenced its formal opening in the second quarter of 2011, we have not incorporated its projected financials into the forecast for SHIP. Instead, it has been valued as a standalone business, and its value has been added to the estimated value of SHIP. On this basis, our forecasts lead to an estimated sum-of-parts fair value for the SHIP stock of JOD3.07 per share. It is worth highlighting, however, that applying a liquidity discount to this stock is justified, due to the stock's relatively low number of trading transactions and trading days.

2.0 SECTOR OVERVIEW

The repercussions of the global economic crisis had a significant dampening effect on global trade, and consequently on maritime trade, which declined by 4.5% in 2009 on a year-on-year basis, according to a report published by the United Nations. Weak consumer confidence translated into a slump in the retail sector on a global scale, and because demand for maritime services is dependent on transporting economic trade, the global shipping industry suffered as the global economy slumped. According to estimates by UNCTAD, world merchandise export volumes dropped by 13.7% in 2009, thereby recording the largest drop in sales in over 70 years. In terms of value, the merchandise exports slumped by 22.9% to USD12.42 trillion from USD16.10 trillion in 2008.

Demand for energy declined in the midst of the global recession, causing tanker shipments of crude oil, petroleum products and natural gas to register a 3.0% decline in volume during 2009, with the total cargo of tanker vessels amounting to 2.65 billion tonnes, down from 2.73 billion tonnes in 2008.

Development of International Seaborne Trade (in Millions of Tonnes Loaded)

	2006	2007	2008	2009e
Oil	2,698	2,747	2,732	2,649
Main Bulks*	1,849	1,972	2,079	2,113
Other Dry Cargo	3,135	3,265	3,399	3,081
Total (All Cargoes)	7,682	7,983	8,210	7,843

*Iron ore, grain, coal, bauxite/alumina, and phosphate
Source: UNCTAD Review of Maritime Transport 2010

A report by Mcquilling Services revealed that during 2010, tanker demand measured in tonne miles grew by 3.9% year-on-year, with the bulk of demand being for VLCCs (very large crude carriers). The report gave estimated increases in the demand for transport of crude and residual fuels of 3.5% in 2010 compared to 2009, while the estimated growth in transport of refined products increased by 7.3%.

Some 234 new tanker vessels were delivered in 2010, giving a net increase of 82 vessels as 152 vessels exited the fleet in response to regulations to phase-out single-hull tankers. In spite of the net rise in supply, freight rates managed to rise compared to 2009. Moreover, the political instability in the MENA region, coupled with sustained demand for oil in China and India, and as a repercussion of the natural disaster in Japan, freight rates are expected to show improvement in 2011 compared to 2010. However, with a large order book for new builds due to be delivered in the next couple of years, freight rates will likely remain under pressure, exacerbated by a slump in oil demand as countries rein in fuel consumption in light of its consistently high price.

In terms of main bulks, the volume of tonnage of the main bulks iron ore, grain, coal, bauxite/alumina, and phosphate, registered a 1.6% increase to 2.11 billion tonnes loaded. The increase comes from a rise in trade of iron ore and coal, whose demand was boosted by the stimulus package in China and large infrastructure needs. Meanwhile, the volumes of bauxite/alumina dropped by a sharp 23.2% according to UNCTAD statistics, while phosphate rock volumes fell some 38.7%. World grain shipments, with wheat and coarse grains comprising around 75% of the shipments, are estimated by UNCTAD to have declined by 2.2% during 2009, as imports declined in response to the global recession. With the recovery under way, the consumption is expected to resume, driving demand once again. However, with around half of the global orderbook consisting of dry bulk vessels, pressure on freight rates is expected.

Other dry cargo represents minor bulks and containerised cargo. Year 2009 was the first time ever that containerised trade contracted; the decline in volume amounted to 124 million twenty-foot equivalent

units (TEUs), amounting to a 9% drop. Consumer goods and durables are primarily carried in container vessels. Thus, container trade was the hardest hit from the economic slowdown as consumer confidence and demand slumped. The segment was hit further by a sharp drop in freight prices and charter rates. As highlighted below, the sharpest declines in volumes for containers occurred for the USA-Europe routes. The continued expansion in the Far East, particularly in China, meant that cargo flow routes to Asia continued to register positive growth in 2009.

Estimated Cargo Flows on Major East-West Container Trade Routes

In millions of TEUs	Trans-Pacific	Far East – North America	North America – Far East	Europe – Asia – Europe	Asia – Europe	Europe – Asia	USA – Europe – USA	USA – Europe	Europe – USA
2008	20.3	13.4	6.9	18.7	13.5	5.2	6.7	3.3	3.3
2009	18.4	11.5	6.9	17.0	11.5	5.5	5.3	2.5	2.8
% Change	(9.3%)	(14.2%)	0.1%	(9.5%)	(14.8%)	4.3%	(20.1%)	(25.1%)	(15.1%)

Source: UNCTAD

Year 2010, however, showed both a pickup in volumes of container trade in response to the economic recovery and an improvement in freight rates. Nonetheless, the addition of around 1.2 million TEUs to the fleet during 2010 kept some downward pressure on rates. The Baltic and International Maritime Council (BIMCO), an international shipping association, forecasts further growth in the container fleet of 8.2% in 2011. Meanwhile, AXS Alphaliner, an information platform that serves the needs of the liner shipping industry, estimates that some 1.26 million TEUs will be added to the fleet in 2011, and a further 1,33 TEUs will be added in 2012.

A significant determining factor in the development of the sector going forward is the existing and growing demand/supply imbalance. While the outlook in terms of demand is improving as global economies begin to grow once again, the substantial growth in the global fleet size, spurred by the buoyant sector in previous years, is creating a situation where supply outpaces demand. A time lag exists between orders for new vessels and their delivery. Prior to the financial and economic crisis in 2008, the rapid economic growth globally, and particularly in the eastern countries, spurred shipping companies to expand their fleets. The bulk of the new orders are expected to come in during 2012 and 2013. In 2010, the fleet size had already risen by 7.0%, as shown below. As a cyclical industry, the downturn in economic growth in 2008 and 2009 meant that the demand for shipping services slumped drastically, removing the need for additional ships. Efforts have been made to rein in supply to bolster freight prices through scrapping older vessels, delaying or cancelling new ship orders, idling existing ships, and slow steaming; however, freight rates continue to be impacted.

World fleet size by Vessel

(in Thousands of deadweight tonnes)	2009	2010	% Change
Oil Tankers	418,266	450,053	7.6%
Bulk Carriers	418,356	456,623	9.1%
General Cargo Ships	108,881	108,232	(0.6%)
Container Ships	161,919	169,158	4.5%
Other Types of Ships	84,895	92,072	8.5%
Liquefied Gas Carriers	36,341	40,664	11.9%
Chemical Tankers	8,141	7,354	(9.7%)
Offshore Supply	22,567	24,673	9.3%
Ferries & Passenger Ships	6,083	6,152	1.1%
Other	11,762	13,229	12.5%
World Total Fleet	1,192,317	1,276,137	7.0%

Source: UNCTAD

How things pave out for the industry remain unclear; At the end of 2010, the global orderbook for new builds as a percentage of existing capacity amounted to approximately 46% for the dry bulk segment, 28% for the tanker segment, and 26% for containers, according to a report by Fitch Ratings Ltd. These are expected to come on to the market during 2011 – 2013. Meanwhile, long-term drivers remain positive, with the world population continuing to grow, and emerging market demand continues to expand. The tankers segment will continue to be volatile due to conditions in Libya and Japan, coupled with the geopolitical unrest in the Middle East. Containers and main bulks, on the other hand, will be driven by demand from Far East countries. Containers will also be impacted by the rate of recovery in the U.S. market, and is dependent on consumer confidence there.

