





His Majesty King Abdullah II Ibn Al Hussein



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BOARD OF COMMISSIONERS

Chief Commissioner
His Excellency Eng. Nader Dahabi

Deputy Chief Commissioner
Environment and Health Control Commission
His Excellency Commissioner Dr. Bilal Al Bashir

Administration & Finance Commission
His Excellency Commissioner Dr. Taha K. Ahmad

Revenue and Customs Commission
His Excellency Commissioner Mr. Shadi Majali

Land Infrastructure and Services Commission
His Excellency Commissioner Eng. Omar Rusan

Economic Development and Investment Commission
His Excellency Commissioner Mr. Saleh Kilani



WELCOME NOTE FROM ASEZA CHIEF COMMISSIONER

Dear Reader,

On behalf of the Aqaba Special Economic Zone Authority (ASEZA) Board of Commissioners and the People of Aqaba, I am pleased to present to you ASEZA 2006 Annual Report. 2006 marked the Zone's 5th anniversary. It also marked another successful year in which ASEZA team, in partnership with the local community, has taken major steps towards achieving the Zone's vision. In 2006, the value of committed investments in the Zone reached \$7 billion exceeding ASEZA's original goal of attracting investments of \$6 billion in 2020. We also witnessed the inauguration of a number of projects in the Zone. Signing the Memorandum of Understanding for the \$ 5 billion "Horizon" project was one of the 2006's most significant developments.

ASEZA realizes the importance of marketing the Zone nationally and internationally and is particularly committed to marketing the ASEZ as a competitive business hub in the Arab gulf region. In partnership with the Aqaba Development Corporation, ASEZA 2002 and the major investors and developers in the ASEZ, a number of marketing missions were carried out in 2006 targeting Kuwait, UAE, Qatar and Bahrain. These missions have resulted in the signing of a number of MOUs with renowned investors.

In the continuing effort to turn His Excellency King Abdullah II's vision into reality, and to achieve excellence in corporate governance, ASEZA continued with the development of its services and work process. In addition, we have conducted a full review of our strategic plan and created an ASEZA 2007-2010 strategic document that defines our goals and objectives in addition to setting an action plan for each of ASEZA's directorates.

Regarding community development, 2006 witnessed a number of initiatives aimed at developing the social, cultural, educational, and health aspects of the local community. One such programme is the school adoption program, launched by ASEZA, which has had tangible effects on Aqaba's public schools. This programme is based on the idea that the Zone's developers and investors share the responsibility, along with ASEZA, of contributing to the development of the local community. The programme aims at improving school infrastructure and contributing to the welfare of teachers and students. To date, 10 investors have adopted 12 schools.

I would like to express my gratitude to the wise Hashemite leadership of His Majesty King Abdullah II. I would also like to thank the ASEZA team for their enormous efforts and dedication, the Aqaba community for their support and partnership and finally the Zone's developers and investors for sharing and enabling us to achieve ASEZA vision.

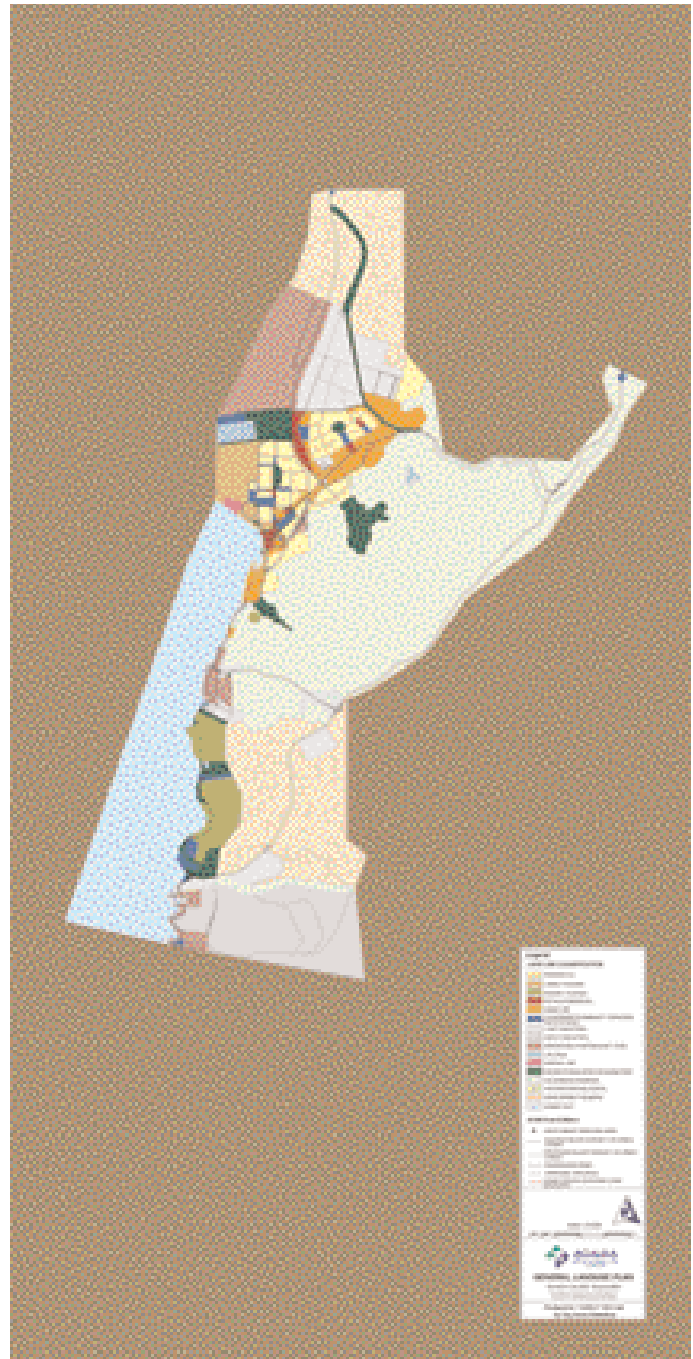
Eng. Nader Dahabi
Chief Commissioner

AQABA SPECIAL ECONOMIC ZONE AUTHORITY

ASEZ, Your Global Gateway to Business and Leisure

The Aqaba Special Economic Zone (ASEZ) was launched in 2001 as a duty-free, low tax and multi-sector development zone offering global investment opportunities in a world-class business environment ranging from tourism to recreational services, from professional services to multi-modal logistics, from value-added industries to light manufacturing. The ASEZ covers an area of 375 km² encompassing the entire Jordanian coastline (27 km), the sea-ports of Jordan, an international airport operating under an Open Skies airport policy and the historical city of Aqaba with a current population of 86,000 people.

