



Third Annual Report

2001

Board of Directors

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Mr. Daoud Kishta International Financial Center	Member
Dr. Hani Halawani Al-Watanieh for Financial Services	Member
Mr. Rajai Kossous Jordan Investment and Finance Bank	Member
Mr. Jalil Tarif	Executive Manager

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CHAIRMAN'S STATEMENT

Honorable Members of the General Assembly of the Amman Stock Exchange,

On my own behalf and on behalf of my fellow Board Members I would like to welcome you to the permanent headquarters of the Amman Stock Exchange (ASE) and to thank you all for accepting our invitation to attend the Third Annual General Assembly Meeting. It gives me pleasure to welcome the Jordan Securities Commission (JSC) representative as well as all new ASE members that have joined us over the past year. Now please allow me to present to you ASE's Third Annual Report for the year 2001 which outlines the most important achievements made by the ASE during the previous year as well as its future plans.

In spite of the overall political and economic conditions, prevailing in the world in general and in the Middle East in particular, the ASE's performance was outstanding in 2001. ASE's performance indicators show a doubling of trading in 2001 reaching up to JD 669 million, its highest level since 1994. The price index weighted by market capitalization went up by about 30% of its 2000 level. The market capitalization of ASE listed shares rose by 28% as compared to the year 2000 amounting to JD 4.5 billion, namely 76% of the GDP, which underscores the vital role played by the ASE in the national economy.

ASE's performance in 2001 is attributed to the policies adopted by the Jordanian government with the aim of boosting investments in Jordan, spurring economic growth, maintaining a stable exchange rate for the Jordanian Dinar, lowering interest rates, and keeping the budget deficit to the GDP ratio within acceptable levels. Economic Policies are opening up to the world; Jordan's entry into free trade agreements with the US and Europe, Jordan's accession to the WTO, setting up of the Aqaba Special Economic Zone (ASEZ) and Qualified Industrial Zones (QIZ), further implementation of the Privatization Program, and technological

developments within the ASE all played a part in bolstering confidence in the Jordanian capital market and improving the profitability of public share holding companies, which in its turn reflected positively on ASE's performance.

The Board of Directors continued in 2001 what it had already started in the previous years in terms of across-the-board development of the ASE. Many technological developments took place, such as the Wide Area Network installation that links the JSC, the ASE and the Securities Depository Center (SDC) to each other as well as to brokers, issuers and data vendors, in addition to the electronic link to international financial institutions and markets. The first phase of the Management Information system (MIS) was put in operation, the system is characterized by its swift reports and bulletins which enable members to have access to their reports in the shortest time span possible. The Trading Hall was equipped with 35 computers for contingency use in case the brokers are unable to enter the trading system via remote trading (RT). The ASE is currently refurbishing the Trading Hall on the fifth floor of the Housing Bank Complex, supplying it with all the necessary equipments and screens with the aim to use it as an Investors' Gallery, the Gallery would enable investors to monitor the trading on-line. This Hall will be linked to the headquarters of the capital market through the Wide Area Network.

In the field of disclosure and data dissemination, the ASE has started in 2001 to show share price and price changes and movements of the ASE index live and daily on Jordan TV main and Satellite Channels during the trading sessions and the Economic Bulletin that follows the News at Eight in the evening. The ASE went into agreement with CNBC, a station specialized in world economic news coverage, to show shortly the share prices of companies listed on the ASE on their more than 150 million screens scattered around the world. In addition to that, the ASE released two Public Shareholding Companies Guides for the year 2000 and

the year 2001 on CD ROMs, and issued the Guide for Listed and Traded Companies for the year 2001. The ASE continued to develop its website, and it is to be noted that the number of visitors to the website exceeded 15 million in 2001.

The year 2001 witnessed tremendous efforts to develop the ASE at all levels; an enterprise that shall be pursued in its future plans. Some of the most prominent objectives of the ASE's future plan are to create an inductive environment for domestic and foreign investments, to promote interaction with the local community, to raise awareness of its role as a buttress to the national economy, and to use all available means to disseminate information. Furthermore, it shall go on encouraging issuers to list their securities on the ASE and to play an active role in the privatization process through the Public Offer Strategy Committee. The ASE looks forward to activating and stepping up its efforts in joint Arab action, through the Unified Arab Stock Exchange which shall act as a regional financial entity for Arab capital markets, and fostering closer cooperation ties with international and Arab capital market institutions.