3.0 COMPANY OVERVIEW

3.1 Company Background

Jordan National Shipping Lines Company (“SHIP” or “the Company”) was established in 1976 as a government owned company, offering shipping services in both the local and international markets. In 2002, as part of the National Privatisation Strategy, SHIP was privatized, with the sale of the Government’s holding to Salam International Transport and Trading Company. In 2004, SHIP merged with Fast International Trade and Transport Company, and a new public shareholding company was established with a paid-up capital of JOD5.75 million. The Company’s paid up capital has been raised since, with the final increase taking place in 2006 where it was raised from JOD8.05 million to JOD12.08 million.

SHIP’s operations include a variety of marine transportation activities, utilizing both its own vessels and chartered vessels. Currently, SHIP does not own any vessels directly, although it owns tug and pilot boats indirectly through its investment in the Aqaba Port Marine Services Company (APMSCo), and instead charters and rents out the vessels on either long-term charter contracts or shorter-term voyage contracts, acting primarily as a ship operator. One of its key contracts is with the Jordan Petroleum Refinery Company, chartering tankers for the transport of oil. It also charters dry bulk vessels, through JNLSO, transporting grains, rice and sugar. As part of its strategy for 2011, SHIP has indicated its intention to purchase a bulk carrier.

The Company, through its subsidiaries and affiliates, also provides commercial and technical ship management, with a team equipped to charter, operate, and plan optimal vessel routes, as well as ensure that ship owners’ requirements, vessel designs, flag, and international safety management regulations are met. SHIP also offers ship brokerage services, through its experience in handling short term, spot, and freight contracts, in addition to long-term time-charter. With its knowledge of vessel loading and unloading operations, as well as its acquired business relations with port authorities, shipping departments, as well as other relevant agencies, SHIP, through its subsidiary the Jordan Group Shipping Agencies Company, is able to act as tramp and liner ship agents at the port of Aqaba, offering a number of services, including port agency, brokerage, surveillance, transshipment, husbandry and bunkering.

SHIP also offers additional services, combining ocean freight, port agency, customs clearance, inland transportation with door-to-door forwarding services. Through its investment in Lamnalco Jordan and the 15-year concession granted to it by the Aqaba Development Corporation to restore, develop, manage and operate the port of Aqaba Marine Services such as towage, pilotage, mooring and unmooring, and slipway operations, in addition to launch transport to and from vessels.

Moreover, through the Jordan Academy for Maritime Studies, SHIP provides a range of certifications and training programs with full integrated curriculums for both engineering and mariner tracks, aiming at preparing highly qualified seafarers and ship crews to carry out their duties to the highest standards of operating efficiency and safety onboard ship, in accordance with national and international standards. Worth highlighting is the award of excellence as the best maritime education and training provider in the Arab World for 2011 granted to the company by the Egyptian “International Review”, a magazine specialized in maritime transport.

SHIP also has a real estate investment in Aqaba, representing a Hilton DoubleTree Hotel, owned by its subsidiary, the Jordan Maritime Complex for Real Estate Investment. The Company has signed a management agreement with Hilton worldwide for a period of ten years plus five to run the hotel. The

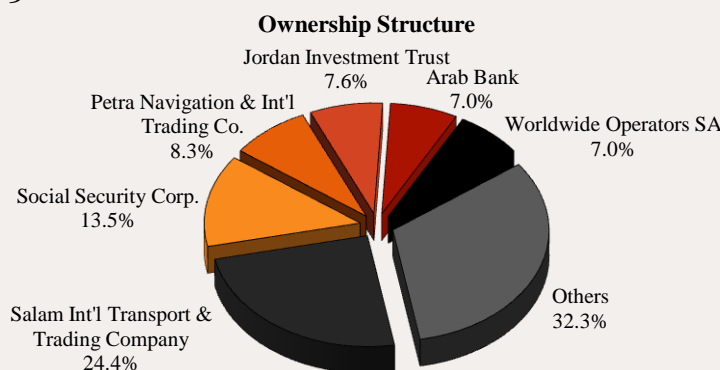
expected total cost of this project is JOD20 million. SHIP also owns a building in Aqaba that it leases out as offices. The net revenues from office rental reached JOD352.80 thousand in 2010.

Other operations of the company include the sale of tickets for the Aqaba – Nuweiba route, earning commissions of around JOD54.25 thousand during 2010, as well as providing financial and administrative consultation services, which generated income for the Company of JOD42.48 thousand that year.

The Company's General Assembly approved the distribution of 20% cash dividends to its shareholders for the 2010 financial year, up from 2009's 15% dividends.

3.2 Shareholder Structure

Following its privatization in 2002, Salam International Transport and Trading Company remains SHIP's largest shareholder, with an ownership of 24.4%. The second largest shareholder is the Jordanian Social Security Corporation, with a 13.5% stake, followed by Petra Navigation and International Trading Company, with an 8.3% stake.



As of May 29th 2011

Source: Securities Depository Commission

3.3 Board of Directors

Company	Number of	Ownership
Salam International Transport & Trading Company	1	2,943,768
Social Security Corp	1	1,624,200
Petra Navigation & International Trading Co.	1	1,000,001
Jordan Investment Trust	1	913,235
Arab Bank	1	847,794
Worldwide Operators SA	1	841,386
Al-Shams for Public Investment	1	561,436
Puffin Shipping Limited	1	416,152
Mr. Ahmad H. Armoush	1	242,600
Total	9	9,390,572

As of May 29th 2011

Source: Securities Depository Commission

The Board's termination date is March 14th 2013.

3.4 Major Investments

3.4.1 Subsidiaries

The Company has three subsidiaries whose accounts are consolidated within SHIP's financial results; Jordan Group for Shipping Agencies Company, Jordan Maritime Complex Real Estate Investment Company, and Jordan National Lines for Ship Operation Company. Highlights of their financial results for 2010 are as follows:

(in JOD)	Assets	Liabilities	Shareholders' Equity	Revenues	Net Income
Jordan Group for Shipping Agencies	1,508,931	423,777	1,076,154	1,105,854	474,677
Jordan Maritime Complex for Real Estate Inv.	20,692,955	13,898,427	6,794,528	-	(113,911)
Jordan National Lines for Ship Operation	4,372,603	1,551,780	2,820,823	11,180,609	795,082

*Project was under construction. Operations commenced during the second quarter of 2011

Jordan Group for Shipping Agencies Company

SHIP owns 70% of the Company, while each of the Jordan Phosphate Mines Company and the Arab Potash Company own 15%. The Company's paid-up capital amounts to JOD150,000 and its purpose is to represent the companies and ships that conduct marine transport activities, act as a representative and/or intermediary, as well as providing required services for ships, cargo and transporters.

Jordan Maritime Complex for Real Estate Investment Company

SHIP owns 70% of the Company, alongside Salam International Transport & Trading Company, which owns the remaining 30%. The objectives of the Company include investment in buildings and residential properties, as well as rental of land, real estate and commercial and residential complexes.

The Company has signed a 'ten-year plus five' management agreement with Hilton Worldwide "Doubletree by Hilton" to operate their hotel in Aqaba, which had its official opening in May 2011.

The General Assembly approved, in its Extraordinary Meeting, to increase the Company's paid-up capital by 1 million shares/JOD through capitalizing an amount of JOD1 million from the current accounts of the two shareholding companies in accordance with their holding percentages.

Jordan National Lines for Ship Operation Company (JNLSO)

SHIP owns a 50% stake in the Company, while Salam International Transport and Trading Company owns the remaining 50%. The Company's paid-up capital amounts to JOD700 thousand. JNLSO is the operating arm of SHIP. Its objectives include ship operations, marine transport services through the commercial operation of the Company owners' ships, as well as chartering and operating third party vessels, offering ocean freight services, inland hauling of export-bound cargo, as well as clearing and forwarding.