The Aqaba Special Economic Zone Authority (ASEZA) is the statutory institution empowered with regulatory, administrative, fiscal, and economic responsibilities for the ASEZ. ASEZA is deeply committed to creating and preserving Aqaba as a competitive international investment location. ASEZA maintains a streamlined investment environment and encourages private sector participation in all aspects of the Zone's development and operations.





VISION

“The Aqaba Special Economic Zone is a world class business hub and leisure destination on the Red Sea that enhances the quality of life and prosperity of the community through sustainable development and is a driving force for the economic growth of Jordan”.

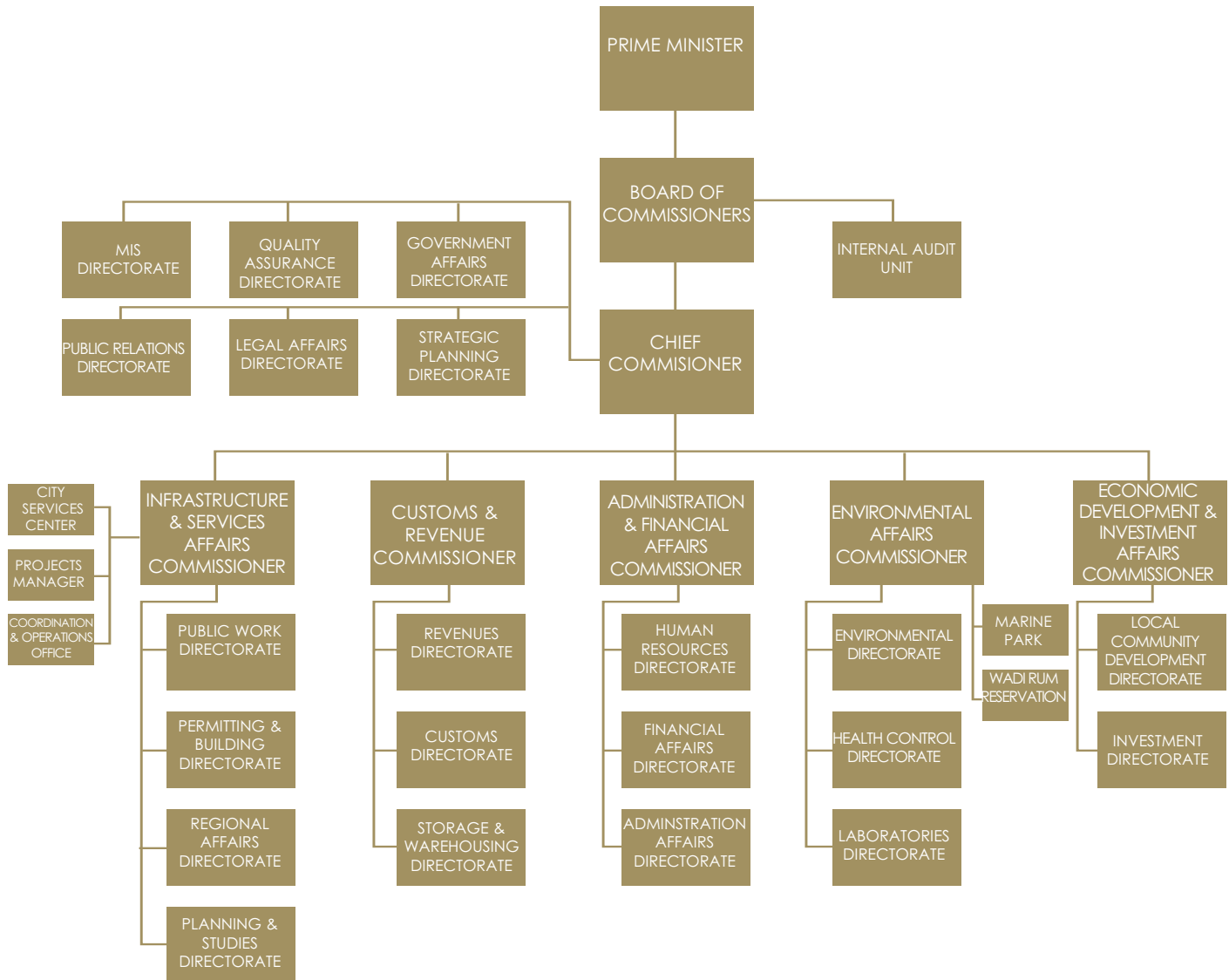
MISSION

- To improve the quality of life for all community members.
- To create, regulate and sustain a globally competitive and investor-friendly environment.
- To optimize the efficient utilization of entrusted resources in harmony with the Master Plan and internationally recognized practices.
- To have a transparent and accountable corporate structure, governance and culture that synergizes the activities of the ASEZA team.

BENEFITS FOR INVESTORS

- Flat 5% income tax on net profit and exemption from social services tax (except for the banks and insurance and transportation by land).
- Exemption from the taxes on lands, properties, social services, and the distribution of the profits and shares.
- Exemption of all the imported goods from the customs (except for the cars).
- No restrictions on foreign properties.
- No minimum average for the local capital.
- Practical procedures for the streamlined labour and immigration.
- Possibility of using 70% of the foreign labour in each project.
- Practical procedures for the registration and licensing through a one stop shop.
- International agreements providing preferential benefits for the exported goods from Aqaba to the world markets.
- A regional and multimodal center for transportation which holds a multi services port and an international airport.

