

Pre-Feasibility Study
Online (Virtual) Mall Project
The Capital

April, 2017



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Amman Governorate



1. Executive Summary

This study aims at determining the pre-feasibility study for establishing an online Shopping Mall in Amman Governorate to offer electronic solutions that includes all types of products that customers can buy from shops through the website. The project will allow companies and supplies in the Kingdom to display and sell their products and services via the internet. In addition, the project will provide customers with the ability to view the products by category and pay for purchases through the safe method of electronic payment available in the Kingdom, or it is possible for them to request their orders through the website and payment will be made at the actual delivery. The following table indicates the preliminary indications of the project.

Table 1: Initial Indicators of the Project

Project Name	Virtual Shopping Mall
Sector	Information and Communication Technology
Governorate	Amman
Region	Possible to be in any area of the Capital (no specific area due to the fact that no building for the Mall is needed, and what is meant by the area is the area where the company's office will be based.
Products / Services	Providing online solutions and platform for offering and completing retail trade services to consumers.
Project Description	The project is based on developing the online solutions and platform for an Online Mall that contains all types of products that the consumer can purchase from shops through the website. The project will allow companies and institutions in the Kingdom to display and sell their products and services online. In addition, the project will provide customers with the ability to view the products by category, and can pay for purchases through the safe means of electronic payments authorized in the Kingdom or pay upon actual delivery, and delivering the purchases directly to the client location.
Target Market	<ul style="list-style-type: none"> • Local customers from various Governorates in the Kingdom. • Suppliers of local products from different Governorates in the Kingdom.
Investment Cost	The investment cost of the project is about JD 1 million.
The Average Return on Investment	The average return on investment during five years is about 15.3%
Internal Rate of Return	The internal rate of return of the project is about 23%
Average Added Value of The Project	The average added value of the project in five years is about JD 480 thousand.
Risk Assessment	The Sensitivity Analysis indicates a low risk in case of 10% increase

	<p>in investment cost, or 10% increase in operating costs, or 10% decrease in revenues.</p>
<p>The Project Justifications</p>	<ul style="list-style-type: none"> • The project will contribute to the stimulation of the Electronic Commerce activities in the Kingdom, in which the revenue of the companies working in this field has been estimated at about US \$ 60 million in 2015. • The increasing number of online shoppers in the Kingdom and the Arab world. • The limited presence of companies specialized in providing Electronic Commerce services in the Kingdom. • Creating new job opportunities for the local labor. • The possibility of exporting the project services to the Gulf countries and the world.
<p>Partners/ Stakeholders</p>	<ul style="list-style-type: none"> • The Information and Communications Technology Association of Jordan (INTAJ) • Retail shops • Ministry of Industry and Trade

2. The Macroeconomic Environment

2.1 An Overview of the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is a landlocked country surrounded by land except at its southern extremity at the port of Aqaba, where that area is the only sea exit area in Jordan. The Kingdom is bordered at its west side by Palestine and the Mediterranean Sea, at its south and east by the Kingdom of Saudi Arabia, at north east by Iraq and at north by Syria.

Figure 1: Map of the Hashemite Kingdom of Jordan



Jordan is marked by three climatic zones from west to east including the Jordan Valley, most of which lies below sea level and is considered subtropical, and upland areas to the east of the Jordan Valley, ranging in height from 100 to 1500 meters above sea level and this is one of the areas dominated by Mediterranean climate, and the desert areas stretching to the east of the highlands.

The total area of the Kingdom is approximately 89.3 thousand square kilometers, and the semi-desert conditions prevail in over 80% of this area where there are some wet lands settings like Azraq Basin.

The kingdom is divided administratively into twelve governorates distributed into three regions: the Northern Region (includes the governorates of Irbid, Ma'ana, Zarqa and Ajloun) while the Central Region (includes the governorates of the capital, Zarqa, Balqa, Madaba) and the Southern Region (includes the governorates of Karak, Tafila, Ma'an, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

2.2 Population

Based on the General Census of Population and Housing in 2015, the population in the kingdom amounted to about 9.5 million people with a population density of 107.3 inhabitants per km², where the Capital City knocked off other governorates by population amounting to about 4 million people and a population density of 538.8 inhabitants per km², mainly because Amman is the most attractive governorate for Jordanians and for those coming to Jordan from other countries, followed by Irbid Governorate with a population of 1.8 million people, and then Zarqa Governorate with a population of 1.4 million. Tafila Governorate which is considered to be the least populous governorate whose population is about 96 thousand people.

Table 2: Number of population and population density in the Kingdom for 2015

Governorate	Population (people)	Area (Km ²)	Population density (people/ km ²)
Central Region			
Capital	4007526	7,579	528.8
Zarqa	1364878	4761	286.7
Balqa	491709	1120	439.0
Madaba	189192	940	201.3
North Region			
Irbid	1770158	1572	1126.1
Mafraq	549948	26551	20.7
Jerash	237059	410	578.2
Ajloun	176080	420	419.2
Southern Region			
Karak	316629	3495	90.6
Tafeileh	96291	2209	43.6
Maan	144082	32832	4.4
Aqaba	188160	6905	27.2
Total of Kingdom	9531712	88793.5	107.3

Source: Department of Statistics, Jordan General Population and Housing Census, 2015

On the other hand, the population growth rate has reached about 3% in 2010 and increased to 9% during the years 2013 and 2014 and then dropped a little during 2015 to reach about 8%, according to demographic surveys for the Department of Statistics. The reason for the high growth rates is attributed to the influx of large numbers of refugees from Syria to the Kingdom which resulted in a marked decline in per capita real GDP index by 5.4% to JD 1,197.4, based on the Statements of the Central Bank of Jordan.

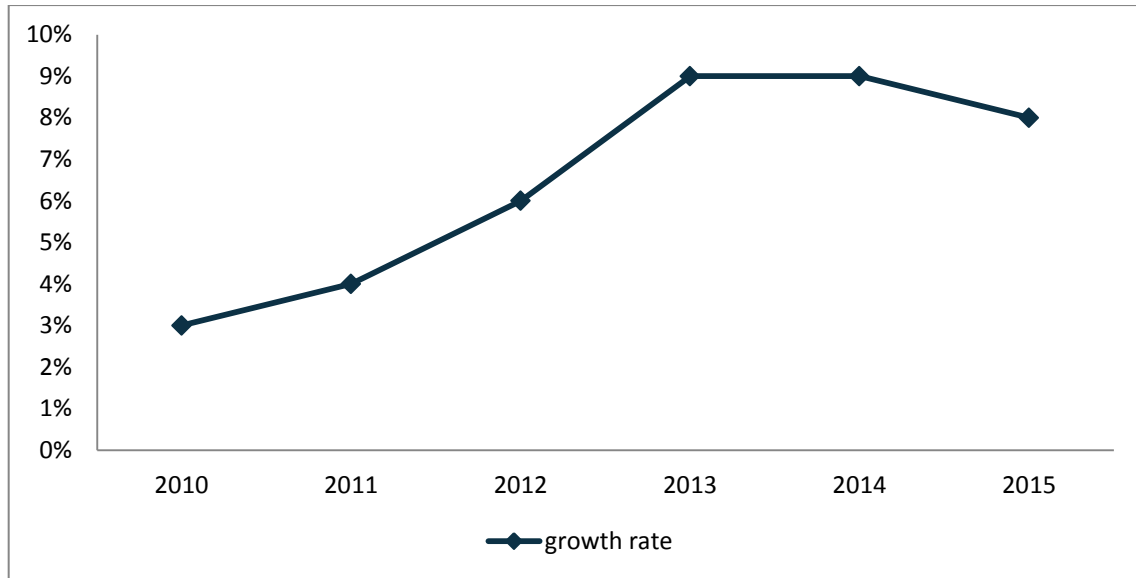
The unemployment rate among Jordanians also witnessed a rise by 1.1 percentage to reach to 13%, due to the structural imbalances that the labor market is suffering from and the acquisition of the low-paid foreign workers on a large number of new jobs in the economy, according to the Central Bank of Jordan.

Table 3: Number of population and population growth in the Kingdom, thousand

	2010	2011	2012	2013	2014	2015
population	6698.0	6993.0	7427.0	8114.0	8804.0	9531.7
growth rate	%3	%4	%6	%9	%9	%8

Source: Department of Statistics

Figure 2: population growth rate in the Kingdom



2.3 Economic Indicators in the Kingdom ¹

Countries across the Middle East are still suffering from instability and closure or partial closure of borders; including the borders of important markets for the Kingdom's products. These factors led to a decline in the performance of many of the economic sectors, including the external sector, national exports, touristic income, and Foreign Direct Investment (FDI), and they contributed to a slowdown in the economic growth to about 2.4% in 2015, compared to 3.1% in 2014. The growth achieved in 2015 came from growth across several economic sectors, especially in the finance, insurance, and real estate services; the transport, storage, and communications services; the mining industry; the manufacturing industry; and the agriculture sector. These sectors contributed a combined 1.8 percentage points (or 75%) of the growth rate achieved during 2015, reflecting the diversity of the economic growth sources in the Kingdom.

Additionally, the general price level registered a decline in the prices of oil, commodities, and other related services in the global markets. Therefore, the general price level, measured by the relative change in the average consumer price index deflated by 0.9% in 2015, compared to the inflation of 2.9% in 2014.