Finally, I wish the ASE all the success in its future efforts. I trust that it, along with other national economic and financial institutions, would enhance Jordan's economy under the judicious leadership of His Majesty King Abdullah the II and His Royal Highness Prince Hamzah Ben Hussein, the Regent.

Dr. Abder-Rahman Toukan
Chairman of ASE Board of Directors

ECONOMIC SITUATION

Macroeconomic indicators in the year 2001 have showed an improvement in the performance of the economic activity, fiscal and monetary policies and the balance of payment (BOP). Primary figures presented in the “Budget Address for the year 2002” expect that the GDP growth in fixed prices will be 4.0% for 2001, same as in 2000, whereby the GDP would equal JD 6310 millions in current prices. This projected growth was the result of growth to most of the economic sectors. In this context, the consumers’ price index in 2001 registered a 1.8% increase.

As for the monetary policy, the Central Bank of Jordan (CBJ) pursued its policy which aims at maintaining monetary stability, a strong and stable Jordanian Dinar exchange rate, a low inflation rate and reduced interest rates. This policy has helped to keep a comfortable level of foreign currencies reserves at the CBJ, equaling JD 1828.1 million by end of 2001. As for interest rates, the discount rate dropped from 6.5% by end of 2000 to 5% by end of 2001, the weighted average of interest rates on loans and advances went down from 11.38% to 10.45%, interest rates on three months certificate of deposits (CDs) decreased from 6.0% to 3.9%, and credits granted to the private sector shot up by 12.2%.

On the public finance performance, primary figures indicate a drop of 10.8% on the expected level of domestic revenues for the year 2001, a decrease in general expenditures of 7.7%, thus the fiscal deficit, excluded grants, would amount to JD 437 million, i.e. 6.9% of the GDP. Including grants, the fiscal deficit in the general budget would fall to JD 190 million, namely a 3% of the GDP.

Domestic debt figures indicate a rise in its outstanding balance by end of 2001 to JD 1260 million, a 20% of the GDP, against JD 1120 million an 18.7% of the GDP by end of 2000, namely an increase of 12.5%. This increase in the outstanding

balance of public domestic debt is due mainly to Treasury bonds and bills issued to finance part of the budget deficit and to the public debt restructuring policy adopted by the Ministry of Finance.

On another vein, the external debt outstanding dropped by end of 2001 to JD 4743 million, a 75.2% of the estimated GDP for 2001, against JD 4795 million or an 80% of the GDP as of end of 2000, thus registering a drop of 1% as a result of the decline in the exchange rate of the JD against the Yen and the European currencies.

In the area of privatization, the year 2001 witnessed some noticeable progress in the transport and electricity sectors. The Royal Jordanian Airlines (RJ) was restructured, and the Carrier and the RJ Investment Co. (Holding) was transformed into and registered as companies fully owned by the government, this holding company owns several companies, including the Duty Free Shops at Jordanian airports, which was sold to a Spanish Company, the Catering Company of which 80% was sold to a British company, the Training, Simulation and Telecommunications Center Company which is in the process of being sold to an American company. The Engine Overhaul and the Aircraft Maintenance Companies have been registered as separate investment companies in preparation for selling them through an international bid. It has been decided in principle to restructure the Civil Aviation Authority and to privatize Jordanian airports. Registration of the Royal Aviation Academy as a public share holding company fully owned by the government is also in the pipeline.

In the electricity sector, the government is currently making the necessary studies to privatize the Generation and the Distribution companies and to sell its share in the Irbid District Electricity Company. The privatization process is expected to end towards the end of 2002 or the beginning of 2003. Efforts are underway to attract new investors to build a Power Supply Plant in Al-Khirbet Al-Samra area.

The government has issued, repealed and amended some laws to restructure several government corporations in view of their privatization, and to encourage domestic and foreign investment in or management of them. The Law On The Public Transport Regulatory Commission was promulgated, and recently, the new Law On Postal Services was approved. The later shall regulate the postal sector and set up the Jordanian Postal Company that shall be owned by the government but operated on business basis. The government has also given high attention to restructuring the Jordan Phosphate Mines and the Arab Potash Company, committees to proceed with the sale of part of the government's share in the Jordan Phosphate Mines were set up, and a Steering Committee as well as a Technical Group were set up for the Arab Potash Company. The government also intends to sell its shares in several other companies in 2002.

ASE PERFORMANCE IN 2001

I: The Secondary Market:

Indicators of the secondary market (which include the first market, second market, third market, transactions off the trading floor, bonds market, and the mutual funds market) registered a considerable increase in their levels compared to 2000. The secondary market volume was JD 727 million for 2001; an increase of 100.5%. The value of traded shares in the first, second, and third markets constituted the major part of this volume, that was approximately JD 668.7 million with a rise of JD 334 million or 99.8%, table (1).