ORGANIZATIONAL STRUCTURE





STRATEGIC PLAN 2007 - 2010

Aqaba Special Economic Zone Authority (ASEZA) is continuously looking to enhance the Zone's position as a quality investment and lifestyle location on the local and regional level. By delivering exceptional services and implementing a well established infrastructure, ASEZA will attract new investments and facilitate the implementation of existing signed investments, thereby improving both the Zone's and the nation's economy.

2006 has been a turning point in the managerial practices of ASEZA. ASEZA's top management reformed current practices and adopted best international managerial practices such as the Results-Based Management Framework. This change was required to allow ASEZA to better manage its scarce resources effectively and efficiently.

ASEZA used a unique methodology customized to meet its specific characteristics. Inside ASEZA these characteristics include available human, technical and financial resources. Externally, they include the goals of attracting new investment, implementing existing investment, and local community development, and the threat of international competition.

ASEZA started its revitalization of management practices at a retreat in Wadi Rum on March 20th 2006. ASEZA board members and a number of directors evaluated ASEZA's internal and external environment and assessed the applicability of ASEZA's mission and vision statement, which was ultimately approved with no modifications. The main output of the retreat was the definition of ASEZA's six strategic goals, elaborated in the 2007-2010 Strategic Document. These goals and related sub-goals are outlined on the next page.

Another major managerial development in 2006 was the Strategic Planning Directorate's creation of the foundations of the Monitoring and Evaluation (M&E) system and the results-based budgeting system. Through the M&E system, each department's yearly action plan will be monitored on a regular basis, along with each plan's outputs and outcomes. The results-based budgeting system will link the strategic plan to the budget through detailed yearly action plans, developed based on extensive criteria approved by the board.

STRATEGIC GOAL	SUB-GOAL
1. Increase the investment in the region to improve the national economy.	1.1 Realize existing investment commitment of \$7 billion USD.
	1.2 Attract additional \$3 billion USD in new investments.
2. Reform and refine legislative framework to control and manage changes occurring in the region.	2.1 Review and update the law, policies, and regulations in all sectors under ASEZA management.
	2.2 Implement proper policies to reduce exemptions.
	2.3 Update the master plan to capture the expected changes in the region.
3. Improve the socio-economic standing of the local community.	3.1 Empower local community organizations (NGO) and build their capabilities to serve targeted groups in the local community.

	3.2 Facilitate and support the prosperity of small and medium sized private sector enterprises.
	3.3 Build the capacity of local skill training institutions and encourage the local community to take advantage of training opportunities.
	3.4 Motivate and attract new economic activities that generate new jobs for Jordanians.
4. Implement the best management practices to provide Jordan with a model of good governance.	4.1 Provide services in a simple and easy way.
	4.2 Increase remittances to the Treasury while remaining fiscally viable.
	4.3 Institute budgeting process and link it to the planning process to reduce deviations.
	4.4 Increase transparency and accountability.
	4.5 Implement proper mechanisms to receive customers' feedback as well as implementing follow-up mechanisms.
	4.6 Identify means to improve efficiency.
	4.7 Implement a structural system to manage the relationships with ASEZA's strategic partners.
5. Make Aqaba a hub and a destination for tourists.	5.1 Increase the number of tourists, length of their stay, and their daily expenditure in ASEZ.
	5.2 Organize attractions, events, exhibitions, and new tourists activities.
	5.3 Contribute to developing Wadi-Rum as a tourist destination.
6. Increase the quality and quantity of services and deliver infrastructure to accommodate growth.	6.1 Complete planning and reorganization operations of the region by using the best international practices.
	6.2 Improve infrastructure and services provided at entry points.
	6.3 Improve and assure a high level of services provided for electricity, water, gas, and telecommunications.
	6.4 Improve the standards of services through privatization and reorganization.
	6.5 Increase the number of facilities to tourists.
	6.6 Work with major partners to develop the infrastructure and services in the region.



ACHIEVEMENTS AND ECONOMIC INDICATORS

INVESTMENTS

ASEZA's original goal of attracting \$6 billion of investment by 2020 was quickly exceeded with signed memorandums of understanding already reaching this goal by 2006. The popularity of the ASEZ as an investment zone presents a challenge to ASEZA to ensure implementation of committed funds.

In 2006, 224 companies registered for the first time in the Zone, compared to 199 in 2005. The new companies of 2006 registered JD 254.3 million of capital, a significant increase over the JD 97 million registered by the new companies of 2005. This increase represents a growth rate of 161% in capital of newly registered companies.



PROJECTS

By the end of 2006, ASEZA and the Aqaba Development Corporation (ADC) had signed agreements with several companies reaching a value of almost 7 billion USD and covering an area of 3.7 million m².

Major projects, signed or started in the last year, are as follows:

1. Horizon, an integrated urban city project divided into six main sectors. Valued at 5 billion USD, the project consists of a central commercial region composed of entertainment and cultural spaces, and residential villas and complexes. To the north lie multistory buildings, commercial stores and a region for light industry.
2. The Aqaba Project, executed by the Al-Kurdi group. The project costs JD 210 million and covers 100,000 square meters. It will include a trade center, hotel, water park and entertainment Play City.



3. The Holiday Inn - Aqaba. This hotel project costs JD 20 million. It will include 155 hotel rooms in the first phase, with a final count of 220 rooms and suites, reception halls and conference rooms by the project's completion.

4. Ayla Plaza. This complex includes restaurants, cafes, and 8,000 m² of commercial offices. The project costs JD 3 million.