The budget deficit, after aid, increased by 1.2% to a record 3.5% of GDP, compared with 2.3% in the previous year. In addition, the Balance of Payments' Current Account recorded a deficit of 8.9% of GDP, compared with 7.3% in 2014. At the end of 2015, the net public debt amounted to 22,847.5 million Jordanian Dinars (85.8% of the GDP), with an increase of 5.0% of the GDP. However, the total public debt reached 24,876.5 million Jordanian Dinars (93.4% of GDP). This increase resulted from financing both the general budget deficit and the guarantees for loans for the National Electricity Company and the Water Authority, as well as the slowdown of economic growth during 2015. The indebtedness of the National Electricity Company and the Water Authority recorded 6.7 billion Jordanian Dinars at the end of 2015.

On the monetary and banking front, most monetary indicators experienced positive development in performance in 2015, primarily in the Central Bank's foreign reserves, which maintained comfortable levels that amounted to about \$14.2 billion. The dollarisation rate decreased, which reflected positive demand for Jordanian Dinars in comparison to other major foreign currencies. With regards to the activities of licensed banks, the outstanding balance of credit increased by 9.5%, to reach 21,103.5 million Jordanian Dinars at the end of 2015. The total deposits registered with licensed banks increased by 7.7%, to reach 32,598.5 million Jordanian Dinars at the end of 2015. The increase in deposits came as a result of the high dinar deposits, which increased by 2,001.4 million Jordanian Dinars (8.3%), and higher foreign currency deposits, which increased by 336.1 million Jordanian Dinars (5.4%).

Furthermore, many of the external sector indicators registered a drop in performance in 2015 due to the deepening instability in the region and almost full closure of the borders

¹ The Central Bank of Jordan

with Iraq and Syria. However, the drop in oil prices in the global markets contributed to the decline in the Kingdom's imports bill for energy, as it dropped by 40.6%, which in turn contributed to a decline in total imports and the trade deficit by 11.4% and 14.0%, respectively. Thus, the Current Account, excluding aid, declined to 11.9% of GDP, compared to 12.4% in 2014.

The Current Account deficit increased after aid, to reach 2,365.6 million Jordanian Dinars (8.9% of GDP) in 2015, compared with a deficit of 1,851.7 million Jordanian Dinars (7.3% of GDP) in 2014. This decline is due mainly to the decline in total exports by 6.6% and the decline in surplus in the services account by 27.7%, as touristic income decreased by 7.1%, and the decline in the surplus in the current transfers account decreased as a result of reduced foreign aid.

Capital and financial accounts resulted in a net inflow of 1,593.7 million Jordanian Dinars in 2015, compared to 909.0 million Jordanian Dinars in 2014; this was due to the Kingdom's higher net obligations towards the outside world. Foreign Direct Investment registered a net inflow of 909.4 million Jordanian Dinars, and the reserved investment registered an inflow of 918.4 million Jordanian Dinars due to the Kingdom issuing Eurobonds that are worth \$2.0 billion in the global markets. The withdrawal of bank loans on behalf of the Central Bank increased the use of funds from the International and Arab Monetary Funds by 543.3 million Jordanian Dinars. This led to the registration of a surplus in the overall Balance of Payments of 328.7 million Jordanian Dinars during 2015, compared to a surplus of 1,550.7 million Jordanian Dinars during 2014.

According to the Central Bank of Jordan, the increased international investment at the end of 2015 showed an increase in the external net liabilities of the Kingdom, which reached 24,357.5 million Jordanian Dinars, compared with 22,578.8 million Jordanian Dinars at the end of 2014. This was due to an increase in the external balance of assets and financial liabilities for all of the economic sectors in the Kingdom, which reached to 18,657.9 million Jordanian Dinars and 43,015.5 million Jordanian Dinars, respectively, during 2015.

Table 4: main economic indicators 2011 to 2015 in millions of dinars

	2011	2012	2013	2014	2015
Population (millions)	6.993	7.427	8.114	8.804	9.532
Unemployment rate	12.9	12.2	12.6	11.9	13.0
Production and Prices					
GNP at current market prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
GDP at current market prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
The rate of growth in GDP at constant market prices (%)	2.6	2.7	2.8	3.1	2.4
The total national disposable income at current prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
The rate of growth in gross national disposable income at current prices (%)	4.7	-0.2	8.6	3.1	-2.4
Change in the index of consumer prices (%)	4.2	4.5	4.8	2.9	-0.9

	2011	2012	2013	2014	2015
The change in the GDP deflator (%)	6.4	4.5	5.6	3.4	2.3
Money and Banking					
Exchange rate of the Jordanian dinar to the US dollar	1.410	1.410	1.410	1.410	1.410
Money supply (P2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5
Net foreign assets of the banking system	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net domestic assets of the banking system	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2
Net debt of the government	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Private sector debts (Residents)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other factors ⁽¹⁾	-6,877.6	-7,135.2	-7,277.3	-7,018.5	-6,622.7
Deposits in dinars at licensed banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign currency deposits at licensed banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Rediscount rate (%)	4.50	5.00	4.50	4.25	3.75
Treasury bills interest rate for 6 months (%)	3.232	3.788	-	-	-
Public Finance					
Total revenue and foreign aid	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Ratio to GDP (%)	26.4	23.0	24.1	28.6	25.5
Total spending	6,796	6,878.2	7,077.1	7,851.1	7,722.9
Ratio to GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall deficit/savings (on an accrual basis)	-1,382.7	-1,824.0	-1,318.2	-583.5	-926.5
Ratio to GDP (%)	-6.8	-8.3	-5.5	-2.3	-3.5
Net outstanding balance of the domestic public debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Ratio to GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding external public debt ⁽²⁾	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Ratio to GDP (%)	21.9	22.5	30.3	31.6	35.3
Foreign Trade and Balance of Payments					
Current account	-2,098.8	-3,344.9	-2,487.7	-1,851.7	-2,365.6
Ratio to GDP (%)	-10.2	-15.2	-10.4	-7.3	-8.9
Trade balance (Deficit)	-6,261.7	-7,486.6	-8,270.1	-8,495.6	-7,249.3
Ratio to GDP (%)	-30.6	-34.1	-34.7	-33.4	-27.2
Commodity exports	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Imports of goods (FOB) ⁽³⁾	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
Balance of services (net)	896.0	1,332.3	1,209.5	1,778.9	1,286.4
Income account (net)	-187.8	-275.5	-240.4	-295.9	-347.8
Current transfers (net)	3,454.7	3,084.9	4,813.3	5,160.9	3,945.1
Capital and financial account (net)	2,298.9	3,808.9	1,811.1	908.9	1,593.7
Direct foreign investment in Jordan (net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1

Source: Monthly Statistical Bulletin, Central Bank of Jordan

1. Includes the debts of public and financial institutions and other factors, as shown in the Monetary Survey Agenda.
2. This represents the total balance of drawn loans, minus total repayments.
3. Does not include imports of non-resident entities.

2.4 The Jordanian Investment Environment

Investment Law No. 30 for 2014

Investment Law no. 30 for 2014 is considered an appropriate legislative framework to attract foreign investments and stimulate local investments. It is considered a competitor to other investment laws in the region because it contains many advantages, incentives, and guarantees, and it offers a range of incentives and benefits in and outside the Development and Free Zones. The law includes a series of public provisions, such as foreign investment guarantees (depositing and withdrawal of capital, investment management, and transfers) and the inadmissibility of the disbarment of investment property. The law offers provisions to settle investment disputes, protection, and encouragement of mutual investment agreements between the Kingdom and other countries.

The following shows the major incentives granted by the law:

❖ Incentives and Benefits outside the Development and Free Zones

- The production inputs for the industrial and crafts sectors are exempted from customs duties.
- The return of the general sales tax on the production inputs for the industrial and crafts sectors within 30 days.
- Production inputs and fixed assets of the industrial and crafts sectors are exempted from customs duties and are granted a reduction in general sales tax to 0%.
- Returning to the sales tax on the services needed to practice economic activity within 30 days.
- The goods that are necessary for the economic activities of the following sectors are exempted from customs duties and are subject to 0% general sales tax:
 - Agriculture and livestock, hospitals and specialised medical centres, hotels and touristic facilities, touristic entertainment and recreation centres, call centres, scientific research centres and laboratories, art and media production, convention centres and exhibitions, transfers and/or distributions and/or extraction of water, gas and oil derivatives, air transport, maritime transport, and railways.

❖ Incentives and Benefits inside the Development and Free Zones

- 5% income tax on the income generated from economic activity within the Development Zone.
- 5% income tax on income generated from economic activity in the industrial sector.
- Tax exemptions that are granted in the Kingdom on goods and services exports.
- Reduction of sales tax to 0% on goods and services that are used by the establishment in order to exercise its activity inside the Development Zone.
- 7% sales tax on specific services provided by a registered company in the zone when these services are consumed in the zone.