As of 2010, SHIP obtained control over the financial and operating policies of the Company, thereby giving SHIP significant influence over the Company's decision-making and management. As a result, the Company's financial results for 2010 were consolidated; it had previously been regarded as an affiliate and was treated under the equity method of accounting. The impact of this is evident in the income statement, where SHIP's revenues for 2010 are boosted by an amount of JOD1.15 million representing the Jordan National Lines for Ship Operation's revenues.

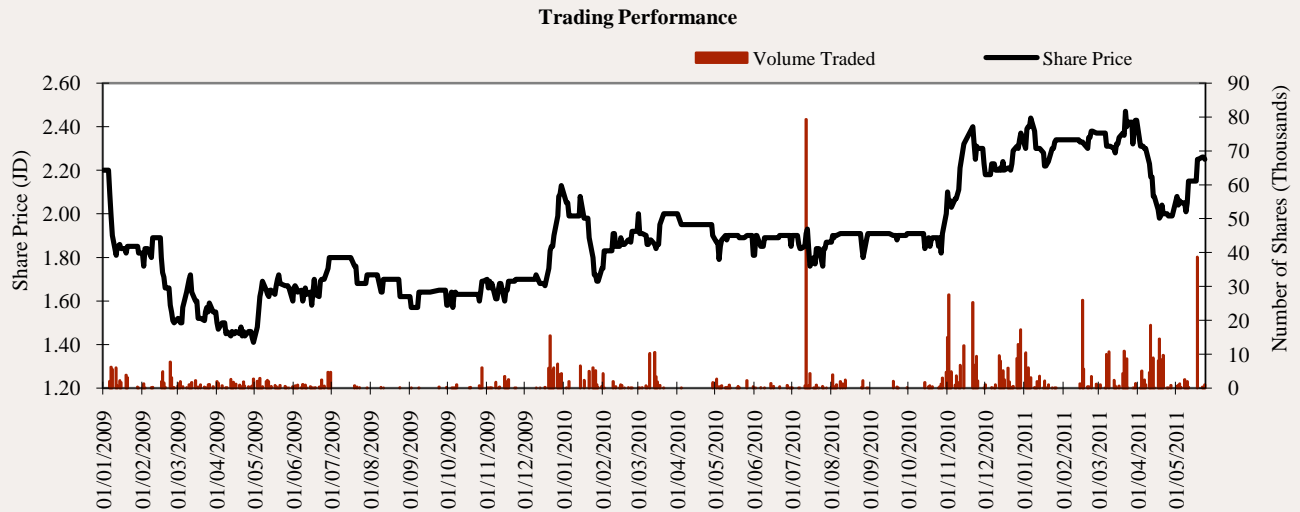
3.4.2 Affiliates

The Company has a number of affiliates, as listed below:

Company	Business	Location	Paid-Up Capital	Ownership Percentage	SHIP's Investment
Jordan International Marine Chartering Company	Chartering Business	Aqaba	60,000	40%	155,416
Arab Ship Management Company	Ships' Management	Aqaba	500,000	30%	338,563
Jordan Academy for Maritime Studies	Education	Amman	750,000	30%	370,313
Aqaba Diamond Company	Navigation	Aqaba	500,000	50%	218,025
Shipping Line for Maritime & Storage Services Company	Navigation	Aqaba	3,500,000	50%	322,872
Lamnalco Company	Ships' Services	Aqaba	50,000	27%	1,026,540
Total Investment in Affiliates					2,431,729

3.5 Share Performance

Amidst the global turmoil resulting from the financial crisis and economic downturn, coupled with the collapse of oil prices in 2008 and the widespread credit crunch, SHIP's stock price in 2008 as compared to the remainder of the market was remarkably resilient, losing 16.7% at the end of the year compared to its 2008 high, while the Free-Float General Index lost a whopping 45.3% between its high and the year-end closing. However, SHIP's stock started off 2009 with a tumble, dropping from JOD2.20 at the start of the year to JOD2.09 on its first day of trading. The share price continued to fall, reaching a low JOD1.73 on January 20th. By the end of January the stock had recovered slightly, only to slump once again, registering at JOD1.50 at the end of February. The stock rebounded back up above the JOD1.70 level before reversing trend once again, falling to a low of JOD1.42 on April 30th. It began to trend upwards, finally closing the first half of the year at JOD1.80.



During the third quarter of 2009, trading on SHIP's stock was sparse, with a total of eleven trading days over the three months entailing a mere thirty-two transactions over 2,777 shares. In the final quarter,

however, trading picked up somewhat, with a sharp recovery in share price, thereby closing the year at JOD2.13, albeit still down by JOD0.07 compared to the start of the year.

The start of 2010 was also disappointing, with the share price plummeting to JOD1.67 on January 26th before rising to oscillate at around the JOD1.80 mark. By the end of the first quarter the stock had reached JOD2.00, registering 6.1% lower year-to-date. The second and third quarters of 2010 saw SHIP hover within a range of JOD1.80 – JOD1.95, and it wasn't until the end of October that the stock broke through the JOD2.00 resistance level and began to climb, reaching the high for the year of JOD2.41 on November 21st. For the remainder of the year, SHIP's price remained at around a price of JOD2.20, finally closing the year at a price of JOD2.37 per share, up 11.3% year-on-year compared to the General Index's decline of 6.3% for the year.

The first week of 2011 was positive for SHIP's stock, where it rose to JOD2.44 before dropping to JOD2.22 by January 17th and recovering back up to JOD2.34 on the 26th. No trading on the stock took place until February 14th where it began trading sideways. During the fourth week of March the stock price began to climb, rising to JOD2.47 on the 22nd and closing the first quarter of 2011 at JOD2.43, up JOD0.05 since the start of the year, outperforming the General Index, which dropped by 8.3% over the quarter. In April the share price began to slump, dropping to a low JOD1.98 on the 14th. By the date of this report, however, the stock had recovered to JOD2.15.

In terms of trading activity, SHIP's stock liquidity is relatively low, with a daily average number of transactions in 2009 of 4 and a mere daily trading volume of 819 shares. While 2010 showed a significant improvement in average trading volume and value, rising to JOD6,358 and 3,104 shares, it is worth highlighting that the stock only traded for 132 days of the entire year. In 2011, the average daily trading volume improved to 3,712, which, coupled with a generally higher per share price of the stock, meant that the average daily value traded increased to JOD8,278.

	Period Total			Daily Average		
	Trading Value (JOD)	# of Transactions	Trading Volume (# of Shares)	Trading Value (JOD)	# of Transactions	Trading Volume (# of Shares)
2011*	596,003	553	267,236	8,278	8	3,712
2010	839,265	860	409,739	6,358	7	3,104
2009	354,329	909	204,647	1,417	4	819

*Up to May 29th 2011

Source: Amman Stock Exchange, interpreted by Jordinvest

3.6 SWOT Analysis

Strengths
Through chartering operations, SHIP is able to maintain a positive margin
Relatively long-term chartering agreements (1 – 2years) reducing exposure to volatility in the market
Diverse income streams
Long-standing experience in the shipping area
Focus on niche market opportunities, allowing good market positioning
Focus on specialized contracts, thereby reducing competition

Weaknesses
Lack of owned shipping fleet
Chartering means that SHIP must pass back some of the rental revenues to the ship owners
Exposure to prices of fuel on operated ships
High business risk due to reliance on a single lessee in recent years

Opportunities
Global economic recovery increasing trade volumes
The purchase of a vessel could lead to an increase in charter and freight service revenues
Purchasing a vessel could strengthen SHIP’s reputation and business strength
Regional presence allowing for viable joint ventures, mainly in the gulf region

Threats
Expanding global fleets will increase competition, pressuring freight rates
Rising price of fuel, hiking up costs of freight
Further turbulence in the global economy
Geopolitical disturbances
Entry of strategic partner to the Jordan Petroleum Refinery, leading to the utilization of alternative vessel providers