Aqaba Development Corporation (ADC), the development arm of ASEZA, aims to develop and manage the strategic assets of the Zone to unlock and leverage value from this asset base. A key priority for ADC is to ensure that the 2001 – 2020 Master Plan for the Zone is realized in a systematic way that maximizes the potential of Aqaba as a leading Red Sea business, logistics and leisure hub. Organized as a private company, with a Board of Directors representing the public and private Sectors, ADC's philosophy and approach reflect best commercial practice. ADC's achievements for 2006 include:

1. Two projects executed by the National Kuwaiti Real-Estate Company, at a value of USD 37 million: The Stores and Industries complex, to cover 1.5 million m² and the Northern Project, built on 500,000 m² of land already part of the Aqaba infrastructure network, which will include commercial facilities, offices, housing complexes, hotels, and academic and scientific areas.

2. The development of the Port of Aqaba, executed by a coalition of companies including Lamalco (Emirati), Jordan Marine Lines and ADC. The project costs around JD 16 million.

3. The Aqaba Center project, executed by a group of consulting firms led by the Talal Abu Ghazala Company. The project costs JD 10 million and covers 20 km².

4. A residential village for airport employees and maintenance experts, executed by the Al Bdad Group. It costs about JD 5 million and covers an area of 10 dunum.

5. A Mercedes truck maintenance and mechanical center, covering an area of 10 km². The project



will be executed by The Experts Company for Investments

6. The development and management of the container port for 25 years, focusing on increased efficiency in time and cost. The project costs 500 million JD and is operated by I.B. Muller and ADC.

7. Al-Qasaba, an integrated residential city project occupying 285 km² north of the city. The built area will occupy 145,000 m² and include shopping areas, trade centers, entertainment areas and sports areas. Green space will make up the rest of the project. The project is operated by ADC and the Arab Assembly for Investments Company, for a cost of 100 million JD.

8. An integrated residential city project in Yamnia Heights, a part of Aqaba's southern coastal region. The project is valued at 90 million USD, covers an area of 190 Km², and will be executed by Mada'in Alaqaba in cooperation with ADC.

9. A public-private partnership for the management of the King Hussein International Airport.

10. Saraya Al-Aqaba, which laid its cornerstone in 2006. The project is estimated to be valued at about JD 600 million and to cover 612,000 m². It lies on the southern side of Aqaba city and is built around a man-made harbor, which extends the coastline of Aqaba by 1.5 km. The project includes shopping, entertainment and residential areas.

11. A residential project for the workers of Saraya Al-Aqaba. The project covers an area of 50 km² and will be executed by ADC and the Saraya Al-Aqaba project managers.

12. The logistical containers village, costing USD 70 million. The project will be executed by a collaboration of the Kuwaiti Public Stores Company, the Singaporean company OPM, and the investment group Qouar. The group will build storage facilities on an area of 550 km². The agreement allows the group to operate and offer integrated services in the project for 20 years.



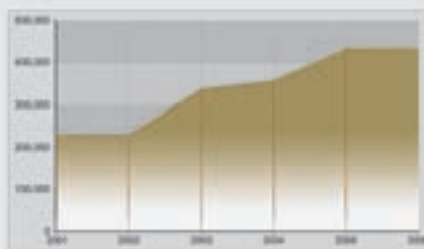
TOURISM

The number of tourists visiting the Zone in 2006 rose to about 432,000, an increase of 5% over previous year. Approximately 65%, or 293,000 were Jordanians. Of foreign tourists, Europeans visited the Zone in the largest numbers, with about 98,000 visiting during the year.

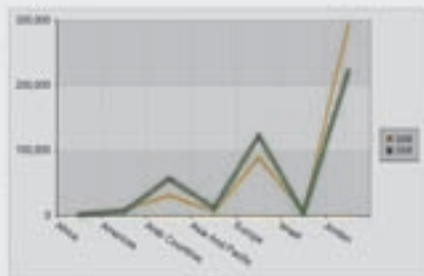
There has been a significant increase in the number of tourist ships docking in Aqaba. Twenty-four ships docked during the 2004/2005 season but this number increased to 39 during the 2005/2006 season. Revenues from these ships have risen to more than JD 7.72 million, doubling the total from the previous season. The number of tourists arriving on these ships has more than doubled, increasing from 10,700 to 20,300 in 2004, 2005 and 2006 respectively. This represents a 120% increase in tourist numbers in the last year.

During 2006, the Tourism Department financed advertising and media campaigns with the assistance of the European Union in order to market the Golden Triangle of Jordanian tourism: Aqaba, Wadi Rum and Petra. Agreements were signed between ASEZA and specialized tourism marketing companies in Poland and Sweden in order to increase tourist awareness of Aqaba's qualities and capacity.

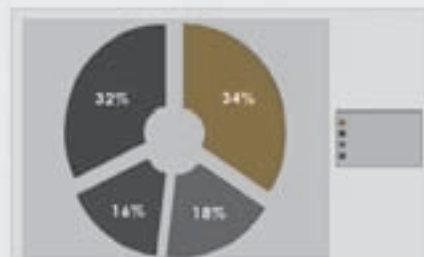
Total Tourist Numbers



Tourist Numbers by Region/Country



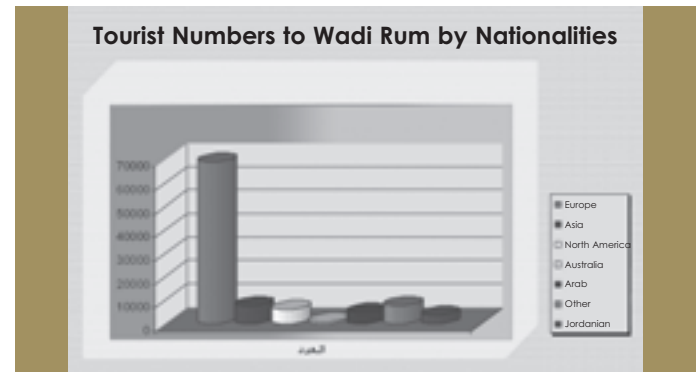
Hotel Occupancy Rate



TOURISM IN WADI RUM

Wadi Rum is considered the biggest natural reserve in Jordan concerning tourism and environmental activities. ASEZA's main focus for the reserve is to develop tourism by upgrading the level of services available.