- Exemptions from customs duties except for a specified number of goods.
- ❖ **The Reduction of Income Tax in the Least Developed Areas for Regulation No. 44 for 2016**
 - The reduction of income tax in the least developed areas for Regulation No. 44 for 2016 was approved. It aims to create an attractive environment for investments that promote economic development through the reduction of income tax outside the Development Zones and in the least developed areas in the Kingdom. The regulation specified the areas that are considered least developed and identified the activities that are excluded from this reduction.
 - Under the provisions of Articles 4 and 5 of this regulation, the areas that were categorised as least developed and enjoy the reduction in income tax are divided into four categories; each category enjoys a reduction in income tax on their activities for a period of 20 years.
 - Category A includes the Northern Valley District, Deir Alla District, Shouneh Al-Janoubieh District, the Southern Valley District, Rweished District, the Northern Desert District, the North Western Desert District, Al-Azraq Province, Al-Jiza District except for the borders of the new Al-Jiza municipality, Al-Moakar District except for the borders of Al-Moakar municipality, and the Governorate of Aqaba except for the Aqaba Special Economic Zone. The reduction rate for this category is 100%.
 - Category B includes the Governorates of Maan, Tafileh, Karak, and Ajloun. The reduction rate for this category is 80%.
 - Category C includes the Governorates of Jarash, Mafraq, and Irbid except the borders of the Greater Irbid Municipality. The reduction rate for this category is 60%.
 - Category D includes the Governorates of Madaba, Balqa, Amman except for the Greater Amman Municipality, and Zarqa except for the borders of Zarqa Municipality and Russaifeh Municipality. The reduction rate for this category is 40%.

❖ **Trade and Free Trade Agreements**

The most important agreements are:

- Jordan joining the World Trade Organisation in 2000, which led to the opening of the markets of 150 countries for Jordanian exports in goods and services, and provided new opportunities of access to other countries within a clear and transparent environment of laws, regulations, and procedures.
- A series of regional trade agreements, such as the Jordan Partnership Agreement with the European Union, Agadir Agreement, Free Trade Arab Agreement, the free trade agreement between Jordan and the European Free Trade Association, and the adoption of the Euro-Mediterranean simplification of the rules of the Origin System, which includes the decision to simplify the rules of the origins of Jordanian products between Jordan and the European Union came into effect on July 19, 2016, and will remain in effect until December 31, 2026.
- A series of bilateral trade agreements with many countries, such as the free trade agreement between Jordan and the United States of America, the Qualified Industrial Zones Agreement, the free trade agreement between Jordan and Singapore, the free

trade agreement with Turkey, the free trade agreement with Canada, and many other agreements.

- Jordan has signed more than 35 agreements with Arab and foreign countries in order to prevent double taxation between Jordan and these countries, thus protecting investors' rights.
- The Agreement of Promotion and Protection of Investments and the Movement of Capital between the Arab Countries was signed in 2000 with 11 Arab countries who are members of the Arab Economic Unity Council, in order to establish an appropriate environment for investments and economic cooperation between investors in the Arab countries, thus pushing and stimulating investment activities by providing encouragement and mutual protection for Arab investments.

Human Development Report for 2015

The Human Development Report that was issued by the United Nations Development Program in 2015 showed that Jordan fell 3 points to number 80. Please note that Jordan's place on the Human Development Report index value has improved slightly.

Global Competitiveness Report

The Kingdom's rank has improved by one point in the Global Competitiveness Report for the year 2016/2017, at 63 out of 138 countries compared to 64 out of 140 countries in the 2015/2016 report. It is considered an insignificant improvement, especially because of the reduction in the number of countries participating in this year's report. Amongst the Arab countries, Jordan was ranked after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia, Kuwait, and Bahrain, who were ranked 16, 18, 29, 34, and 39, respectively.

Doing Business Report

In the Doing Business Report that was issued by the World Bank Group, Jordan is still ranked 118, up one rank from the 2016 report, because of the variation in the performance of the different sub-indicators. Jordan ranked ninth among the Arab countries; the United Arab Emirates was ranked first among the Arab countries at 26, followed by Bahrain at 63 and Oman at 66.

2.5 The Economic Environment in the Short and Medium Term

Risks analysis implemented by BMI indicates that the Jordan's political and economic risks in the short and medium term are less than the overall average of the world and the Middle East. The state's risks and the operational risk are estimated to be within the acceptable levels. The international institutions' forecasts point out that the economic and foreign trade indicators are expected to achieve acceptable rates of growth with the exception of the continued increase in internal and external indebtedness.

Table 5: Assessment of short and long-term risks

	Long term		Short term		Operational risks	State risks
	political	Economic	political	economic		
Jordan	63.1	39.2	66.6	46.2	58.7	55.4
Turkey	60.2	49.4	58.4	56.9	55.9	56.1
Egypt	53.3	45	52.4	48.7	42.9	47.5
Lebanon	45.8	54	55.4	53.5	44.2	49.5
West Bank and Gaza	33.1	38.1	32.2	36.5	32.5	34.3
Syria	22.9	24.4	22.4	23.6	29.3	26.1
Regional average	49.4	46.9	51.2	48.7	46.6	48.3
global average	64.1	50.7	61.3	51.9	49.8	54.6

Source: the economy and state risks, IHS, 15/09/2016

Table 6: The most important key economic indicators 2016-2020

Indicator	2016	2017	2018	2019	2020
The growth rate of GDP	2.6	2.7	2.8	3.2	3.1
GDP (in USD billions)	39.6	42.1	44.8	47.8	50.9
Population (In millions)	9.8	10.1	10.4	10.7	11.0
Consumer Price Index (% change)	-0.7	1.8	3.3	4	3.2
Exports (in USD billions)	7.3	7.6	8.2	8.8	9.6
Imports (in USD billions)	18.3	19.2	20.1	21.3	22.8
Foreign direct investment, the net value (in USD billions)	1.5	1.5	1.6	1.6	1.7
Foreign direct investment, the net value (% of GDP)	3.7	3.7	3.6	3.4	3.3
Foreign exchange reserves (in USD billions)	13.9	14.9	15.7	16.8	17.7
Total external debt (in USD billions)	24.4	27.8	30.7	33.7	36
Total external debt (% of GDP)	61.6	66	68.6	70.4	70.6
Total external debt (% of foreign currency earnings)	127.3	138.3	143.6	147.5	147.8

Source: the economy and state risks, IHS, 15/09/2016

3. Market Study

3.1 Project Description

The project is to establish an Online (Virtual) Mall to be considered as an electronic platform that provides the services of E-Commerce, shopping and selling various products from all sectors on the Mall website, where customers will be dealing with a wide network of suppliers of different products (electrical devices, electronic devices, clothes, shoes, home furnishings, household items, toys and kids accessories, etc) operating in the kingdom. Further, the suppliers will provide the required products to customers who will select their purchases online and pay in cash and / or by methods of electronic payment where the products will be delivered later to their locations.

3.2 Expected Services Description

The expected services of the project include the following:

- E-Commerce services to customers.
- Products delivery Services to customers locations.
- Monthly / quarterly / semi-annually/ annually subscription services for the members (suppliers and targeted companies).
- Promotional advertisements services for products suppliers on the Mall website.
- Promotional campaigns services for products suppliers on the Mall website.

3.3 Demand Analysis

Based on the results of the International Telecommunication Union annual report in 2016, the Kingdom was ranked 85 out of 175 countries included in the report regarding the Development of Information and Communication Technology index in 2016, as the Kingdom has advanced four places from the previous year's report. While, the Kingdom occupied the eighth place among 18 Arab countries participated in the global index.

According to the survey of Information and Communication Technology usage for 2015 carried out by the Department of Statistics, the main indicators of the demand for Information Technology services could be summarized as follows:

- About 69% of the households use internet at home in 2015, compared with (68.9%) in 2014.
- Most Internet users are from youth category by (80.3%) in the age group (20-24) years old.
- (37.8%) of households have computers and their accessories.
- Individuals within the age groups of (15-19) and (10-14) and (20-24) constitute the largest percentage of computers users who accounted for (63%), (58%) and (51.6%), respectively.

- The internet is mostly used to connect with friends using social media which accounted for (88%) of the total users, and the lowest percentage was for using the internet to buy or sell goods and services (1.2%).
- The average monthly household expenditure on cell phones is about JD 19, and on the internet is about JD 18.
- The percentage of smart phones availability among households is about (98.7%) in 2015, compared with (98.8%) in 2014.
- About 52% of households have a one mobile cellular line, and (38.9%) have two lines, and (8.6%) of households have more than three cell lines.

As for the E-Commerce in the Kingdom, it could be said that there is no local official statistics of Electronic Trade volume, which led the study team to rely on the specialized research and information centers in E-Commerce topics, namely Electronic Payment Gateway (Beaufort), which is one of the most significant and popular sites on the Arab level, specialized in the electronic commerce affairs in many Arab countries. The following is a summary of the main electronic commerce indicators in the Kingdom based on the report prepared by Beaufort for 2015:

- About (40%) of customers accept to the idea of using electronic commerce services in their daily lives and paying online, compared with 37% in 2014.
- (1.6) million Internet users in the Kingdom shopped online in 2015 who constitute about 17% of the total population of the Kingdom.
- (72%) of e-shoppers numbers in the Kingdom are male, while the remaining percentage for female by (28%) in 2015.
- (27%) of e-shoppers in the Kingdom belong to the age group (26-35), compared to an average of (18%) for each of the following age groups: (18-25), (36-40), (41-50) (+51).
- Most purchased products by Jordanians consumers who use E-Commerce are clothing and electronics either through computers by (45%), mobile phone by (35%), or both by (20%).
- The refund percentage of E-Commerce transactions made by customers in 2015 amounted to about 6% compared with 9% in 2014, indicating that customers are more confident of the electronic purchases.
- (50%) of customers still rely on traditional procurement processes in getting their products / services.