4.0 KEY PERFORMANCE INDICATORS

	2006	2007	2008	2009	2010
Key Financial and Operating Indicators					
Revenues (JOD)	12,073,473	12,968,731	14,075,450	16,050,579	27,323,011
Operating Profit (JOD)	(73,042)	2,544,959	3,288,128	3,608,904	4,991,410
Profit before Tax (JOD)	(2,916,820)	3,315,898	3,090,851	3,202,394	4,960,298
Profit after Tax (JOD)	(2,818,003)	3,167,068	2,983,951	2,988,430	4,732,017
EBITDA (JOD)	(1,855,555)	4,134,555	3,431,316	3,471,281	5,226,877
Total Assets (JOD)	23,016,901	23,739,036	28,630,506	33,476,455	39,999,728
Shareholders' Equity (JOD)	12,242,549	15,016,896	16,603,721	18,357,446	20,827,870
Paid-up Capital (JOD)	12,075,000	12,075,000	12,075,000	12,075,000	12,075,000
Growth Ratios					
Growth in Revenues	(18.7%)	7.4%	8.5%	14.0%	70.2%
Growth in Operating Profits	(102.6%)	3584.2%	29.2%	9.8%	38.3%
Growth in Net Profit	(147.7%)	212.4%	-5.8%	0.2%	58.3%
Growth in Shareholders' Equity	(19.0%)	22.7%	10.6%	10.6%	13.5%
Growth in Total Assets	6.3%	3.1%	20.6%	16.9%	19.5%
Leverage Ratios					
Interest Coverage	(7.68x)	13.75x	34.59x	185.91x	146.94x
Net Debt/Equity	0.52x	0.36x	0.46x	0.49x	0.51x
Liquidity Ratios					
Current	1.54	3.05	2.14	2.45	2.40
Profitability Ratios					
Net Operating Margin	(0.6%)	19.6%	23.4%	22.5%	18.3%
EBITDA Margin	(15.4%)	31.9%	24.4%	21.6%	19.1%
Net Profit Margin	(23.3%)	24.4%	21.2%	18.6%	17.3%
ROAA	(12.6%)	13.5%	11.4%	9.6%	12.9%
ROAE	(20.6%)	23.2%	18.9%	17.1%	24.2%
Valuation Ratios					
Share Price (JOD)	1.76	2.44	2.20	2.13	2.37
EPS (JOD)	(0.234)	0.263	0.239	0.244	0.350
DPS	-	0.100	0.100	0.150	0.200
BV (JOD)	1.014	1.244	1.375	1.520	1.725
P/E	-	9.26	9.21	8.74	6.77
P/BV	1.74	1.96	1.60	1.40	1.37

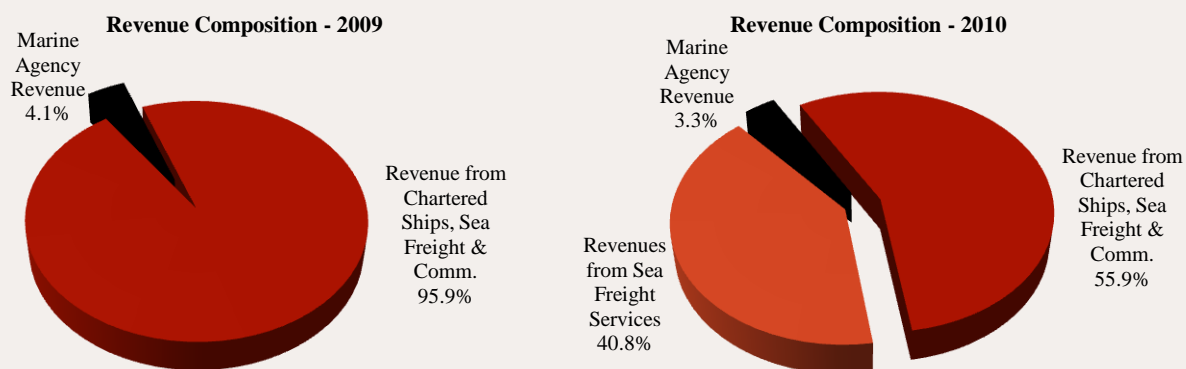
5.0 FINANCIAL ANALYSIS

5.1 Income Statement

Revenues, Operating Expenses and Net Operating Profit

	2006	2007	2008	2009	2010
(in JOD)					
Operating Revenues	12,073,473	12,968,731	14,075,450	16,050,579	27,323,011
Operating Expenses	(12,146,515)	(10,423,772)	(10,787,322)	(12,441,675)	(22,331,601)
Net Operating Profits	(73,042)	2,544,959	3,288,128	3,608,904	4,991,410
Net Operating Margin	(0.6%)	19.6%	23.4%	22.5%	18.3%

SHIP's top line has experienced sustained growth over the past few years, registering at a compounded annual growth rate of 10.0% for the period 2006 to 2009. However, it was year 2010 that saw a substantial 70.2% rise in revenues. A look at the composition of SHIP's revenues highlights the source of this growth; while the revenues from chartered ships, sea freight and commissions was stable in 2010, registering a slight dip from JOD15.39 million in 2009 to JOD15.27 million, its proportion of SHIP's total operating revenues was slashed to 55.9%, down from 95.9% the year prior. The additional revenues generated from sea freight services, which amounted to JOD11.15 million, contributed some 40.8% to SHIP's top line. These revenues were generated from the operations of the Jordan National Lines for Ships Operation Company (JNLSO). At the start of 2010, following SHIP's acquisition of significant influence over the management of the company, SHIP began to consolidate the financial results of JNLSO with its own. In 2009, however, the company was still accounted for as an affiliate, and therefore was accounted for under the equity method. Thus, its revenues were absent from SHIP's top line that year.



Likewise, the operating expenses soared to JOD22.33 million in 2010, up 79.5% year-on-year, with the addition of JOD9.59 million in expenses incurred by the JNLSO. The combined impact of a decline in the margin on SHIP's operations of chartering ships, sea freight and commissions from 19.2% in 2009 to 16.5%, and the added margin of 14.1% relating to the operations of the JNLSO, led to a drop in the net operating margin to 18.3% in 2010 from 22.5%. We have projected a further slight decline in the net operating margin in 2011 to 17.6% in light of tightening margins and pressured freight rates.

Net Income

The substantial improvement in net operating profits in 2007 compared to 2008, coupled with gains made on the sale of a vessel led to SHIP's bottom line soaring from a loss of JOD2.82 million in 2006 to JOD3.17

million the following year. Meanwhile, in 2008 the net operating profits continued to rise, but losses on its financial assets that are stated at fair value through the income statement amounting to JOD1.43 million, as well as a 12.2% increase in General and Administrative expenses consequent to soaring inflation in Jordan, coupled with the higher base in 2007, meant that SHIP's profits registered a 5.8% decline year-on-year.

	2006	2007	2008	2009	2010
(in JOD '000)					
Net Operating Profits	(73,042)	2,544,959	3,288,128	3,608,904	4,991,410
General & Administrative Expenses	(1,065,554)	(1,451,564)	(1,629,235)	(1,802,513)	(2,243,001)
Financing Expenses	(333,996)	(271,788)	(97,150)	(18,291)	(34,999)
Gains (Losses & Impairment) from Investments	(1,889,361)	916,374	(1,466,782)	(17,532)	372,799
Gains (Losses) from Affiliates	379,384	(439,811)	2,188,869	(290,270)	666,067
Gains from Sale of Vessel	-	1,249,819	-	-	-
Other Income (net)	82,022	916,189	979,472	1,901,953	1,355,518
Net Income	(2,818,003)	3,167,068	2,983,951	2,988,430	4,732,017
Normalised Net Income*	(979,230)	1,095,737	4,343,696	4,096,094	4,372,160

*Normalised for investment gains, losses and impairment, gains or losses on sale of fixed assets, and losses on termination of ship-building contracts. A weighted average effective income tax rate of 4.7% was used.