Table (1)
Trading Volumes of the Secondary Market (1997-2001)*
(JD Million)

Year	Stock Market	Bonds Market	Off-Floor Transactions	Mutual Funds	Total
1997	355.2	2.0	67.7	-	424.9
1998	464.4	4.1	69.8	-	538.2
1999	389.4	4.1	109.5	0.1	503.1
2000	334.7	7.2	20.5	0.2	362.7
2001	668.7	7.2	51.2	0.0	727.0

* Years (97-99) for stock market do not include third market data

Following is a review of the secondary market activities in 2001:

A- First and Second Markets:

There were 161 companies listed on ASE by end of 2001, two companies less than the 163 that were listed in 2000. During the year 2001, the shares of Union Advanced Industries were listed and the following companies were de-listed from the second market to be traded through the third market:

1. Middle East for Development and Trade
2. Nyzak for Dies and Moulds
3. Intermediate Petro-Chemicals Industries

The shares of 147 companies were traded during 2001. The share prices of 74 companies rose, 67 declined and 6 stabilized.

The trading volume in the first & second markets increased by 130.2%, JD 662.4 million during 2001, compared to JD 287.8 million in 2000.

Trading Volume by Sector

The banks and financial companies sector had the greatest trading volume with JD 300.3 million, 45.3% of the total trading volume. The industry sector followed with a trading volume of JD 262.9 million, 39.7% of the total trading volume. The services sector had a trading volume of JD 93 million, 14% of the total trading volume. Finally the insurance sector with a trading volume of JD 6.2 million, 1% of the total trading volume, table (2).

Table (2)
Trading Volume of the First & Second Markets by Sector (1997-2001)
(JD Million)

Year	Banks	Insurance	Services	Industry	Total	% Chg
1997	165.5	4.5	55.2	130.0	355.2	42.9
1998	192.7	5.9	47.0	218.8	464.4	30.7
1999	128.1	7.6	50.8	203.0	389.4	(16.1)
2000	128.6	4.1	54.1	101.0	287.8	(26.1)
2001	300.3	6.2	93.0	262.9	662.4	130.2

The number of traded shares in 2001 amounted to 332.4 million shares, compared to 178.3 million shares in 2000, an increase of 86.4%. At the sector level, industry led, with 199.4 million traded shares, 60% of the total number of traded shares in first & second markets. The banks and financial companies sector came second with 69.4 million traded shares, 20.9% of the total number of traded shares, followed by the services sector with 60 million shares, 18% of the total number of traded shares. Finally the insurance sector traded 3.6 million shares, 1.1% of the total number of traded shares. The increase in traded shares was accompanied by an increase in the number of executed transactions, which was 293.2 thousand; an increase of 120.3%, table (3).

Table (3)
Trading Volumes of the First & Second Markets (1997-2001)

Year	No. of Traded Shares (million)	No. of Transactions (thousand)	No. of Trade Days	Turnover Ratio %
1997	191.1	138.0	248	17.8
1998	247.9	137.7	244	18.6
1999	271.1	154.6	242	19.1
2000	178.3	133.1	243	11.3
2001	332.4	293.2	241	19.9

The volume of the daily trading average increased to JD 2.7 million, or 125% compared to the daily average of 2000. The daily average of traded shares increased to 1.4 million shares, or 100% compared to the previous year. The daily average of executed transactions, increased to 1216 transactions, or 121.9 %.

The turnover ratio, representing the number of traded shares as a percentage of the number of subscribed shares, went up in 2001 to a total of 19.9%, compared to 11.3% in 2000. The turnover ratio was the highest for the industry sector with 30.4%, followed by the banks and financial companies sector with 14.9%, the services sector with 12.5%, and finally the insurance sector with 5%.

It should be noted that the ten most-traded companies in terms of traded shares represented 45.2% of the total number of traded shares in the first & second markets. The ten highest-traded companies by volume formed 69.3% of the total trading volume in the first & second markets.

Share Price Index

The general share price index, weighted by market capitalization, jumped to 172.7 points by end of 2001, compared to 133.1 points at the closing of 2000, an increase of 29.8%. At the sector level, the index for the banks and financial companies sector increased by 38.5% and for the industry sector by 22.1%, for insurance sector, the index increased by 11.2%, and for the services sector by 9.6%, compared to 2000, table (4).