Wadi Rum had many successes in 2006, including attracting 100,554 visitors, and developing 34 Bedouin campsites.



ECONOMIC INDICATORS

EXPORTS AND IMPORTS

ASEZA continued to improve conditions for commercial traffic into and out of the Zone. Imports in 2006 reached a value of JD 358.7 million and exports a value of JD 283.6 million. This represents an increase of 20% in imports and a decrease of 6.4% in exports over the past year. The value of consumed goods rose by 1.14% this year to a level of JD 203.46 million.

This high level of economic activity indicates a developing role of the ASEZ as one of the most important ports in the region. However, ASEZA's vision is not to confine economic activity to the port or to commercial activity alone; Aqaba will develop into a logistics center providing services to the rest of the Kingdom and throughout the region.

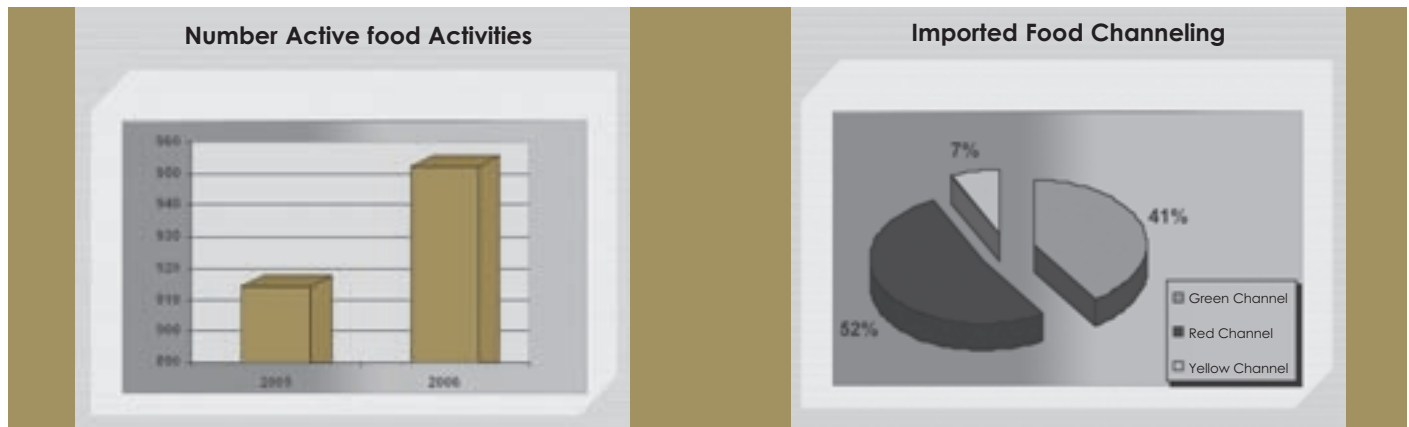
THE GOODS ENTERING THE SPECIAL ECONOMIC REGION						
	2001	2002	2003	2004	2005	2006
Capital (JD)	99,152,581	137,427,893	159,303,634	316,260,096	298,671,219	358,733,175
Commercial Growth		39%	16%	99%	-6%	20%



FOOD SAFETY

ASEZA strives to guarantee the quality of all imported nutritional goods entering the Zone by setting and following a number of systems and criteria. Main accomplishments of the Food Safety Directorate include:

- Clearing 8042 imported food consignments via the Aqaba port.
- Increasing the number of active food enterprises in the Zone, from 914 in 2005 to 952 in 2006. This includes groceries, supermarkets and restaurants.



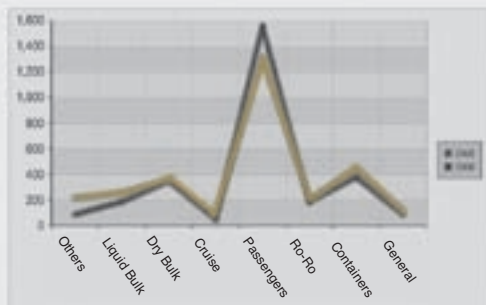
MARINE TRANSPORT

The total number of ships coming to Aqaba port in 2006 was 2884, a 3% increase over the previous year. The number of passenger ships rose by 19% to 1557, carrying 1.347 million passengers compared to 921,000 in 2005. This represents a 46% increase in passengers.

TYPES OF INCOMING SHIPS

YEAR	G.C	CONTAINER	RO-RO	PASSENGER	TOURIST	DRY BULK	LIQUIDBULK	OTHER	TOTAL
2006	85	378	183	1557	63	347	185	86	2884
2005	112	443	204	1308	39	361	252	214	2933
2004	109	422	221	1202	20	385	229	300	2888
2003	127	484	263	1151	15	350	181	123	2694
2002	143	518	239	1257	27	314	93	198	2789
2001	127	516	213	1135	79	234	58	311	2673