In 2009, the affiliates of SHIP performed poorly, with SHIP booking losses of JOD290.27 thousand; so while its operating results outperformed those of 2008, increasing to JOD3.61 million from JOD3.29 million, the net profit for the year was stable year-on-year. The weak performance arose primarily from losses on the affiliates the Ironbulk Shipping City of Amman, which amounted to JOD628.98 thousand, and the Ironbulk Shipping City of Aqaba, which amounted to JOD448.93 thousand, resulting from revoking contracts relating to the construction of two vessels.

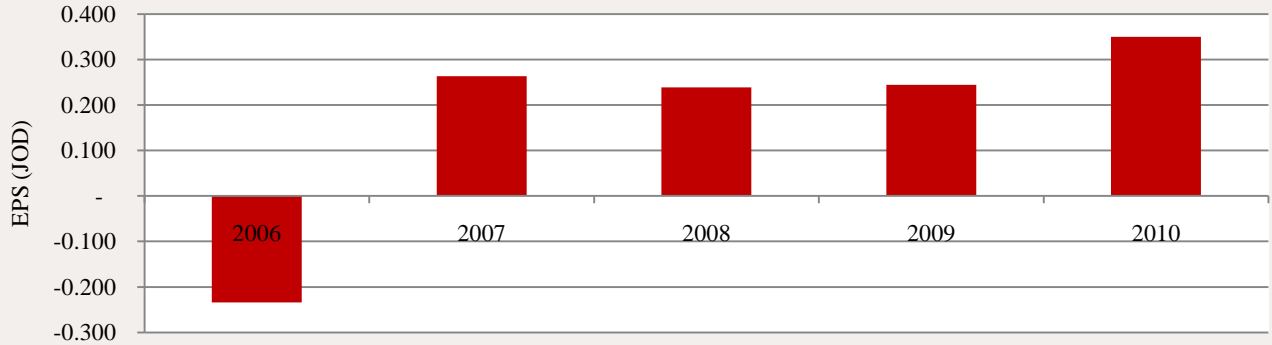
In 2010, the added operating profits from the Jordan National Lines for Ships Operation (JNLSO), coupled with net gains made on its investment portfolio and its investments in affiliates meant that the bottom line for 2010 registered an impressive 58.3% rise. It is worth highlighting that the "other income" balance in 2009 and 2010 contains non-recurring revenues from a settlement reached with a creditor.

Considering the normalized net income of the Company, excluding the effects of its investment portfolio and the sale of fixed assets, reveals a more stable steady growth in the bottom line, with the exception of year 2008, which was buoyed by impressive gains from SHIP's affiliates that year.

Earnings per Share

The stability in the Company's paid-up capital in recent years means that the EPS trend has mimicked that of the net income. After turning positive in 2007 to register at JOD0.263 per share, years 2008 and 2009 registered slightly lower, at JOD0.239 and JOD0.244, respectively. In 2010, the strong financial performance of the Group led to a rise in the EPS to JOD0.350.

Earnings per Share

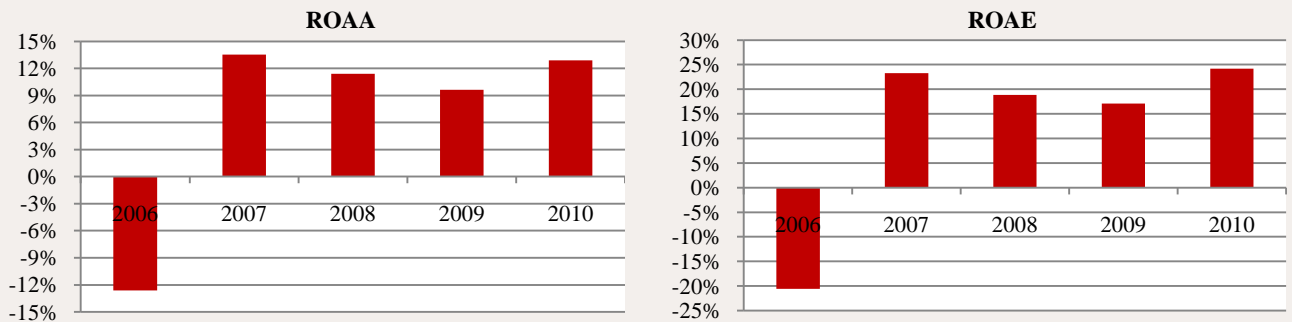


For 2011, we forecast an EPS of JOD0.254/share, based on an assumption of a 6.2% growth in SHIP’s revenues, excluding the revenues from the hotel. For 2012, it was assumed that revenues would decline slightly due to increased competition in the market and the end of SHIP’s 2-year chartering contract. We have also included tightening margins going forward.

ROAA and ROAE

The chart below reveals the impact the fluctuation in earnings had on the return on average assets (ROAA) and return on average equity (ROAE). Year 2007 fared well with respect to both ratios, which stood at 13.55% and 23.24%, respectively. The drop in earnings in 2008 was reflected in the two ratios, and in 2009, in spite of the stability in SHIP’s bottom line compared to 2008, the 16.9% rise in assets led to a drop in the ROAA to 9.6% from 11.4% the prior year, while the increase in shareholders’ equity from JOD16.60 million in 2008 to JOD18.36 million in 2009 caused the ROAE to fall to 17.1% from 18.9%.

In 2010, both ratios saw an improvement, with the rise in earnings more than compensating for the growth in assets and equity. However, while the ROAA did show a strong improvement, registering at 12.9%, it still registered at below the 2007 level. The ROAE, on the other hand, increased to an impressive 24.2%.

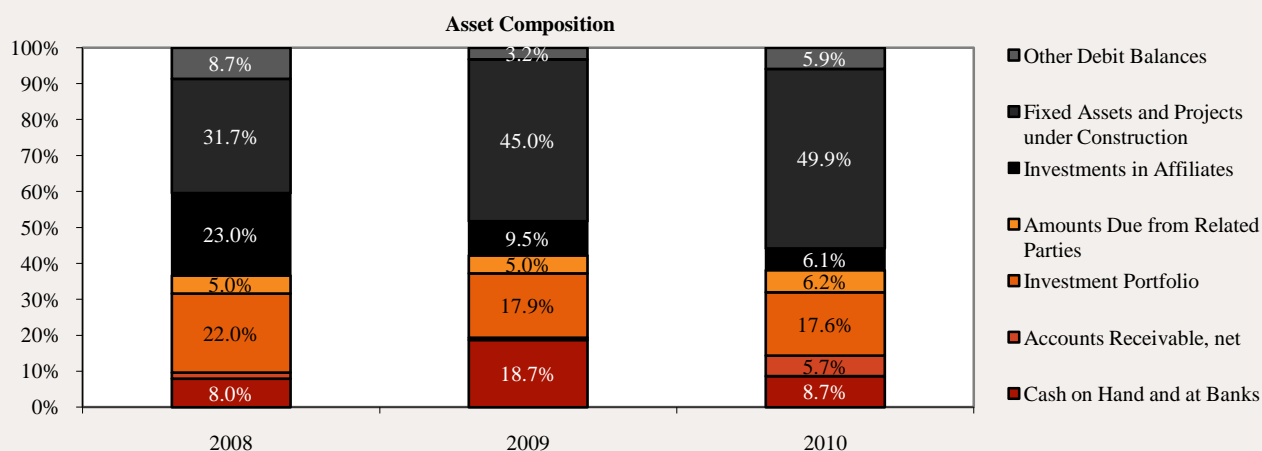


For 2011, the forecasted ROAA and ROAE stand at 8.5% and 15.8%, respectively.