Table (4)
Price Index Weighted by Market Capitalization (1997-2001)
(1991 = 100)

Year	Banks	Insurance	Services	Industry	General	% Chg
1997	232.3	122.9	116.6	115.5	169.2	10.3
1998	281.7	124.7	109.0	76.9	170.1	0.5
1999	251.9	123.7	110.6	96.2	167.4	(1.6)
2000	198.7	119.7	99.8	75.2	133.1	(20.5)
2001	275.2	133.2	109.4	91.7	172.7	29.8

The un-weighted (simple) index of share prices increased to 64.6 points by end of 2001, as compared to 57.6 points at the closing of 2000, an increase of 12.3%. At the sector level, the index for the banks and financial companies jumped by 59.5%, the services sector increased by 15.1%, the insurance sector by 3.7%, and the industry sector by 1.8%, table (5).

Table (5)
Un-weighted Price Index (1997-2001)
(1991 = 100)

Year	Banks	Insurance	Services	Industry	General	% Chg
1997	125.5	122.2	93.9	52.1	77.7	(13.4)
1998	109.4	123.6	79.0	40.4	64.7	(16.6)
1999	97.6	114.1	86.5	40.9	64.2	(0.9)
2000	84.5	105.1	79.2	36.6	57.6	(10.3)
2001	134.7	109.0	91.2	37.2	64.6	12.3

Market capitalization of companies listed on the ASE by end of 2001 went up 27.6% to JD 4476.7 million, compared to JD 3509.6 million by end of 2000. At the sector level, the market capitalization of the banks and financial companies sector rose by 35.9%, the industry sector by 22.7%, the services sector by 12.5%, and for insurance sector by 3.7% table (6).

Table (6)
Market Capitalization of the Listed Companies at the ASE by Sector
(1997-2001)

(JD Million)

Year	Banks	Insurance	Services	Industry	Total
1997	2001.8	71.4	400.1	1388.6	3862.0
1998	2621.9	88.5	442.1	1004.2	4156.6
1999	2346.6	95.6	470.2	1225.4	4137.7
2000	1859.4	97.1	561.3	991.9	3509.6
2001	2527.3	100.7	631.5	1217.3	4476.7

It should be noted that the largest ten companies constituted 67.9% of the market capitalization of the companies listed at the ASE.

B- Third Market

Out of 29 companies on this market, 16 companies were traded. The trading volume was JD 6.3 million compared to JD 46.9 million for 2000, the number of traded shares reached 8.1 million compared to 50 million for 2000, and 2329 transactions took place compared to 221 during year 2000.

C- Bonds Market:

The market value of traded bonds during this year reached JD 7.2 million, the same value for the year 2000. Number of traded bonds declined to 89 thousand bonds, 55% compared to the previous year.

The market value of development bonds traded during this year amounted to JD 0.9 million, representing 12.5% of the total trading value of bonds. The market value of traded corporate bonds amounted to JD 6.3 million and represented 87.5%, table (7).

Table (7)
Trading Volume in the Bonds Market (1997-2001)
(JD million)

Year	Development Bonds	Corporate Bonds	Total
1997	1.9	0.1	2.0
1998	2.3	1.8	4.1
1999	0.8	3.3	4.1
2000	2.0	5.2	7.2
2001	0.9	6.3	7.2

D- Off-the Trading Floor Transactions

Off-the trading floor transactions which were executed through the legal department in the Securities Depository Center (SDC), include inheritance, family transfers (ascendants and descendants) and companies excluded from trading.

Data indicate an increase in the volume of off-the floor transactions (stocks and bonds), which reached JD 51.2 million for this year, with an increase of 149.8% compared to the previous year. The number of transferred shares was 20.7 million with an increase of 91.7% compared to 2000.

The value of inheritance transfers amounted to JD 31.2 million, or 60.9% of the total transfers, and family transfers at a value of JD 8.4 million, or 16.4% of the total transfers.

E- Mutual Funds Market

There was one mutual fund listed on the ASE by end of 2001. The trading volume in this market reached JD 168 in 2 investment units were traded.

II: Non-Jordanian Investment

The total value of shares bought by non-Jordanian investors during 2001 was nearly JD 104.5 million, representing 15.6% of the overall trading volume, while the value of shares sold by them amounted to nearly JD 212 million. Thus, the net of non-Jordanian investment in 2001 shows a negative balance of JD 107.5 million,

compared to a negative balance of JD 11.8 million in 2000. The main reason for this drop was the JD 68 million deal on 400,000 shares of the Arab Bank sold by Kuwaiti investors to Social Security Corporation / Jordan.