Port Activities



MOVEMENT OF CONTAINERS

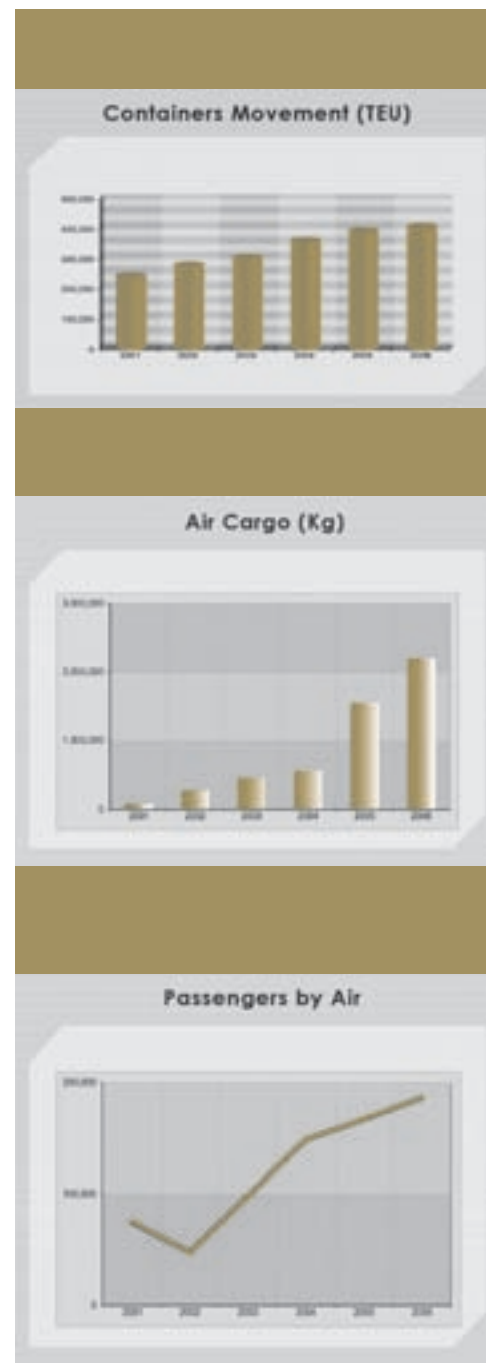
The strategic location of the Aqaba Port represents a crucial link between Jordan and the surrounding countries. The increasing efficiency of the port has facilitated commercial activities depending on it. This is reflected in the port's increasing turnover. The movement of goods through the container terminal rose by 4% this year to 405,660 TEU. The port operator brought in five additional levers to increase efficiency, and provided training to the Jordanian employees in the management and operations area. This marks the end of the second stage of the mechanization of the port, bringing the total gross value of the project over USD 30 million.

AIR FREIGHT

Air cargo transported through King Hussein International Airport increased by 44% in 2006, from 1.5 million kg in 2005 to 2.16 million kg in 2006.

PASSENGERS TRAVELING BY AIR

Although the total number of general flights decreased, the number of passengers traveling by air (arrivals, departures and transit) through King Hussein International Airport increased by 12% in 2006. There were 186,465 passengers during 2006.





REVENUES FROM THE TAXES AND CUSTOMS

Total revenues collected by ASEZA from taxes and customs rose by 26% in 2006, from JD 25.385 million to JD 32.049 million. ASEZA's 2006 share was JD 16.548 million, an increase of 31% over 2005. The National Treasury's 2006 share was JD 15.501 million, an increase of 22% over 2005.



TOTAL REVENUES FOR 2001 - 2006 (JD)

	Total	ASEZA share	National Treasury share	Growth in ASEZA's Revenues (%)	Growth in National in Treasury's Revenues(%)
2001	8,518,742.59	2,584,930.69	5,933,811.90		
2002	11,547,935.85	3,241,487.24	8,306,448.61	25.40%	39.99%
2003	13,034,901.56	4,337,997.73	8,696,903.83	33.83%	4.70%
2004	18,645,114.95	10,264,776.07	8,380,338.88	136.62%	-3.64%
2005	25,385,851.86	12,645,012.08	12,740,839.78	23.19%	52.03%
2006	32,049,477.73	16,548,166.36	15,501,311.37	30.87%	21.67%
TOTAL	109,182,024.55	49,622,370.17	59,559,654.37		

INFRASTRUCTURE PROJECTS

ASEZA is focused on the continuing development of infrastructure in the Zone in order to provide an increasingly attractive investment environment. Infrastructure development ranges from street improvement to the establishment of new districts, such as Al-Karama.

The total amount of licensed area is an important indicator of the extent of activity in the construction sector. The amount of newly licensed areas rose in 2006 by 13% to 551,330 m², from 487,633 m² in 2005. This is due to the commencement of many major projects during the year, and to the construction of many new houses within the city.

ASEZA is working on many projects that provide direct benefits to the local community and its needs. Projects are distributed throughout the Zone and cover most major sectors of infrastructure, including streets, public lighting and sewage networks. Of the main projects are:

- The completion of the second stage of the airport road expansion at a value of JD 157,000.
- The ninth and tenth residential districts were provided with basic infrastructure valued at more than JD 87,000.
- Areas zoned for laboratories, food industries and crafts were also provided with basic infrastructure at a value of JD 1.5 million.
- Some districts within Aqaba were provided with public lighting at a value of more than JD 155,000.
- Plans were finalized for the conversion of Al-Saada Street to a pedestrian zone at a value of JD 18,000.
- The construction of a city park at a value of JD 90,000.

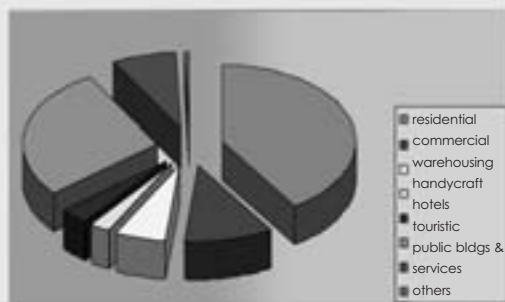


- The creation of a fiber-optic network serving Aqaba schools at a value of around JD 300,000.
- The development of the west part of the Farouq Street at a value of JD 47,000.
- The establishment of Aqaba abattoir/first stage at a value of JD 207,000.
- The organization of truck parking and the Fifth Location/Rachidiya at a value of JD 732,000.
- The development of water, sewage, electricity and phone services in Rabyeh at a value of JD 15,000.

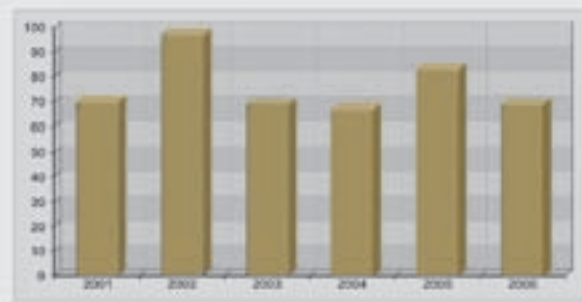
In collaboration with the Aqaba Development Corporation and the owners of the investment projects on the southern coast, The Aqaba Water Company announced the establishment of a sewage project in the south at value of JD 5,5 million.