Despite the lack of official local statistics regarding E-Commerce volume or activities in the Kingdom, the aforementioned study estimated the volume of e-commerce in the local market of about 250 million JD in 2015, with a growth rate by (19%) from the recorded value in 2014, which amounted to nearly 210 million JD.

On the other hand, the same study confirmed the expected growth rate of Electronic Trade volume the Kingdom will witness over the next five years, in which E-Commerce value is expected to reach about 520 million JD by 2020, hence, to be doubled by (200 %) from the achieved levels in 2015.

For the purpose of estimating the expected demand for e-commerce services, an exploratory field survey has been carried out for a sample consisting of (972) person in several governorates in the Kingdom including (Amman, Zarqa, Irbid, Jerash, Madaba and Balqa) in order to identify their trends and their use of E-Commerce. The main findings of the study can be summarized as follows:

- About 25% of individuals bought over the internet during 2016.
- The main online purchased products are: electronics (26%), food (21%), clothing (18%), footwear (14%), watches and perfumes (11%) and cosmetics and personal care products by (10%).
- Annual value of purchases of all products throw the Internet reached approximately JD 85 per capita.
- (55%) of the individuals buy products online through specialized E-Commerce sites, compared to (45%) buy directly from the product suppliers websites.
- Individuals who own electronic payment credit cards amounted to (60%) of the sample.
- (64%) of the individuals pay for products when actual delivery of purchases takes place, while 36% of them use methods of electronic payment.

3.4 Supply Analysis

Telecommunications and Information Technology Sector

The Telecommunications and Information Technology Sector is considered one of the main sectors that still enjoy the Royal directives and blessings, as it has witness a quantum leap especially after launching “Reach initiatives”, and liberalizing the sector to private competition, releasing it from government control, and developing the sector strategy that aimed at supporting the Information Technology industry and enhancing its competitiveness in regional and international markets, and enhancing the work of regulatory bodies, manpower, government support, capital and infrastructure development.

The Telecommunications and Information Technology Sector is one of the strategic and effective sectors in the Governorate of Amman, and among the fastest growing sectors within the Jordanian economy sectors, which play an important role in contributing to the Kingdom’s Gross Domestic Product. Further, the number of couponing operating in the Telecommunications and Information Technology Sector in Amman Governorate is about (622) institutions, with a number of employees amounted to approximately (16,073) employees. It is necessary to clarify that the largest percentage of the companies working in this sector were those specialized in providing computer programming services, followed by computer hardware, computer software and peripheral devices trade and then followed by e-commerce that constitute about (63%) and (72%) of the total number and revenue generated for the sector’s companies in the Kingdom in 2015, respectively.

The total annual revenue of the Telecommunications and Information Technology Sector amounted to about JD (435) million in 2015, thus, achieving a growth rate that has reached 12% compared with JD 387 million was recorded as revenue for the sector in 2014.

Electronic Commerce Services

There are a number of operating companies in the field of E-Commerce in the local market, which their total revenue is estimated of about (64) million US dollars, accounting for about 10% of Information Technology companies in the Kingdom according to the statistical yearbook issued by the Information and Communications Technologies Companies Association "INTAJ "in 2015. There are also a number of websites scattered in the Arab region and / or the World, which are favored and accessed by local consumers when shopping online due to the vastness of the available products and the competitive prices for their products. According to the survey, conducted by the Arab Payment Gateway, it has shown that “Souq.com” is the most famous online shopping website in the region, with nearly 75 % of shoppers prefer to shop from this site, followed by the Amazon website (40%) and then Markavip by (14%).

The field survey revealed that there is a company specialized in providing E-Commerce in the local market, which is “Jayeen Online Mall”. This company has been recently established and launched earlier this year and is considered the main direct competitor to the project in the local market. The following table shows analysis of the most significant aspects of marketing and sales-related activities of the “Jayeen Online Mall” company.

Item	Statement
Main Products	<ul style="list-style-type: none"> ▪ Electronic and electrical appliances. ▪ Furniture and home appliances and supplies. ▪ Kids products and items. ▪ Clothing and footwear for men and women. ▪ Women's accessories and Health & Beauty materials.
Subscriptions Types and Fees for Suppliers	<ul style="list-style-type: none"> ▪ Monthly subscription for (20) JD. ▪ Quarterly subscription for (55) JD. ▪ Semi-annual subscription for (100) JD. ▪ Annual subscription for (180) JD.
Commission Charged for Selling Products	<ul style="list-style-type: none"> ▪ (%7.5) of the product price in case of supplier subscription. ▪ (%9.5) of the product price if the supplier doesn't have a subscription with the mall
Methods of Payment to (suppliers)	The products values to be paid when purchased, or within one week from the date of purchase.
Delivery Services (Consumers)	The company is responsible for the delivery of products to consumer's locations in all Governorates of the Kingdom.
Item	Statement
Methods of Payment (Consumers)	Cash payment upon receipt of the products and/or online payment.
Return policy	Products are returned within 48 hours, with the exception of underwear, swimwear, electrical appliances, electronics, cosmetics, perfumes, skin care and shaving products.
Cancellation Policy	Consumer orders can be cancelled, provided that the required products have not reached the company's stores.
Exchange Policy	Not available
Promotional Tools	Social media marketing, sponsorship and the website
Mobile Phones application	Currently unavailable

3.5 Marketing Strategy

Target Market

The project targets the following customers:

- Local customers from various governorates of the Kingdom.
- Local products suppliers from various governorates of the Kingdom.

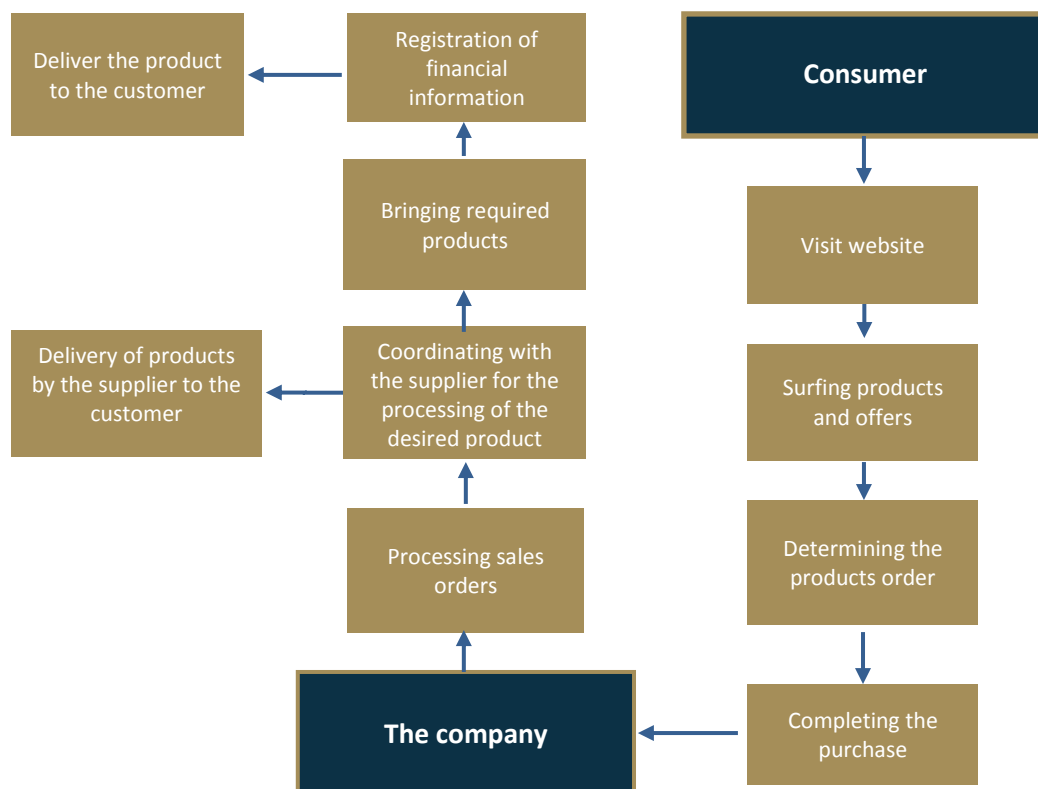
Expected Services and Products

The mix of the project services consists of the following:

- E-Commerce services to customers.
- Products delivery services to customers locations.
- Monthly / quarterly / semi-annually /annually subscription services for the members (suppliers and targeted companies).
- Promotional advertisements services for products suppliers on the Mall website.
- Promotional campaigns services for products suppliers on the Mall website.

The following figure shows the scheme for the selling process from the online Mall:

Figure 3: Scheme for the Procurement Process from the Virtual Mall



With regard to the products mix that is proposed for introducing and selling through the project, it is recommended to focus on contracting with suppliers in the following key domains:

- Electrical appliances.
- Electronic devices.
- Women’s and men's clothing.
- Women’s and men's footwear.
- Perfume and cosmetic materials.
- Food products.
- Household items.
- Kids toys & items.
- Furniture and furnishings.

With the aim of offering comprehensive electronic shopping services that meet the requirements of products suppliers, it is recommended that the project to provide services according to the concept of "Service Packages", which includes the provision of regular commercial electronic solutions through several services packages, such as the Bronze Package, the Silver Package, the Golden Package and the Diamond Package. The Packages includes annual subscriptions, promotional advertisements services, and participation in promotional campaigns that could be conducted through the project's website. The following table shows a proposal for “Service Packages” that can be offered by the project.