Arab investors purchased nearly JD 74 million, or 70.8% of the total value of purchases by non-Jordanians, while the value of non-Arab purchases amounted to nearly JD 30.5 million, constituting 29.2% of the total of non-Jordanian purchases. Arab sales amounted to nearly JD 174.4 million, 82.3% of total non-Jordanian sales, while the value of non-Arab sales amounted to nearly JD 37.6 million, representing 17.7% of the total of non-Jordanian sales.

Therefore, non-Jordanian ownership in companies listed at the ASE by end of 2001 represented 38.5% of total market value, 33.7% for Arab investors and 4.8% for non-Arab investors. At the sector level, the non-Jordanian ownership in the banking sector amounted to 49.3% of total shares, the insurance sector to 17.8%, the services sector to 20%, and the industrial sector to 27.4%, table (8).

Table (8)
Non-Jordanian Ownership at the Listed Companies
By Sector (1997-2001)

Year	Banks	Insurance	Services	Industry	Total
1997	53.8	16.0	9.3	26.0	39.1
1998	56.4	15.1	11.6	28.1	43.9
1999	56.6	15.6	14.0	30.5	43.1
2000	55.2	17.9	21.3	30.2	41.7
2001	49.3	17.8	20.0	27.4	38.5

III: The Primary Market

The value of new issues in the primary market witnessed an increase of 34.8% to reach JD 344.3 compared to JD 255.4 during 2000. The shares issuance volume for 2001 amounted to JD 60.7 million, compared to JD 105.9 million in 2000, a drop of 42.7%. The volume of corporate bond issues for 2001 was JD 83.5 million, compared to JD 69.5 million in 2000, an increase of 20.1%. No development bonds

were issued in 2001, while treasury bond issues for this year increased to JD 200 million, from JD 80 million in 2000, table (9).

Table (9)
Value of Primary Market Issues (1997-2001)
(JD million)

Year	Shares			Bonds				Total Shares+ Bonds
	Newly Established	Established	Total	Develop- ment	Corp- orate	Treasury	Total	
1997	89.2	238.1	327.4	-	-	29.0	29.0	356.3
1998	15.8	31.7	47.5	43.0	53.5	20.0	116.5	164.0
1999	2.2	51.1	53.3	-	35.3	40.0	75.3	128.6
2000	-	105.9	105.9	-	69.5	80.0	149.5	255.4
2001	0.1	60.6	60.7	-	83.5	200.0	283.5	344.3

I: Technical Development

- Wide Area Network

In cooperation with the USAID funded program (AMIR), the Capital Market institutions completed the installation of a Wide Area Network (WAN) that links the JSC, ASE, and SDC with each other as well as with brokers, issuers and data vendors. The WAN ensures electronic linkage with other financial institutions and international markets. The wide network connects the capital market headquarters to the Housing Bank complex, in which most of Brokers are located, via Fiber Link, thus enhancing smooth and secure communication between capital market institutions and the outside world, and would opening the market to the public shareholding companies, brokers and institutions.

- Management Information System (MIS)

The ASE operated the first stage of its Oracle based MIS replacing the old Cobol and Access based system. The new system ensures swift reporting, which enables members to have access to their reports in the shortest possible time span. Historical data and information were included in this system in order to assist in the accurate analysis of information and to facilitate surveillance. Daily, weekly and monthly reports are extracted with the help of this system, as well as special reports broken down by tradings per broker, and reports indicating tradings per company along with particulars of public shareholding companies. Various ASE departments and staff are connected to a unified database that facilitates a rapid and highly efficient performance of department work, not to mention the other outstanding facilities in terms of comprehensiveness, preciseness and control of information.

- IP Address

The ASE has converted its IP Address with success, by changing the old system that was based on serial numbers into a system that is composed of both the broker number and the computer number, thus facilitating management of the Network. The new system put an end to any confusion with Internet addresses and separated the IP addresses of the three capital market institutions. Other features of the new system include the three-digit instead of the two-digit identity codes that would allow for an easy expansion of the network.

II- ASE Permanent Headquarter

The ASE has moved to its new permanent headquarters that embraced capital market institutions, located in Arjan area, near to the Ministry of Interior. The ASE headquarters has furnished with the latest equipment and put them at the service of traders in securities. The ASE headquarters includes a Trading Hall equipped with 35 computers for contingency use in case the brokers are unable to enter the trading system via remote trading. Also this hall will be used for training proposes and for giving lectures to the visiting delegates. The ASE placed four screens, at the headquarters lobby, one enable visitors view live trading. The ASE REUTERS page was placed on another screen. The other screens show general information about Jordan and the Jordanian Capital Market. Two tickers were placed at the lobby to show on-line trading information in both Arabic and English.