Aqaba city is witnessing an increase in both visitors and population, requiring constant provision of maintenance services. ASEZA executed 1300 major maintenance projects at a value of JD 170,000, and 1720 maintenance and planning projects at a value exceeding JD 130,000. This included operations of maintenance of bridges and other strategic locations, at a value of JD 150,000.

TOTAL AMOUNT OF LICENSED AREA IN 2006



Infrastructure Projects



AL-KARAMA PROJECT (SIXTH PHASE)

This project will provide a healthy residential environment for local citizens and thereby aims to improve their quality of life. The project targets residents of the Al-Shallalah area which is currently underserved and impoverished, by providing clients with new housing. This will also open up the Al-Shallalah area, situated on prime real estate in the middle of Aqaba city, to tourist and commercial exploitation.

The project is divided into seven phases of execution: two to build infrastructure, three to build residences, one to build public buildings and one to complete the overall project. The project lies beside the light crafts zone on the road to the Aqaba airport, and covers an area of 470 dunums. It will be divided into 228 sectors, each to be treated as its own neighborhood. The project will include 985 residential buildings, 682 apartments, 75 shops and a central service region that includes commercial buildings, a mosque, a school, an administration building and a health center. The entire project will include green spaces and pedestrian walkways.



DOMESTIC BUS TERMINAL

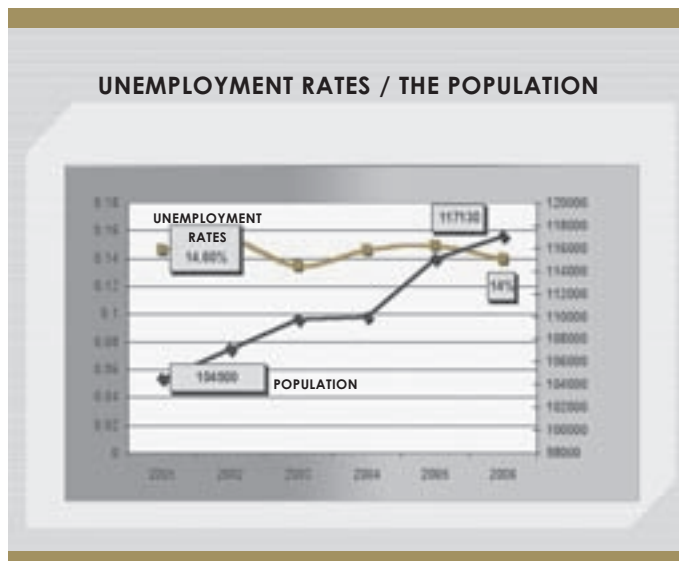
ASEZA has made plans to create a domestic bus terminal on the site of the previous international bus terminal. The complex will cost JD 83,000. It will have a 30 bus capacity and provide rest areas, waiting rooms, open areas and passenger services. It will cover 140 m².



LOCAL COMMUNITY AS A STRATEGIC PARTNER

The Aqaba Special Economic Zone Authority (ASEZA) is committed to maintaining an interactive and sustainable partnership with Aqaba's local community. This is a result of ASEZA's belief that the human aspect of the Zone's development is both a means and an end. Thus, ASEZA has always been active in aligning its social, economic and cultural development policies with community transformation objectives.

ASEZA supports the local community on many fronts. One of the most important is in the creation of job opportunities, particularly necessary in the face of increased demand for jobs. Figures from the Department of Statistics show that though the population of Aqaba is increasing annually at a rate of 3.7%, ASEZA has helped to keep the unemployment rate stable. However, high migration rates from both domestic and international locations into Aqaba present an ongoing challenge for ASEZA's job creation capabilities.



Below is a description of ASEZA's main achievements in the realm of local community development:

1- MILLENNIUM DEVELOPMENT GOALS REPORT

In cooperation with United Nations Development Program (UNDP) and with a total cost of \$80000, the Millennium Development Goals Report for Aqaba Governorate was issued. Considered to be the first in the Arab world, the report aims at setting a comprehensive strategy for sustainable social and economic development in addition to an action plan for human resources development in the governorate. The main objectives of this project are:

a- Enable ASEZA Local Community Development Directorate to coordinate between all different bodies working on achieving social and economic development in the Zone and insure the director's efficient participation in putting the strategic development goals for the zone and monitoring of this strategy so as to guarantee its success.

b- Develop the capacity of Non-Governmental Organizations (NGO) operating in the Zone to insure its ability to represent and understand the local community and participate in both developing and implementing the comprehensive community development strategy.

2- NGO CAPACITY BUILDING PROGRAM

This program comes as part of ASEZA's goal to support and build the capacity of civil society organizations operating in the zone.

a- Organizing the meeting between NGOs and donor agencies to pave the way for future cooperation and opening communication channels: Business development program, Jordan partnership program, Save the Children, Noor al Hussein Foundation, Woman and Child fund, Middle East company for small enterprises fund, Jordanian Hashemite Fund for Human Development, Development and Employment Fund.



b- **PUM** - Netherlands senior experts: In order to support small medium enterprises in the ASEZ, ASEZA launched the PUM program through which ASEZA hosts experts from Netherlands who provide technical and institutional support to NGOs and SMEs.

Some of the bodies who benefited from this program are the Mechanics Association and the Vocational

Training Center. The program offered a training course on the maintenance of the wooden boats and the maintenance of the glass boats engines by performing a study on utilizing solar power instead of diesel. The program also offered a number of sessions to a group of associations, mainly a study about the tomatoes cultivation and marketing and a study about the status of the constructors' community.

c- To enhance the role that plays the Woman and Child Center that was established in cooperation with Quest Scope and the Jordan National Forum for Women in the Khazan area. A Lending project was launched from the Funding Project in the centers working under the Islamic laws in order to finance individual and collective projects in Chalala and Khazan area.



d- The Authority worked on enhancing the role of NGOs in supporting the local community to develop human resources and enable them to play their developing roles efficiently and that in offering training sessions to the citizens of local community through the associations operating in the area with the support of Aazm project. ICDL sessions were offered to the Noor Al Hussein Foundation in which 96 persons participated and English sessions for 84 participants and sessions in working skills to 90 participants. The program offered to 88 participants in the professional training center, sessions of manual works, and to 40 participants in Aqaba Faculty, sessions of English language.