5.2 Balance Sheet

SHIP’s total assets have grown at a compounded annual growth rate (CAGR) of 14.8% since 2006, registering at JOD40.00 million at the end of 2010. The largest contributor to the growth in SHIP’s assets

has been its projects under construction, which increased by a whopping JOD16.53 million over the period. The value of the projects under construction represents amounts capitalised by SHIP's subsidiary, the Jordan Maritime Complex for Real Estate Investments, relating to the construction of the Hilton Hotel in Aqaba, in collaboration with the Hilton Worldwide "Doubletree by Hilton". The total cost of the completed project has been estimated by SHIP as around JOD20 million. This will be reclassified as part of the fixed assets for 2011.



The composition of SHIP's assets reveals the increased importance of the projects under construction as compared to its total assets. In 2008, the projects under construction, on a standalone basis, made up 27.5% of the assets. By 2010, this had risen to 46.8%, and coupled with SHIP's fixed assets makes up almost half of the total assets. In 2007, SHIP sold its only vessel, registering a gain of JOD1.25 million on the transaction. The Company has indicated that it intends to purchase a vessel as part of its strategy for 2011. However, since no decisions have yet materialized, and due to the conditions in the market regarding a large inflow of new ships that are already on order, we do not anticipate that this will occur in the short term. Therefore, until further announcements are made by the Company with regards to this, we will not factor in a new vessel into SHIP's operations.

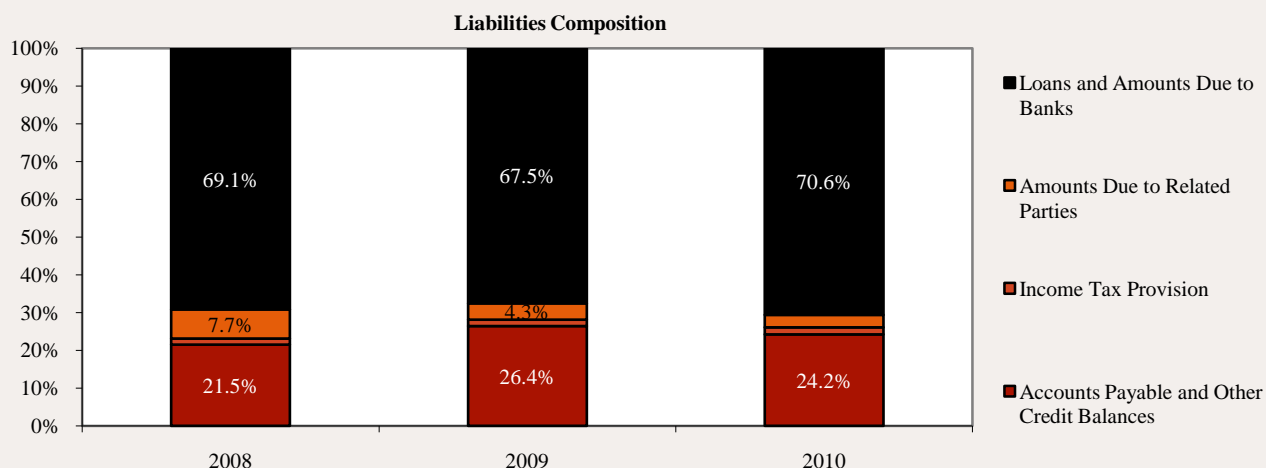
SHIP's cash balances declined as a percentage of the total assets to 8.7% from 18.7% the previous year. Cash also registered a decline in absolute terms to just over half the level of cash balances available at the end of 2009. Meanwhile, the accounts receivable registered an increase of JOD2.05 million, and this is evident in the asset composition above. The sharp increase arises from the consolidation of Jordan National Lines for Ships Operation Company's financials with that of SHIP for the 2010 financial year.

The Company's investment portfolio consists of investments in financial assets stated at fair value through the income statement, the bulk of which represent stocks traded on the Amman Stock Exchange, as well as available for sale investments and the real estate investment represented by the hotel project underway in Aqaba.

	2006	2007	2008	2009	2010
Financial Assets stated at Fair Value through the IS	4,417,704	5,069,934	3,902,583	3,795,759	4,380,428
Available-for-Sale Investments	1,473,233	1,007,278	912,133	744,044	1,233,997
Real Estate Investments	1,274,979	1,499,971	1,474,570	1,449,169	1,423,768
Total	7,165,916	7,577,183	6,289,286	5,988,972	7,038,193

SHIP's investments in affiliates balance has been declining as a percentage of total assets over the years, dropping to 23.0% in 2008 to 6.1% in 2010. In 2009, the value of the investments dropped from JOD6.58 million to JOD3.18 million, following the revoking of the two contracts for the manufacture of two vessels between the manufacturer and Ironbulk Shipping City of Amman Company, in which SHIP owned a 49.2% holding in 2008, and Ironbulk Shipping City of Aqaba Company, in which SHIP's ownership in 2008 amounted to 33.33%. In 2010, the change in accounting treatment for the Jordan National Lines for Ships Operation Company (JNLSO), whereby the Company was reclassified from an affiliate to a subsidiary, caused a further decline in the value of investments in affiliates to JOD2.43 million.

Meanwhile, SHIP's consolidated liabilities rose at a CAGR of 11.3% during the period 2006-2010, reaching JOD15.40 million from JOD10.03 million back in 2006. The bulk of the increase is attributed to the loans taken out by the Company primarily to finance the hotel project underway in Aqaba. Loans made up 69.6% of total liabilities, with the amounts due to banks contributing a further 1% to liabilities.



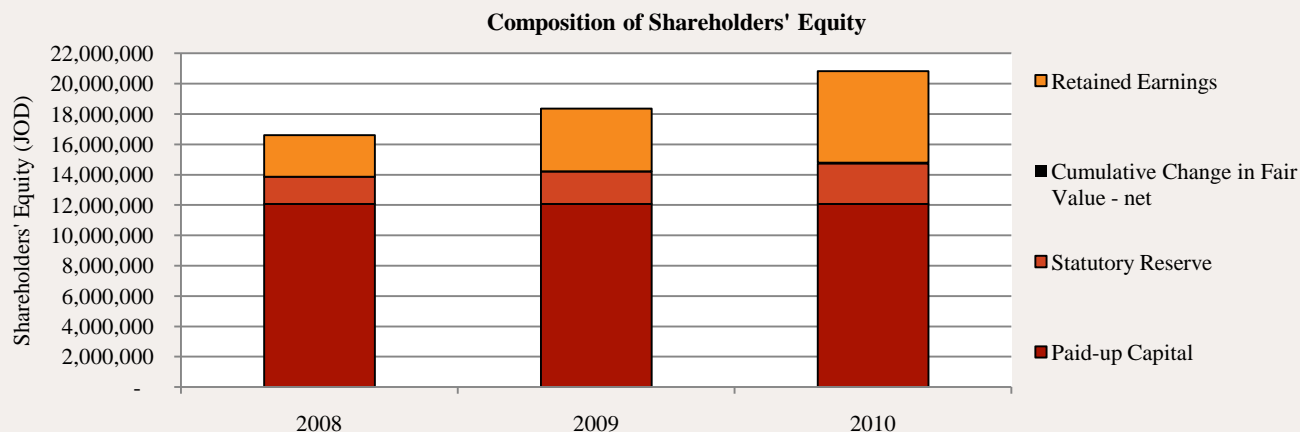
The outstanding loans balance on a consolidation basis at the end of 2010 is comprised of the following:

Lender	Outstanding Balance	
	2009	2010
Union Bank	5,000,000	5,000,000
Union Bank	3,107,310	3,337,471
Union Bank	837,688	1,413,407
Union Bank	-	379,447
Standard Chartered Bank	-	591,813
Arab Bank	90,030	-
Total	9,035,028	10,722,138

As a result of the increase in the loans balance, the weighting of accounts payable and other credit balances declined to 24.2% in 2010 compared to 26.4% the previous year, in spite of the increase in the balance to JOD3.73 million from JOD3.53 million. Of this balance, the accounts payable amounted to JOD2.79 million in 2010, up from JOD2.60 million in 2009, bearing in mind the consolidation of the Jordan National Lines for Ships Operation Company.