III: Investors' Gallery

The ASE is furnishing the trading hall located in the fifth floor at the Housing Bank Complex with the necessary technical equipment, this hall will be provided with the required equipments and screens and it will be used as an Investors' Gallery. This gallery will enable investors to watch the trading and prices on line, and it is linked to the Capital Market Building through the Wide Area Network.

IV: Legislative Development

The Board of Commissioners of the JSC approved the Instructions Related to the Buy Back of Public Shareholding Companies' Shares on the Market. The Instructions stipulate that the number of buy-back shares shall not exceed 10% of subscribed shares, that the amount set aside by the company to buy back its shares shall not exceed its total retained earnings and reserves, that the buy-back shall not be financed through lending, and that the ratio of current liabilities to net shareholder equity shall not exceed 20% as on the date of its General Assembly meeting. These instructions shall enter into force as of January 1st 2002

V: Public Awareness and Information Dissemination

Aiming to increase the public awareness concerning the importance of the ASE's role in economy, and its role in securing the necessary funds for investors, with the positive impact it would have on the growth of investment, boosting of economic growth rates and build up of the national economy. The following was done within this framework:

- The ASE has started in 2001 to display share price, price changes and movements of the ASE index live and daily on Jordan TV main and Satellite Channels during the trading sessions and the Economic Bulletin that follows the News at Eight in the evening. Thus it is possible now for citizens interested in keeping track of share price changes and movements of the ASE index to view it live and on the spot during the trading sessions on a daily basis.
- The ASE went into agreement with CNBC, a station specialized in world economic news coverage, to show shortly the share prices of companies listed on the ASE on more than 150 million screens scattered around the world. This came in response to the CNBC's desire to publish such information. The CNBC is the child of a merger between the famous US news network National Broadcasting Company and the specialized economic company Dow Jones.
- The general price index weighted by market capitalization now posted live during trading sessions on the GL display screen under the Market Information window.
- The fourteenth and fifteenth release of the Public Shareholding Companies Guide for 2000, 2001 were issued on a CD. It includes general information on public shareholding companies, the most significant financial statements for the last five years, and the most important indicators and financial ratios for the last two years. Total and sectoral cumulative data of the companies for the last three years were also added.
- ASE issued the Guide for Listed & Traded Companies 2001. Each listed and traded company's name both in Arabic and English, serial number, Reuters' code, telephone and email address are indicated therein. This guide includes the Market on which shares are traded, number of subscribed shares, market capitalization, shareholders' equity, total assets, net income after taxes, cash dividends, and financial ratios, namely, Price/Earnings, Price/Book Value, Dividend/Yield, Return on Investment and Return on Equity for both 1999 and 2000.
- ASE continued to issue a monthly Newsletter in 2001. The Newsletter covers ASE news for the month, Board of Directors decisions, information about the volumes, indexes and foreign investment, as well as the most significant economic news, and Arab and international stock exchanges news. The ASE also continued to issue the monthly statistical bulletin.

VI: Cooperation with Arab and International Institutions

As part of ASE efforts to strengthen ties of cooperation with international and Arab capital market institutions, ASE has participated in several meetings and lectures held at both Arab and international levels and received many delegations. In this context, the ASE in cooperation with ATOS-Euronext organized a meeting for the users of the French Trading System NSC-UNIX. Participants exchanged notes on the system and underscored the importance of cooperation amongst them in finding out the best means to secure suitable service. General rules to govern the NSC/UNIX user group, inter alia its structure, modus operandi and management were agreed upon. The Executive Manager of the ASE was elected as its chairman.

On the Arab front, the ASE has participated in:

- The official launching of the Arab Network of Financial Markets (Al-Shabaca), organized by the Union of Arab Stock Exchanges and Securities Commissions in Beirut. The ASE is one of it's members. Al-Shabaca covers securities of some 1400 listed companies in 12 stock markets, whose total value of transactions was estimated at US\$21 billion by the end of 2000. Al-Shabaca draws its importance from its being a significant initiative and a practical mean of linking the Arab exchange. It enables investors and traders in stock markets to monitor Arab stock markets live through the Internet, and allows subscribed brokers to execute (buy and sell) orders on Arab stocks.

- The Twenty-First Board Meeting of the Union of Arab Stock Exchanges and Securities Commissions, held in Abu Dhabi.