Table 7: “Service Packages” that can be offered by the project

Elements	Bronze Package	Silver Package	Golden Package	Diamond Package
The subscription period	annual	annual	annual	annual
The number of promotional advertisements	1	2	3	4
Promotional campaigns	2	4	6	8

The following are some main recommendations. Preferably to be taken into consideration when providing the project services:

- Installing an effective system to maintain the security of online shopping transactions over the project and reduce the security risks and potential hacking, which may cause financial and moral losses for users.
- Activating the three-dimensional protection feature that ensures the safe use of credit cards when shopping through the project’s website and minimize the risk of fraud.
- Developing an electronic application, that users can upload it to their computers / mobile phones devices, so they can surf products / services of the project, and shopping and buying electronically.
- Ensuring following-up on e-mails, complaints and suggestions received by project’s website, both from users and / or suppliers, and responding promptly.

- Providing product evaluation feature by users, since it is one of the most significant sources of information that has a high credibility for by potential users of the site to relay on when taking the decision of shopping and e-procurement of products.
- Contracting with companies specialized in products delivery, in order to ensure that users obtain their requested products within the agreed time period.

Expected Prices

The pricing policy according to the market price is the most appropriate and recommended method to follow when pricing the project services, in view of the following reasons:

- The levels of consumer demand for E-Commerce services in the Kingdom are still at introductory stage compared to other countries.
- Most consumers are aware of the prices of products sold in the local market and are able to affect their level of compare them.
- Consumes high price sensitivity is one of the main reasons that may demand for the project products, in case it imposes higher prices than those offered in the market.

The following table shows the prices of service packages to be offered to the product supplies.

Table 8: the prices of service packages

Package	Price (JD)
Bronze	200
Silver	250
Golden	300
Diamond	350

In addition, it is planned that the project obtains profit margin a percentage ranging between 5% - 7% of the final selling price of the products, which will be displayed and sold through the project's website.

The project can also collect the products prices sold online to potential consumers in the local market by the following methods:

- Payment via credit cards through the project's website.
- Cash payment and / or electronic payment using credit cards upon delivery of the products.

The project is recommended to continuously offer these consumer products with permanent and high demand, within premium prices and promotional discounts, so that to keep the prices of these products at the lowest levels compared to those offered in the local market.

Promotion

The main promotional objectives of the project are as follows:

- Changing consumer patterns towards online shopping and increasing their awareness about the project's products.
- Building and maintaining good business relations with products suppliers in the local market.
- Maximizing the demand for the project products.

The following table shows the content of the promotional message designed for the targeted segments, as well as the proposed promotional tools to deliver the marketing messages to them.

Table 9: promotional messages and tools

Target Segment	Promotional Message	Promotional Tools
Consumers / e-shoppers	<ul style="list-style-type: none"> ▪ Safe use of credit cards during shopping and e-payment via the project's website. ▪ Diverse mix of products sold through project's website. ▪ Promotions and price discounts on products offered. ▪ Provide delivery service to various areas within the Governorates of the Kingdom. 	<ul style="list-style-type: none"> ▪ Social media. ▪ Marketing sponsorship of Youth activities and events. ▪ Advertisements on electronic search engines. ▪ Advertisements on the main roads. ▪ Promotional banners inside exhibitions and major shopping centers.
Products Suppliers	<ul style="list-style-type: none"> ▪ Spreading their products and maximizing their market share. ▪ Payment of due amounts for sold products within (30) days. ▪ Benefiting from promotional campaigns and advertisements on the project's website. 	<ul style="list-style-type: none"> ▪ Direct contacts with decision-makers. ▪ E-mails. ▪ Advertising and promotional materials (agendas / pens).

It's worth paying attention to the need to develop a distinctive marketing slogan for the online Mall in a creative way that it helps in building a positive image about the project and attracting consumers to interact with the project products and try them. The proposed alternatives for the marketing slogan are as follows:

- We've got everything you want online in one place.
- Enjoy e-shopping within the highest levels of security and safety.

3.6 The Expected Market Share

The market Share for the project will be estimated in the light of the assumptions described in the following points:

- The value of E-Commerce volume in the Kingdom is (250) million JD, with a growth rate of 10% annually,
- Percentage of products sold online through the project of the total E-Commerce volume is (2%) in the first year, 3% in the second year, 4% in the third year, 5% in the fourth year and (6%) in the fifth year.
- The number of product suppliers who will deal with the project is about (70) in the first year, 140 in the second year, 210 in the third year, 280 in the fourth year, and (350) in the fifth year.
- The average annual subscription value for the supplier with the project is (275) JD.
- The percentage of profit margin from the products to be sold by the project is (5.5%).
- Business days are (365) days in the year.

Table 10: Market Share of the Project

Statement	Year 1	year 2	year 3	year 4	Year 5
E-Commerce Volume (million JD)	250	275	303	333	366
Percentage of products sold online through the project	2%	3%	4%	5%	6%
The number of suppliers	70	140	210	280	350
The average value of the annual subscription	275	275	275	275	275
The percentage of profit margin from the sold products	5.5%	5.5%	5.5%	5.5%	5.5%
Annual working days	365	365	365	365	365

4. Technical Study

4.1 The Designed Project Capacity

The designed capacity of the project is the number of suppliers that the project will contract with to provide products and sell them through the project's website, as they are estimated at about 350 suppliers.

Table 11: The Designed Project Capacity

Item	Number
Product suppliers	350

4.2 The Required Fixed Assets

The following table shows the financial resources required for the project.

Table 12: The Required financial Resources

Item	Unit	Price	Value (JD)
Furniture and Equipment	300	100	30,000
Transportation	5	30,000	150,000
Information Technology	1	600,000	600,000
Others	-	-	50,000
Total			830,000

* The numbers are estimated based upon Market Study

4.3 The Required Human Resources

The following table shows the human resources required for the project with a total staff of about 19 employees and total salaries of about JD (156,600) annually.

Table 13: Human Resources Required for the Project

Item	Number of Employees	Salary	Total salary	Operational	Administrative
General Manager	1	2,000	24,000	-	24,000
Operation Manager	1	1,500	18,000	18,000	-
Marketing Manager	1	1,500	18,000	18,000	
Information Technology officer	3	1,000	36,000	36,000	-
Accountant / Collector	2	450	10,800	-	10,800
Administrative officer	1	400	4,800	-	4,800
Clients/ Marketing Service officer	5	400	24,000	24,000	-
Driver	5	350	21,000	-	21,000
Total	19		156,600	96,000	60,600

The following table also shows the general job description of the main jobs of the project.

Table 14: General Job Description of the required jobs in the project

Job	Job Description
General Manager	Planning, organizing, coordinating and controlling all matters related to the internal management of the company, and participating in determining the company's policy, and managing the business. In addition, reviewing the reports sent by the division, supervising their analysis process, and studying the issues that arise and develop solutions to them. Technical and administrative supervision of the staff and improving their efficiency taking into account the application of occupational health and safety instructions.
Operation Manager	Developing plans, strategies and general objectives of the activities of operation and maintenance, and supervising their implementation within the available resources and means with the highest degree of efficiency and quality. Supervising the maintenance operations, following-up on all technicians' works, ensuring the safety and security of these acts, and discovering the problems and working to resolve them to ensure that the workflow runs as required.
Marketing Manager	Developing the appropriate marketing plans, objectives and strategies, and overseeing the development of plans for sales and adopting them in accordance with the company's trends and capacities. Directing the marketing studies designed to follow up on the activities of competitors and strengthening of relations with suppliers and customers, and consider their affairs.
Information Technology officer	Ensuring the safety and security of the project's website operation and the workflow of the electronic selling process identifying any operational constraints that may affect the implementation of electronic interactions, and conducting periodic and preventive maintenance for the operating systems and the website.
Customer Service Agent	Receiving customer orders, responding to their inquiries, resolving any issues they may encounter during their shopping through the project's website and / or after receipt of the purchased products, and submitting periodic reports on the remarks / complaints / suggestions of the customers.
Accountant	Proofing accounting operations records and preparing monthly account statements sent to customers and suppliers. In addition, auditing and reconciling between the bank accounts balances in the records and the statements of these bank accounts.
Administrative officer	Assisting in all management and administration related matters and coordinating between the departments and units in resolving the daily administrative and operational issues daily. Scheduling and coordinating meetings, interviews, events and other similar activities, in addition to sending and receiving mail and packages, preparing correspondence, and saving and updating employees' affairs files.

4.4 The Required Licenses

The following table shows the licenses required to obtain from to commence the project, the relevant entities.

Table 15: Licenses Required for the Project

Statement	Analysis
Company Registration	<ul style="list-style-type: none"> Ministry of Industry and Trade.
Establishment of online Mall	<ul style="list-style-type: none"> Greater Amman Municipality. The concerned municipality.
Operating	<ul style="list-style-type: none"> Social Security Corporation Income and Sales Tax Department the concerned municipality, the Telecommunications Regulatory Commission, Amman Chamber of Commerce.