	2006	2007	2008	2009	2010
Accounts Payable	995,087	1,125,205	1,402,619	2,595,565	2,785,807
Creditors Turnover Ratio	12.7	9.8	8.5	6.2	8.3
Payable Days	28	37	42	58	43

Shareholders' Equity



The components of the shareholders' equity have shown little change in value since 2008, aside from retained earnings, which has been rising in parallel with the Company's bottom line. At the end of 2010, shareholders' equity registered at JOD20.83 million compared to JOD18.36 million and JOD16.60 million in 2009 and 2008, respectively.

Following a period of three years in which no cash dividends were distributed, in 2007, the Company distributed dividends of JOD0.100 per share. This level was maintained the following year, and raised to JOD0.150 in 2009 and JOD0.200 in 2010.

	2006	2007	2008	2009	2010
Dividends (JOD '000)	-	1,207,500	1,207,500	1,811,250	2,415,000
Dividends per Share (JOD)	-	0.100	0.100	0.150	0.200
Dividend Yield %	-	4.1%	4.5%	7.0%	8.4%
Payout Ratio %	-	38.0%	41.8%	61.6%	57.1%

The decline in share price at 2008 year-end compared to 2007 meant that although the dividends distributed were constant, the dividend yield increased. Moreover, the slump in earnings per share to JOD0.239 in 2008 led to a rise in the payout ratio year-on-year. In 2009, the increase in the dividend paid gave rise to an increase in both the dividend yield and the payout ratio. In 2010, the further increase in dividends to JOD0.200 per share led to a rise in the dividend yield to 8.4%. The payout ratio, meanwhile, declined as a result of the increase in dividends per share falling short of the rise in the EPS.

We do not anticipate that the Company will increase the level of dividends in the short term, as the pre-operating results of the Hilton Hotel impact negatively on SHIP's bottom line. Moreover, should the Company go ahead with its plans to purchase a new vessel, any excess cash will be needed to finance the capital expenditure required. Thus, we have assumed a return to dividends per share of JOD0.15 for 2011 and 2012, projecting an increase in dividends to JOD0.200 per share from 2013 onwards.

6.0 VALUATION

Our valuation for the SHIP group is based on a sum-of-parts method. Due to the large uncertainty regarding the financial results of the Hilton Hotel for which no historical data exists as yet, the value of the hotel was estimated based on a multiples valuation basis. SHIP's value, excluding the hotel operations, was then estimated based on the excess earnings method, which is based on a five-year forecast and determines an intrinsic value for the stock. To arrive at a value for SHIP's shares, the values obtained for the two businesses are added together. On this basis, we arrive at an estimated fair value for the SHIP stock of JOD3.07 per share compared to its current price of JOD2.15. Thus, we initiate our coverage of SHIP with a **BUY** recommendation.

Business Part	Valuation Method	Target Value
Value of Hotel Operations	Relative Value (Multiples)	1.16
Value of SHIP excluding Hotel Operations	Excess Return	1.91
Sum-of-Parts Fair Value		3.07

6.1 Hotel Valuation

The hotel was valued based on an average price/sales multiple applicable for the Marriott Hotel (AIHO) and the Sheraton Hotel (MALL). Based on the two hotels' revenues and number of rooms available, we obtained an estimate of the value of sales per room. We applied a factor of 0.85 to account for the fact that the Hilton is a 4/5-star hotel in Aqaba while the Marriott and Sheraton Hotels are 5-star hotels in the capital, and therefore will have a higher per-room rate. We also applied a factor to account for the lower occupancy rates in Aqaba compared with Amman and the Dead Sea.

We arrived at a value of JOD27,676 representing annual revenue per room for the Hilton. Multiplying this by 181 rooms gives a total revenue value for the hotel of JOD5.01 million. The average price/sales ratio for AIHO and MALL amounted to 4.0 times (taking an average for 2009 and 2010). This was compared to a figure of 3.9 times calculated by Damodaran based on 342 companies, and thus was deemed reasonable. This therefore provided an implied value for the Hilton Hotel of JOD20,037,476. Since SHIP's ownership is 70%, this gives a value for the shareholders of JOD1.16 per share.

Input Assumptions
Revenues of 4/5-star hotels in Aqaba amount to 85% of 5-star hotel revenues in Amman
The average occupancy rates in Amman and Aqaba were assumed to apply to the respective hotels exactly.
The price/sales ratio over 2009 and 2010 represents the 'mean' ratio for the hotels
No economies of scale, overhead expense savings, or synergies resulting in lower expenses or higher revenues exist with SHIP than on a standalone basis

Worth highlighting is that this method has a key assumption that the peer companies are priced fairly in the market and therefore that the multiple is close to the mean multiple for the companies. Any mispricing of the peer companies will be reflected in the multiple and therefore mirrored in the value obtained for the hotel.

6.2 Valuation of SHIP

Excess Earnings Method

Our excess earnings valuation returns a fair market value for the stock of JOD1.91, 11.1% lower than its current market price.

	2011f	2012f	2013f	2014f	2015f	Terminal Value
Net Income	3,062,033	3,246,723	3,563,913	3,803,634	4,119,549	4,222,538
Less: Equity Cost	2,776,563	2,947,817	3,187,271	3,473,708	3,715,167	4,003,420
Excess Equity Return	285,470	298,907	376,642	329,926	404,383	219,118
Cum. Cost of Equity	1.138130	1.295340	1.474265	1.677905	1.909675	
Present Value	251,890	232,722	258,752	199,996	216,296	
Beg. BV of Equity	20,827,870	22,112,494	23,908,714	26,057,368	27,868,628	30,030,905
Cost of Equity	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%
Equity Cost	2,776,563	2,947,817	3,187,271	3,473,708	3,715,167	4,003,420
Equity Invested						20,827,870
PV of Equity Excess Return						1,159,657
PV of Terminal Value						1,082,097
Equity Value						23,069,624
Outstanding Number of Shares						12,075,000
Target Price per Share (JOD)						1.91

Input Assumptions	
Risk-free rate of 5.33% based on the rate offered by the CBJ on Treasury Bonds	
Equity Market Premium of 8.0% - Damodaran	
A beta of 1.0	
Cost of equity of 13.33%	
A perpetual growth rate of 2.5%	

Sensitivity Analysis

	Cost of Equity	Terminal Growth Rate				
		0.50%	1.50%	2.50%	3.50%	4.50%
Cost of Equity	11.33%	2.30	2.35	2.42	2.50	2.61
	12.33%	2.06	2.10	2.14	2.19	2.25
	13.33%	1.87	1.89	1.91	1.94	1.97
	14.33%	1.70	1.71	1.72	1.74	1.75
	15.33%	1.56	1.56	1.57	1.57	1.57

The analysis above highlights the sensitivity of our target price for SHIP to changes in the cost of equity and/or the terminal growth rate applied.