- The Twenty-Second Board Meeting of the Union of Arab Stock Exchanges and Securities Commissions, held in Sharm Sheikh, Egypt.

- The Technical Committee of the Union of Arab Stock Exchanges and Securities Commissions to set up the Unified Arab Stock Exchange, held in Beirut.

- The Twenty-Third Board Meeting of the Union of Arab Stock Exchanges and Securities Commissions, held in Cairo.

- The seminar on Compliance Standards arranged by the American Securities & Exchange Commission (SEC), in cooperation with the Bahraini Institute for Financial and Banking Studies.

During 2001, ASE has received the following delegations:

- A Syrian delegation that include representatives of the Central Bank of Syria, the Ministry of Planning, the Federation of Syrian Chambers, and Economic Reform Committee. The delegation got a first hand experience of the ASE’s mechanism of work and was informed of the legislative and technical developments that have taken place on the ASE in particular and the Capital Market in general.
- A delegation from the Syrian Chartered Accountants Association visited the ASE to have a first hand experience on the process of work.
- A delegation from Saudi Arabian Monetary Agency (SAMA), including the Surveillance Manager, the Legal Department Manager, a management consultant, and the Follow-up and Coordination Manager. The delegation was briefed on the latest legislative and technical developments, particularly those related to the mechanism of the electronic trading system, the database system and dissemination of information via all available means.

On the Local front ASE participated in:

- The Conference on Available Economic Resources in Jordan, organized by the Middle East Studies Center, in the form of a paper on the Investment Infrastructure and Culture and their Role in Economic Development.
- The Second Meeting of Jordanian Businessmen and Investors, organized by the Jordanian Business Association and the Jordan Investment Board in the form of a paper on the “Capital Market Development In Jordan”,

VII: Accepting New Members At the ASE

During 2000, a number of companies licensed by JSC to practice financial brokerage activities were accepted as members in the ASE. These companies were:

1. Selwan Brokerage Company.
2. Aleman Financial Investment.
3. Bank of Jordan.

VIII: Listing Securities at ASE

ASE continues urging public shareholding companies to list their securities on ASE. During 2001 the shares of Union Advanced Industries Company were listed through the second market, with a total capital of (2,436,646) shares.

Also, the ASE has listed of the following bonds.

- Water Authority Bonds, with a value of JD 30 million.
- Central Bank of Jordan Treasury Bonds, with a value of JD 200 million.

In order to encourage the companies to list their shares at the Stock Exchange. The SE has organized the following meetings:

- The ASE, in cooperation with INTAJ (a non-profit IT association in Jordan) and AMIR, organized a meeting with representatives from Jordanian IT companies to discuss the recent regulatory and legislative developments undertaken by the ASE, the role of IT companies in attracting new investments, and the importance of financing possibilities provided by the ASE to IT companies, which would increase the chances of attracting venture capital, hence bolstering the position, productivity and competitiveness of said companies at both local and international levels. Also the significance of private companies going public and their listing on financial markets was discussed.
- ASE has organized a meeting with representatives from 17 Jordanian telecommunication companies, during the meeting they discussed the recent developments of the Jordanian capital market, also the advantages which the company may gain in going public and listing in the ASE, mainly the financing possibilities provided through the ASE, which would enable these companies obtain the finance they may need for their activities and future plans.

IX- Interaction with Local Community

With a view to sustaining interaction between ASE and the local community, and convinced of the need to raise awareness of its vital role in support of the national economy, ASE participated in several meetings, activities and lectures in a number of local institutions and universities. A lecture was given at Hashimiya University about the recent developments witnessed at ASE in the legislative front. Another lecture at Yarmouk University about recent developments at the ASE in the legislative and monitoring front, and many other lectures at different schools and institutions.

In addition, ASE received groups of students from different Jordanian universities and schools. ASE received a group of students from Amman College, Arab Community College, Karak College and Queen Alia' College.

The students were briefed about electronic trading, trading mechanisms and latest developments at ASE. All of these public awareness events occurred alongside routine national and international media activities.

International and Emerging Stock Exchanges

Most international stock exchanges concluded 2001 with a poor performance as a result of the September 11th events. The indexes of these exchanges registered a decline in their levels. The World Index calculated by Morgan Stanley Capital International Perspective (MSCI-P) for the world as a whole went down for this year by 17.8%. MSCI-P index for Europe, Asia and the Far-East decreased by 22.6% in 2001 as compared to 2000.