4.5 Project Timetable

The following figure shows the timeline to under table the project, which is estimated at 12 months, as follows:

Stage	Year (Months)											
	1	2	3	4	5	6	7	8	9	10	11	12
Studies	■	■										
Approvals and Company Registration			■	■								
Construction and Equipment					■	■						
Furnishing							■	■				
Trial Run and Employment								■	■	■	■	■
Total Duration	12 Months											

5. Financial Study

5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

Table 16: The Financial Assumptions of the Project

Item	Assumption
Inflation Rate	3%
Financing Structure	Equity constitutes 100% of the investment
Working Capital	4 months of annual cost
Pre-Operating Expenses	2% of total investment
Tax Rate	20%
Staff Benefits	25% of salaries
Annual Salaries Increase	5%
Staff Incentives	3% of revenues
Assets Depreciation Rate	4%-20% of the asset value
Growth Rate of Expenses	5%
Accrued Expenses	5% of operation costs

5.2 Investment Cost

The project's Investment cost is estimated at JD 1 million distributed among fixed assets of JD 830 thousand, working capital and pre-operating expenses totaled of JD 175 thousand.

The following table shows the project's Investment cost.

Table 17: the project's investment cost

Item	Value (in thousand JD)
Fixed assets	830
Pre-operating expenses	20
Working capital	155
Total	1,005

5.3 Financing

The project will be financed with the shareholders by 100% which is estimated at about JD 1 million. The following table shows the financing structure for financing the project.

Table 18: Project financing schedule

Item	Value (in thousand JD)	%
Equity	1,004.6	100%
Total	1,005	100%

5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 294 thousand, and increased to reach up to JD 1.3 million in the fifth year.

Table 19: The Expected Revenues

Statement	Year 1	Year 2	Year 3	Year 4	Year 5
The market size of e-commerce- JD million	250,000,000	275,000,000	302,500,000	332,750,000	366,025,000
Expected market share	%2	%3	%4	%5	%6
Total selling through the mall	5,000,000	8,250,000	12,100,000	16,637,500	21,961,500
Commissions from selling	%5.5	%5.5	%5.5	%5.5	%5.5
Revenues from commissions	275,000	453,750	665,500	915,063	1,207,883
Number of registered companies	70.0	140.0	210.0	280.0	350.0
Average annual subscription	275	275	275	275	275
Total revenues- (thousand JD)	294,250	492,250	723,250	992,063	1,304,133

5.5 The Projected Costs

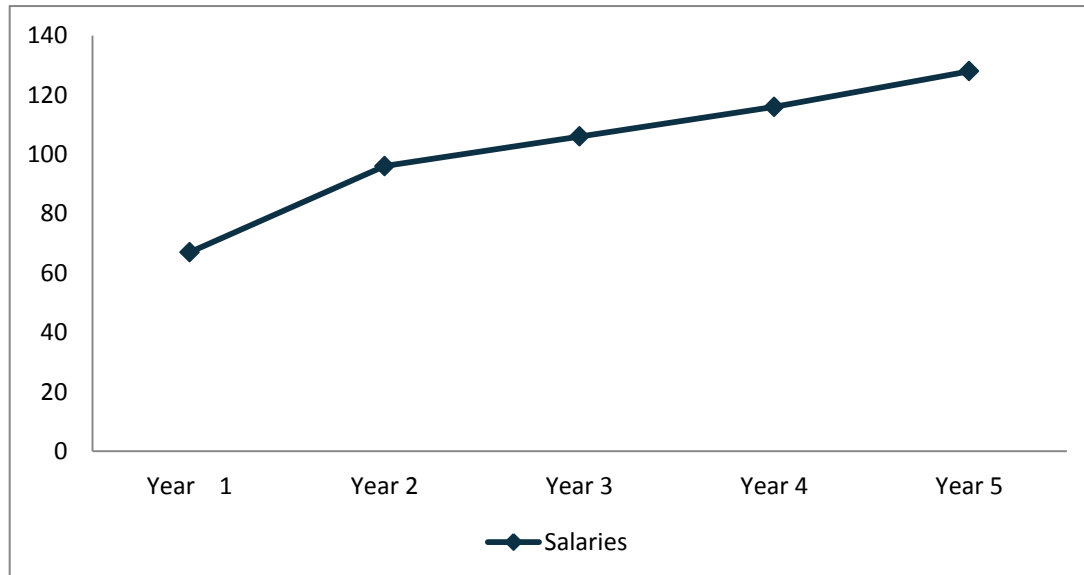
Operating Costs

The following table shows the project's operating costs according to the previous assumption over five years. Salaries cost in Year 1 amounted to JD 67 thousand which increase to reach JD 128 thousand in Year 5.

Table 20: Operating Costs

Operating Costs (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	67	96	106	116	128
Staff Benefits	17	24	26	29	32
Incentives	9	15	22	30	39
Cars Expenses	30	36	43	52	62
IT Cost	15	16	17	17	18
Depreciation	157	157	157	157	157
Electricity, water, and services	3	3	4	4	4
rents	24	24	24	24	24
Total	322	371	398	429	465

Figure 4: Projected Operating Costs of the Project



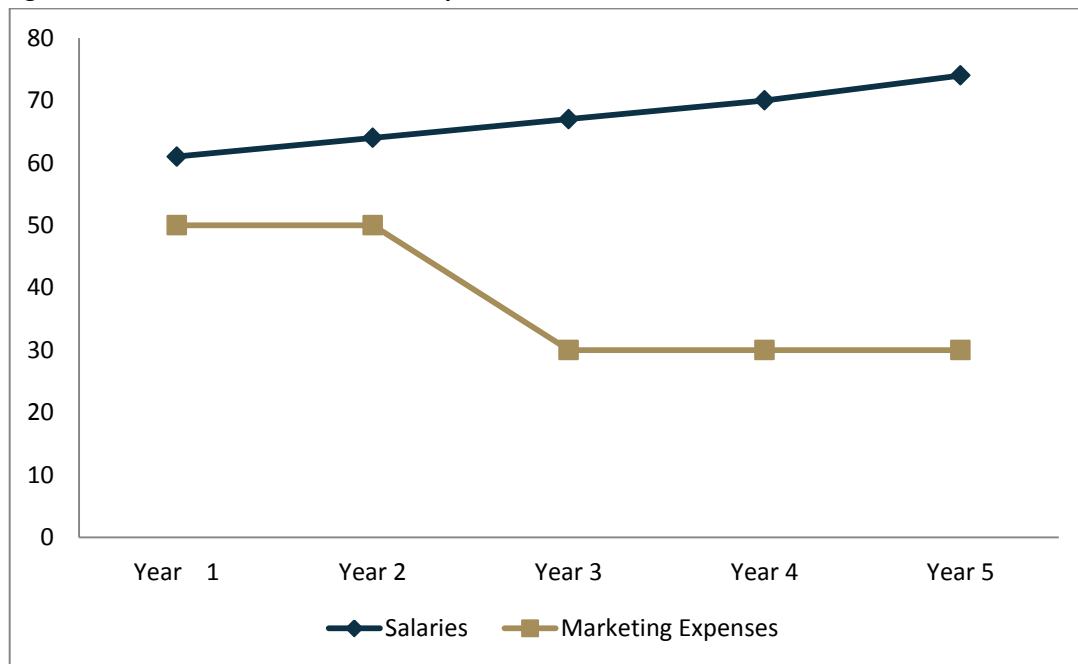
Administrative Expenses

The following table shows the projected administrative expenses of the project. Employees' salaries reach JD 61 thousand in the first year and increase to JD 74 thousand in the fifth year. The marketing expenses are about JD 50 thousand in the first year and decrease to reach JD 30 thousand in the fifth year.

Table 21: General and Administrative Expenses

General and Administrative Expenses (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	61	64	67	70	74
Staff Benefits	15	16	17	18	18
hospitality	4	4	4	5	5
Professional Fees	2	2	2	2	2
Marketing Expenses	50	50	30	30	30
Other Expenses	10	11	11	12	12
Amortization	20				
Total	162	146	131	136	142

Figure 5: General and Administrative Expenses



5.6 Projected Financial Statements

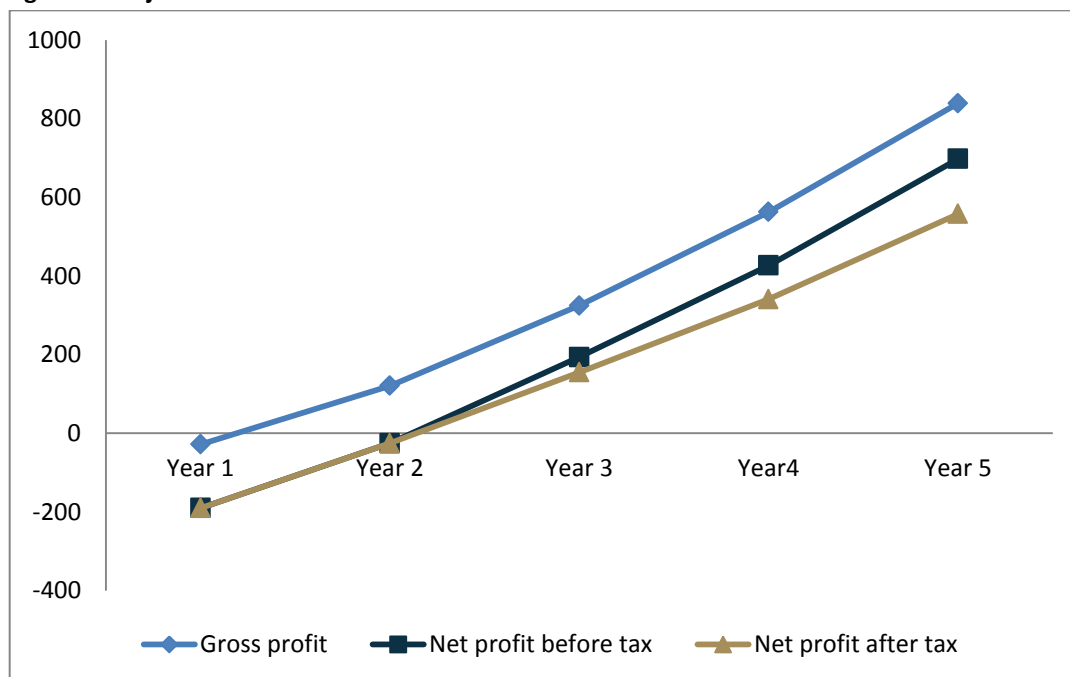
Income Statement

The following table shows the projected income statement of the project. It indicates that there is loss in gross profit in the first year amounted to JD 28 thousand and then the gross profit will amount to JD 839 thousand in the fifth year. Also, it will be losses in net profit after tax amounted to JD 190 thousand in the first year then it will make profit amounted to JD 558 thousand in the fifth year.