7.0 Appendices

Balance Sheet

	Historical					Forecast				
	2006	2007	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Assets										
Cash on Hand and at Banks	2,016,146	2,372,577	2,283,069	6,254,720	3,471,280	1,108,296	1,213,663	1,491,672	1,482,532	1,843,623
Accounts Receivable, net	1,440,270	2,665,254	1,908,180	1,895,214	4,733,043	5,025,410	4,981,674	5,119,084	5,287,604	5,462,769
Financial Assets Stated at Fair Value through the IS	4,417,704	5,069,934	3,902,583	3,795,759	4,380,428	4,511,841	4,647,196	4,786,612	4,930,210	5,078,117
Other Debit Balances & Prepaid Expenses	383,434	930,736	2,486,812	1,084,586	2,135,667	2,267,590	2,247,855	2,309,858	2,385,899	2,464,938
Inventory	193,824	-	-	-	223,620	223,620	223,620	223,620	223,620	223,620
Total Current Assets	8,451,378	11,038,501	10,580,644	13,030,279	14,944,038	13,136,756	13,314,008	13,930,846	14,309,864	15,073,066
Deferred Tax Assets	75,324	7,563	1,526	1,235	1,235	1,235	1,235	1,235	1,235	1,235
Available-for-Sale Investments	1,473,233	1,007,278	912,133	744,044	1,233,997	1,295,697	1,360,482	1,428,506	1,499,931	1,574,928
Investments in Affiliates	4,063,336	3,570,904	6,576,178	3,175,229	2,431,729	3,038,882	3,672,278	4,333,125	5,022,690	5,742,301
Real Estate Investments	1,274,979	1,499,971	1,474,570	1,449,169	1,423,768	1,398,367	1,372,966	1,347,565	1,322,164	1,296,763
Fixed Assets, net	5,489,126	1,253,200	1,219,423	1,185,649	1,242,454	21,311,037	20,683,407	20,059,771	19,440,350	18,825,377
Projects Under Construction	2,189,525	5,361,619	7,866,032	13,890,850	18,722,507	-	-	-	-	-
Total Non-Current Assets	14,565,523	12,700,535	18,049,862	20,446,176	25,055,690	27,045,219	27,090,367	27,170,201	27,286,370	27,440,604
Total Assets	23,016,901	23,739,036	28,630,506	33,476,455	39,999,728	40,181,975	40,404,376	41,101,047	41,596,234	42,513,670
Liabilities										
Due to Banks	-	-	15,407	-	150,875	-	-	-	-	-
Accounts Payable and Other Credit Balances	1,755,622	1,888,401	2,352,949	3,534,853	3,730,423	4,201,595	4,232,229	4,310,057	4,439,359	4,572,540
Income Tax Provision	30,111	89,107	180,306	224,746	286,964	226,252	236,359	253,717	266,836	284,124
Amounts Due to Related Parties	1,863,501	544,403	848,929	581,406	509,842	500,000	500,000	500,000	500,000	500,000
Current Portion of Long-Term Loans	1,835,176	1,095,240	1,546,093	986,530	1,560,753	1,937,880	1,933,927	1,784,520	1,784,520	956,131
Total Current Liabilities	5,484,410	3,617,151	4,943,684	5,327,535	6,238,857	6,865,727	6,902,515	6,848,295	6,990,715	6,312,795
Long-Term Portion of Loans	4,475,023	4,344,365	6,016,623	8,048,498	9,161,385	7,223,505	5,289,578	3,505,058	1,720,538	764,407
Deferred Tax Liabilities	73,775	62,780	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	4,548,798	4,407,145	6,016,623	8,048,498	9,161,385	7,223,505	5,289,578	3,505,058	1,720,538	764,407
Total Liabilities	10,033,208	8,024,296	10,960,307	13,376,033	15,400,242	14,089,232	12,192,093	10,353,353	8,711,253	7,077,202
Equity Attributable to the										
Paid-up Capital	12,075,000	12,075,000	12,075,000	12,075,000	12,075,000	12,075,000	12,075,000	12,075,000	12,075,000	12,075,000
Statutory Reserve	1,127,916	1,474,334	1,796,964	2,135,189	2,645,969	3,018,750	3,018,750	3,018,750	3,018,750	3,018,750
Cumulative Change in Fair Value - net	497,707	91,687	695	19,988	75,416	-	-	-	-	-
Retained Earnings	(1,458,074)	1,375,875	2,731,062	4,127,269	6,031,485	7,018,744	8,814,964	10,963,618	12,774,878	14,937,155
Total Shareholders' Equity	12,242,549	15,016,896	16,603,721	18,357,446	20,827,870	22,112,494	23,908,714	26,057,368	27,868,628	30,030,905
Minority Interest	741,144	697,844	1,066,478	1,742,976	3,771,616	3,980,249	4,303,569	4,690,326	5,016,353	5,405,563
Total Equity	12,983,693	15,714,740	17,670,199	20,100,422	24,599,486	26,092,743	28,212,283	30,747,694	32,884,981	35,436,468
Total Equity and Liabilities	23,016,901	23,739,036	28,630,506	33,476,455	39,999,728	40,181,975	40,404,376	41,101,047	41,596,234	42,513,670

Income Statement

	Historical					Forecast				
	2006	2007	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Revenue from Chartered Ships, Sea Freight & Commissions	11,602,608	12,561,424	13,304,838	15,392,623	15,267,354	15,704,344	14,928,288	15,223,189	15,674,388	16,139,123
Revenues from Sea Freight Services	-	-	-	-	11,154,325	12,269,915	12,638,013	13,017,153	13,407,668	13,809,898
Marine Agency Revenue	470,865	407,307	770,612	657,956	901,332	1,036,532	1,192,012	1,311,213	1,442,334	1,586,567
Total Revenues	12,073,473	12,968,731	14,075,450	16,050,579	27,323,011	29,010,791	28,758,312	29,551,555	30,524,390	31,535,589
Lease Contract and Chartered Ship Expenses	12,146,515	10,423,772	10,787,322	12,441,675	12,746,489	13,113,127	12,465,121	12,787,479	13,244,858	13,637,559
Expenses of Chartered Vessels	-	-	-	-	9,585,112	10,795,761	10,874,473	11,074,450	11,406,683	11,748,884
Net Operating Profits	(73,042)	2,544,959	3,288,128	3,608,904	4,991,410	5,101,903	5,418,718	5,689,626	5,872,848	6,149,145
General and Administrative Expenses	(1,065,554)	(1,451,564)	(1,629,235)	(1,802,513)	(2,243,001)	(2,265,431)	(2,333,394)	(2,403,396)	(2,475,498)	(2,549,763)
Financing Expenses	(333,996)	(271,788)	(97,150)	(18,291)	(34,999)	(380,867)	(470,777)	(359,531)	(252,691)	(150,144)
Gains (Losses) from Financial Assets Stated at FV through the IS	(1,871,181)	398,782	(1,426,103)	(9,547)	545,386	-	-	-	-	-
Gains on Sale and Dividends from AFS Investments	(18,180)	536,091	2,543	4,287	25,251	-	-	-	-	-
Impairment of AFS Investments	-	(18,499)	(43,222)	(12,272)	(197,838)	-	-	-	-	-
Company's Share of Gains (Losses) from Affiliates	379,384	(439,811)	2,188,869	(290,270)	666,067	607,153	633,395	660,847	689,565	719,611
Gains from Sale of Ship	-	1,249,819	-	-	-	-	-	-	-	-
Other Income, net	82,022	916,189	979,472	1,901,953	1,355,518	646,160	678,467	712,391	748,010	785,411
Profit before Tax and Fees	(2,900,547)	3,464,178	3,263,302	3,382,251	5,107,794	3,708,917	3,926,410	4,299,937	4,582,235	4,954,261
Fees and BOD Remuneration	16,273	148,280	172,451	179,857	147,496	139,089	141,264	144,999	147,822	151,543
Profit before Tax	(2,916,820)	3,315,898	3,090,851	3,202,394	4,960,298	3,569,828	3,785,146	4,154,938	4,434,413	4,802,718
Income Tax	(98,817)	148,830	106,900	213,964	228,281	167,569	177,676	195,034	208,153	225,441
Income for the Year	(2,818,003)	3,167,068	2,983,951	2,988,430	4,732,017	3,402,259	3,607,470	3,959,904	4,226,260	4,577,277

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