As for emerging markets, 2001 witnessed a discrepancy in their performance. Some indexes calculated by the Standard and Poors Corporation (S&P) registered a decrease in comparison to 2000. IFC Composite Index for emerging markets, including Jordan, the Regional Index for Middle East and Africa recorded a decline of 2.8%, 11.3% respectively as compared to the closing of 2000. Whereas the Regional Index for Asia recorded an increase of 2%, as compared to the closing of 2000, table (10)

Table (10)
Performance of Stock Indexes at End of 2001
Compared with End 2000

Index	% Change
World Index - MSCI-P	-17.8%
Europe, Asia, Far-East - MSCI-P	-22.6%
IFC - Composite Index	-2.8%
IFC - Regional Index ME & Africa	-11.3%
IFC - Regional Index Asia	+2.0%

Within this context, as a result of the September 11th events and the recession expected for the American economy, all American exchanges recorded notable setbacks in 2001 compared with 2000.

Nasdaq composite index (dominated by IT and Internet stocks) dropped by 21.1%. Stock prices in New York Stock Exchange declined by 7.1% according to Dow Jones index DJIA, by 13% according to S&P 500 index and by 10.2% according to the NYSE composite index.

Because of the strong correlation between the US stock markets and the major stock markets in Asia and Europe, stock prices in London Stock Exchange went down by 16.2% according to FT-SE100 index. CAC40 Index of Paris Stock Exchange witnessed a decline of 22%. DAX index of Frankfurt Stock Exchange dropped by 19.8%. NIKKIE index of Tokyo Stock Exchange and Hang Seng Index of Hong Kong Stock Exchange dropped by 23.5% and 24.5% respectively. Stock prices in Milan, Zurich, Singapore, Toronto, Copenhagen, Brussels and Madrid declined by 24.6%, 21.1%, 15.7%, 13.9%, 13.2%, 8% and 6.4% respectively compared with 2000.

Table (11)
Performance of International Stock Exchanges for 2001

Exchange	Index	% Change
New York	DJIA	-7.1%
Nasdaq	NASDAQ -Composite	-21.1%
London	FT- SE 100	-16.2%
Paris	CAC40	-22.0%
Tokyo	NIKKIE	-23.5%
Frankfurt	DAX	-19.8%

According to S&P's reports, the performance of the emerging stock exchanges was mixed. Share price indexes valued in US Dollars during 2001 recorded a drop in 20 stock exchanges against a rise in share prices of 14 exchanges. The share price indexes of Pakistan, Greece, Argentina, Turkey, Philippine, China, Brazil, South Africa and Indonesia stock exchanges for the closings of the year 2001 went down by 32.8%, 31.2%, 30.9%, 30.3%, 25.3%, 23.1%, 22.3%, 22.1% and 16.3% respectively, as compared to the closings of the year 2000, while the stock exchanges in Russia, Korea, Nigeria, Slovakia and Taiwan rose by 59.7%, 47.6%, 25.1%, 21.3% and 12.8% respectively.

Arab Stock Exchanges

The performance of Arab stock exchanges in 2001 was weak. Arab Monetary Fund Composite Index valued in US Dollars dropped by 1.1% in 2001 compared to 2000. Available figures of share prices valued in local currencies indicate that share prices on Doha Stock Exchange increased by 37.2% compared to 2000 which is the best among the Arab stock markets. Kuwait Stock Exchange came third, after the Amman Stock Exchange, with a 26.8% increase in its price index. As for Saudi Arabia Stock Market, share prices went up by 9%. Egyptian stock exchanges performance was the worst among Arab stock markets according to EFG-Hermes index; it dropped by 36.8% this is mainly due to the weak performance of the Egyptian economy and the devaluation of the Egyptian Pound. Tunis Stock Exchange went down by 29.8%, compared to 2000. For Beirut Stock Exchange, share prices went down by 26.5% as a result of the rise in outstanding balance of public debt.

Share prices in Muscat, Casablanca, Palestine and Bahrain stock exchanges registered a drop by 24.4%, 7.4%, 6.1% and 2.5% respectively, as compared to 2000, table (12)

Table (12)
Performance of Arab Stock Exchanges for 2001

Exchange	% Change
Doha Stock Exchange	37.2%
Amman Stock Exchange	29.8%
Kuwait Stock Exchange	26.8%
Saudi Stock Market	9.0%
Bahrain Stock Exchange	-2.5%
Palestine Securities Exchange	-6.1%
Casablanca Stock Exchange	-7.4%
Muscat Securities Market	-24.4%
Beirut Stock Exchange	-26.5%
Tunis Stock Exchange	-29.8%
Egyptian Stock Exchanges	-36.8%