Table 22: The Projected Income Statement

Income Statement (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year4	Year 5
Revenues	294	492	723	992	1,304
Operating costs (cost of sales)	322	371	398	429	465
Gross profit	(28)	121	325	563	839
Administrative expenses	162	146	131	136	142
Net profit	(190)	(25)	194	427	698
financial expenses	0	0	0	0	0
Net profit before tax	(190)	(25)	194	427	698
Tax	-		39	85	140
Net profit after tax	(190)	(25)	155	341	558

Figure 6: Projected Income Statement



Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first five years. It indicates that total assets will increase from JD 1 million in the year of incorporation to about JD 1.1 million in the fifth year. The Total liabilities will increase from JD 16 thousand in the first year to about JD 23 thousand in the fifth year. Moreover, the Shareholders' Equity will increase in the year of incorporation from JD 1 million to reach JD 1.1 million in the fifth year.

Table 23: Projected Balance Sheet

Projected Balance Sheet (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Assets						
Cash	161	116	218	384	600	874
Receivables		49	82	121	165	217
Inventory		-	-	-	-	-
others	-	-	-	-	-	-
Total Current Assets	161	165	300	505	765	1,092
Fixed Assets	850	850	850	850	850	850
Cumulative Depreciation	-	177	334	491	648	805
Net Fixed Assets	850	673	516	359	202	45
Total Assets	1,011	838	816	864	967	1,137
Shareholders Equity and Liabilities						
Accrued Expenses and Payables		16	19	20	21	23
Long Term Loans	-	-	-	-	-	-
Total Liabilities		16	19	20	21	23
Shareholders Contributions	1,011	1,011	1,011	1,011	1,011	1,011
Retained Earnings		(190)	(214)	(168)	(65)	102
Shareholders' Equity	1,011	822	797	844	946	1,114
Shareholders Equity and Liabilities	1,011	838	816	864	967	1,137

Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first five years. It indicates that the cash flow from operation will increase from JD 102 thousand in the second year to JD 665 thousand in the fifth year; while the Cash at the ending period will increase from JD 161 thousand in the year of incorporation to JD 874 thousand in the fifth year.

Table 24: The Expected Cash Flows Statement

Cash Flow Statement (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Operation Activities						
Net Profit	-	(190)	(25)	155	341	558
Depreciation	-	177	157	157	157	157
Change In Working Capital	-	(33)	(31)	(37)	(43)	(50)
Cash Flow From Operation	-	(45)	102	275	455	665
Investing Activities						
Fixed Assets	(850)	-	-	-	-	-
Cash From Investing Activities	(850)	-	-	-	-	-
Financing Activities						
Capital (Equity)	1,011	-	-	-	-	-
Loan	-	-	-	-	-	-
Dividends	-	-	-	(109)	(239)	(391)
Cash Flow From Financing Activities	1,011	-	-	(109)	(239)	(391)
Net Cash Flow	161	(45)	102	166	216	274
Cash At The Beginning Period	0	161	116	218	384	600
Cash At The Ending Period	161	116	218	384	600	874

5.7 Financial, Economic and Social Analysis

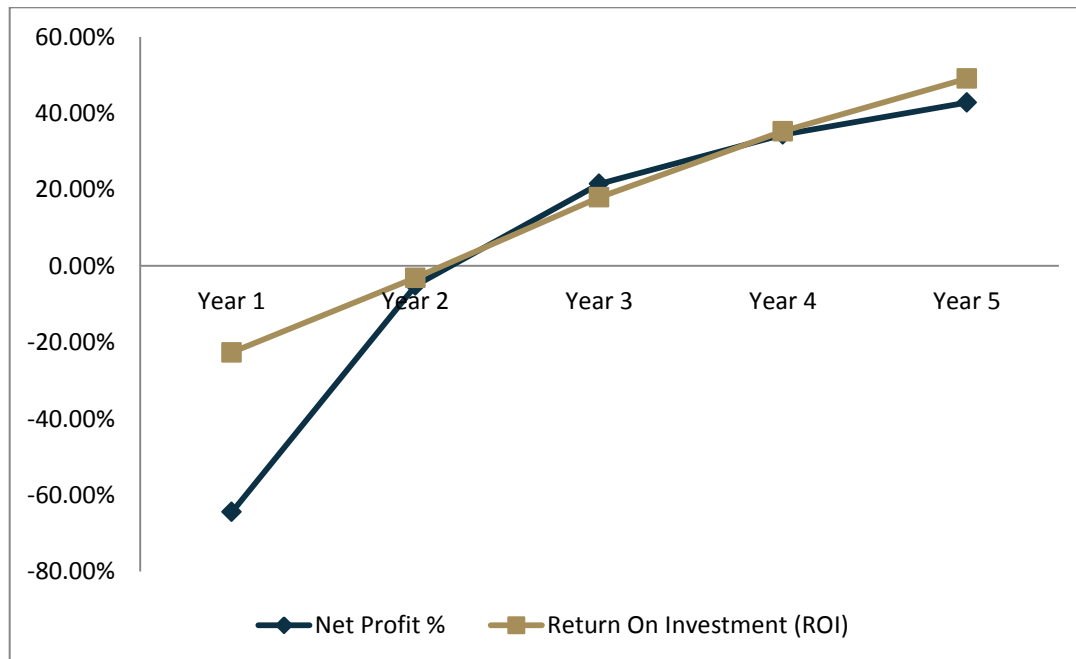
Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio will increase from 21.5% in the third year to 43% in the fifth year, and the return on investment will increase from 18% in the third year to 49% in the fifth year.

Table 25: Financial Analysis

Financial Analysis (In Thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	838	816	864	967	1,137
Revenues	294	492	723	992	1,304
Profits	(190)	(25)	155	341	558
Capital (Equity)	1,011	1,011	1,011	1,011	1,011
Net Profit %	-64.4%	-5.1%	21.5%	34.4%	42.8%
Return On Investment (ROI)	-22.6%	-3.1%	18.0%	35.3%	49.1%
Return On Capital (ROC)	-18.7%	-2.5%	15.3%	33.7%	55.2%
Net Profit On Revenues	-64.4%	-5.1%	21.5%	34.4%	42.8%
Assets Turnover (Time)	0.35	0.60	0.84	1.03	0.64

Figure 7: The Financial Analysis



Economic Analysis

The following table shows the economic analysis of the project during the first five years, we conclude that:

- The Internal rate of return is 23%. It exceeded six times the risk free return, which means the economic feasibility of the project
- The present value of the project reached about JD 1.475 million. It exceeds the investment value with JD 1.012 million, which means the economic feasibility of the project.
- The profitability index of the project reached 1.46 times, which means that the expected value of the project will increase by one time the investment value, which proves that the project is feasible.
- The project payback period is 4.4 years.

Table 26: the Economic Analysis

Economic Analysis (in Thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Net cash flow from operating and investing activities	(1,011)	(45)	102	275	455	665
terminal value						1,114
Net Cash flow	(1,011)	(45)	102	275	455	1,779
Internal Rate of Return (IRR)	23%					
present Value	1,475					
Net present value	463					
Profitability Index (Time)	1.46					
Payback period (Year)	4.4					

Social Analysis

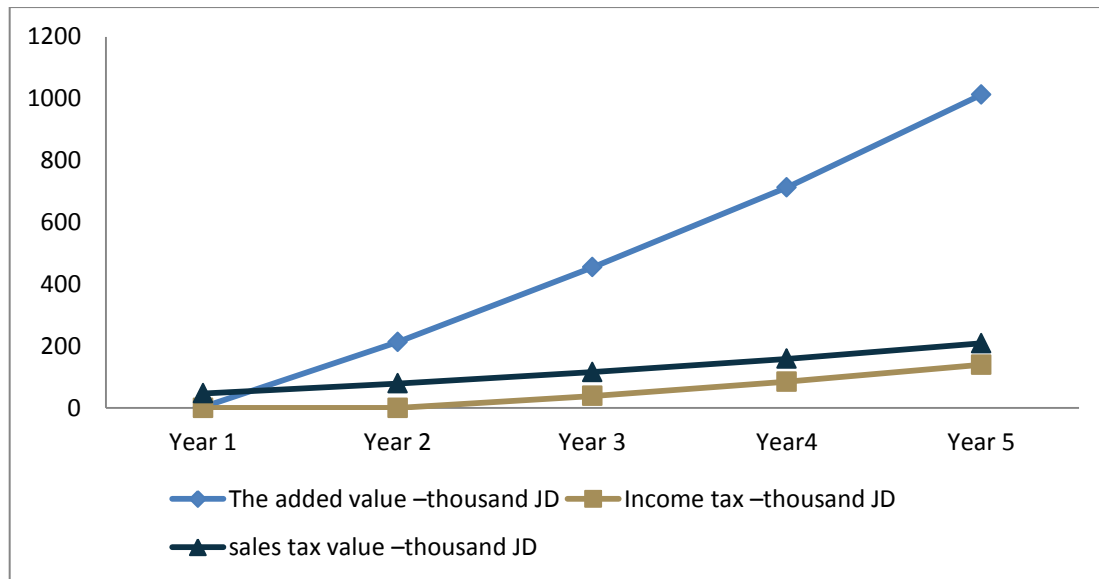
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 19 employees in the first year to 28 employees in the fifth year.

The added value of the project will also increase from JD 3 thousand in the first year to JD 1 million in the fifth year. The income tax will also increase from JD 0 thousand to reach JD 140 thousand in the fifth year.

Table 27: the Social Analysis of the Project

Social Analysis					
Statement	Year 1	Year 2	Year 3	Year4	Year 5
Number of Employees	19	21	23	25	28
Jordanian employees	19	21	23	25	28
The added value –thousand JD	3	213	455	713	1,013
Income tax –thousand JD	0	0	39	85	140
sales tax value –thousand JD	47	79	116	159	209

Figure 8: The Social Analysis



6. Risk and Sensitivity Analysis

6.1 Risk Analysis

The following table shows the risk matrix analysis that may face the project.

Table 28: Project Risk Matrix

Risks	Type of Risks	Risk Assessment
<p>Financial Risks</p>	<ul style="list-style-type: none"> ▪ Credit Risk Credit risk represents the risk of the company's financial loss as a result of the customer's default of the contractual obligation or that of the party dealing with the company through a financial instrument. These risks are mainly caused by trade receivables and others. ▪ Liquidity Risk Liquidity risk is the risk resulting from the company's inability to meet its financial obligations at time. The company's liquidity management is to ensure as much as possible that the company always maintain enough liquidity to meet its obligations as they become due and payable in normal and emergency conditions without incurring unacceptable losses or risks that affect the company's reputation. ▪ risk of currency fluctuation Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign currency exchange rates. 	<ul style="list-style-type: none"> ▪ The financial risks that may face the company are low, because the company payment method is cash ▪ There is no risk of currency exchange, because the company sales and purchases by local currency ▪ There is no risk of inflation because the company's pricing is based on a periodic basis

Risks	Type of Risks	Risk Assessment
	<ul style="list-style-type: none"> ▪ inflation risk It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment. 	
Business risk (sector risk)	<ul style="list-style-type: none"> ▪ Strategic Risk It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses or causes loss of alternative opportunities. ▪ Legal and Regulatory Risks These risks are reflected as a result of non-compliance with laws, guidelines and instructions governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities. ▪ Reputation Risk Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the company's management or its employees which project a negative image of the 	<ul style="list-style-type: none"> ▪ The risks are considered moderate before the company's establishment, because of getting the approval of the official authorities ▪ Reputational risk is low ▪ Market risk in the short term will be moderate because of the low competition from other companies

Risks	Type of Risks	Risk Assessment
	<p>company, its performance and its relationships with customers and other stakeholders. Reputation risk also results from circulating rumors about the company and its activities.</p> <ul style="list-style-type: none"> ▪ Competition Risk Competition risk results from domestic and external competitors and reduces sales and profits. 	
<p>Operational Risk</p>	<p>Operational risk involves losses resulting from the failure of internal operations, human resources and systems. It includes:</p> <ul style="list-style-type: none"> ▪ IT Risks They are losses arising from downtime or systems failure due to the infrastructure, information technology, or the lack of systems, and any failure or malfunction in the systems. They include: the crash of computer systems, breakdowns in communication systems, programming errors, computer viruses and opportunities losses due to breakdown. ▪ Human Resources Risk Losses caused by employees or related to them (intentionally or unintentionally). It also includes acts that are intended as methods of cheating, abusing property or 	<ul style="list-style-type: none"> ▪ Operational risks are very low, for the company will contract with specialized technical bodies to develop the required information systems, in order to manage operations ▪ Competitive salaries will be paid ▪ Information security plan will be put in place to safely keep the company information

Risks	Type of Risks	Risk Assessment
	<p>circumvent the law, regulations or company policy by officials or employees, as well as losses arising from the relationship with the customer, shareholders, regulators and any third party.</p>	
<p>State Risk</p>	<p>State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.</p>	<ul style="list-style-type: none"> ▪ State Risk is considered to be low, due to security and political stability; international reports indicate that State Risk is low both in medium and long terms

6.2 Sensitivity Analysis

First: Increase of Investment Cost By 10%

The following table shows the results of the sensitivity analysis when investment cost increases by 10%.

Table 29: Investment Increase by 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	22.9%	21.2%	1.7%
The Present Value at a discount rate of 13% (in Thousand JD)	1,475	1,530	(55)
Net Present Value at a discount rate of 13% (in Thousand JD)	463	414	49
Profitability Index (Time)	1.5	1.4	0.1
Payback period (Year)	4.4	4.6	(0.2)
The Net Profit Ratio – an average of 5 years	5.8%	5.7%	0.1%
Return on Investment - an average of 5 years	15.3%	14.0%	1.3%
Return on Capital – an average of 5 years	16.6%	15.0%	1.6%
Net Profit On Revenues - an average of 5 years	5.8%	5.7%	0.1%
Assets Turnover (Time) – an average of 5 years	0.7	0.6	0.1
The added value - an average of 5 years (in thousand JD)	480	479	0.4
income tax - an average of 5 (in thousand JD)	53	53	0.0
sales tax - an average of 5 years (in thousand JD)	122	122	0.0

The above analysis refers to the feasibility of investment in the project, in light of the high cost of the total investment of the project, which increased by 10%. It is noted that:

- The internal rate of return reaches 21.2%, which is considered high for investment purposes
- The new payback period is 4.6 years, and it is reasonable for recovery purposes
- The return on capital is 15%, which is suitable for investment purposes

Second: Reducing Revenues by 10%

The following table shows the results of the sensitivity analysis when reducing revenues by 10%.

Table 30: Reducing Revenues 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	22.9%	17.2%	5.7%
The Present Value at a discount rate of 13% (in Thousand JD)	1,475	1,198	277
Net Present Value at a discount rate of 13% (in Thousand JD)	463	186	277
Profitability Index (Time)	1.5	1.2	0.3
Payback period (Year)	4.4	4.9	(0.5)
The Net Profit Ratio – an average of 5 years	5.8%	-3.3%	9.1%
Return on Investment - an average of 5 years	15.3%	10.5%	4.8%
Return on Capital – an average of 5 years	16.6%	10.3%	6.3%
Net Profit On Revenues - an average of 5 years	5.8%	-3.3%	9.1%
Assets Turnover (Time) – an average of 5 years	0.7	0.7	0.0
The added value - an average of 5 years (in thousand JD)	480	403	76.1
income tax - an average of 5 (in thousand JD)	53	41	12.1
sales tax - an average of 5 years (in thousand JD)	122	110	12.2

The above analysis shows the low sensitivity of the project in case of reducing the revenues or demand by 10%. It indicates that:

- The internal rate of return is 17.2%, which is considered high for investment purposes
- The new payback period is 4.9 years, and it is reasonable for recovery purposes
- The return on capital reaches 10.3%, which is suitable for investment purposes

Third: Increasing the Operating Costs by 10%

The following table shows the results of the sensitivity analysis when increasing the operating costs by 10%.

Table 31: Increasing the Operating Costs by 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	22.9%	19.1%	3.8%
The Present Value at a discount rate of 13% (in Thousand JD)	1,475	1,305	169
Net Present Value at a discount rate of 13% (in Thousand JD)	463	283	180
Profitability Index (Time)	1.5	1.3	0.2
Payback period (Year)	4.4	4.7	(0.3)
The Net Profit Ratio – an average of 5 years	5.8%	0.0%	5.9%
Return on Investment - an average of 5 years	15.3%	12.9%	2.5%
Return on Capital – an average of 5 years	16.6%	13.1%	3.6%
Net Profit On Revenues - an average of 5 years	5.8%	0.0%	5.9%
Assets Turnover (Time) – an average of 5 years	0.7	0.7	0.0
The added value - an average of 5 years (in thousand JD)	480	440	39.7
income tax - an average of 5 (in thousand JD)	53	48	5.2
sales tax - an average of 5 years (in thousand JD)	122	122	0.0

The above analysis shows the feasibility of the project in light of increasing the operating costs of the project by 10%. It indicates that:

- The internal rate of return is 19.1%, which is considered high for investment purposes
- The new payback period is 4.7 years, and it is reasonable for recovery purposes
- The return on capital is 13.1%, which is suitable for investment purposes