3- EDUCATION

Believing in the important role that the education plays in the community development process and enhancing the educational level, ASEZA promoted the cooperation with the private sector which was positively reflected on the educational level. Of the most achievements are:

a - Offering 16 scholarships through a program of scholarships for the local community in Aqaba at a value of 1 million dinars in cooperation with Hashemite Fund.

b- The schools adoption initiative which is considered one of the most important goals that the Authority is trying to achieve and that through promoting the role of the private sector institutions in the social responsibilities. The governmental schools initiative represented a basic structure in the development operation through which 10 companies of the public sector adopted 12 governmental schools. Aqaba Development Cooperation adopted Hamima and Abou Ayoub schools, while Fast Link adopted Thatalsawari School and the containers terminal, Aqaba comprehensive schools for boys. The Saraya Aqaba adopted the school of Abdullah bin Quais al harithy, and the Arab Bridge Maritime Company, Rahma and salheys schools. Ayla Oasis adopted Aqaba comprehensive school for boys and the Aqaba Ports Corporation, Salman al farisy compulsory school for boys. Tameer adopted Al Hashimys school for girls, and Red Sea Timber Factory, the Queen Zein al sharaf secondary school for girls.

c- ASEZA organizes an annual "Back to Schools Campaign" at the beginning of the school year. This campaign includes distributing school bags and stationary to all students in addition to covering

tuition fees for underprivileged students. ASEZA also provides support to schools by financing maintenance and renovations in schools.

d- ASEZA also provides support to single schools teachers by providing suitable housing and furniture at an annual value of 10,000 dinars approximately.



e- Understanding the value of extra curriculum activities in the education process, ASEZA has supported a number of functions in Aqaba such as Aqaba Sports Festival, Olympics (Jordan federation for schools sports), different school celebrations and functions. In cooperation with Injaz, ASEZA has also introduced T.T.BIZ program which allows students to learn more about the tourism industry and the opportunities in this sector.

f- Supporting university students in Aqaba, ASEZA established the university student fund which grants scholarships to merit students and helps them pursue their studies.

4. EMPLOYMENT SUPPORT CENTER:

This center coordinates between jobseekers and investors through delivering a number of services like providing training opportunities and advising jobseekers on available jobs and market demands. The number of job seekers registered in this program reached 2946 in 2006.



EXTERNAL CONSUMER SATISFACTION

Following the transparency and clarity principle of dealing with customers and reviewers, ASEZA relies on a third party in order to evaluate the satisfaction level of consumers. Based on a survey taken in August 2006, satisfaction rates were as follows:

EXTERNAL CONSUMER SATISFACTION DURING THE MONTH OF AUGUST 2006							
	Aqaba Municipality	Local Community Development	Licensing	Studies and Planning	Investment	Customs	Revenues
General Satisfaction	66	62.7	51.8	42.7	63.7	52.7	57.4
Submitted Information	67.8	65.9	53.7	47.2	65.8	65.2	57.6
Employee Follow-up on reviews	70	78.6	63.7	57.5	72.2	73.7	70.6
Simplicity of Procedures and Bureaucracy	67.9	70.2	46.4	43.1	64.8	24.8	53.6
Completion Time	61.2	66.2	43.2	40.4	59	22.7	53.2
Employees Follow-up on Procedures	56.9	66.6	46.4	40.2	65	65.1	53.4
Employee Competence	60.1	69.6	53.7	48.7	64.2	65.9	55.9
Execution of Procedures	51.9	63.2	41.2	35.5	53	53.1	55.3
Waiting Duration	57	68.4	45.7	41.8	62.8	60.1	55.7
Fairness to All Customers	54.5	59.6	46	33.9	51.8	57.6	53.2
Computerization of Procedures	80.7	83	76.4	75.7	80.8	81.2	79.9
Fees	51.8	67.9	37.4	27.3	47.9	50.2	40.5
Respect of Customers	60.6	69.9	53.7	47.3	67.3	66.3	62.2
Follow-up on complaints	53.1	65.4	44.1	38	53.9	57.6	51.3

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE
YEAR ENDED DECEMBER 31, 2006

AQABA SPECIAL ECONOMIC ZONE AUTHORITY
A LEGAL ENTITY WITH FINANCIAL AND ADMINISTRATIVE INDEPENDENCE
AQABA-THE HASHEMITE KINGDOM OF JORDAN

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INDEPENDENT AUDITOR'S REPORT

TO THE CHIEF AND MEMBERS OF COMMISSIONERS
AQABA SPECIAL ECONOMIC ZONE AUTHORITY
AQABA - THE HASHEMITE KINGDOM OF JORDAN

We have audited the accompanying balance sheet of Aqaba Special Economic Zone Authority (A Legal Entity With Financial and Administrative Independence) which comprises the balance sheet as of December 31, 2006, and the related income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraphs, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

audit opinion.

The transfer of title process is not completed for the real estate property and investments at the Department of Survey. Accordingly, there are no details for these property and investments. The Authority follows up the title transfer issue with the Department of Survey.

The real estate properties of Free Zones Corporation, in which ownerships were transferred to Aqaba Special Economic Zone Authority, based on article no. (8) Section (c) of the Authority's Law is not booked in the Authority's records due to the fact that the committee formed by the Prime Minister was not finalized at the valuation of these properties. Accordingly, liability of the Authority was not determined yet in lieu of these properties. Therefore, depreciation of these properties was not included in the income statement up to the year ended December 31, 2006.

In our opinion, except for the effects of the preceding paragraphs on the financial statements, the financial statements present fairly, in all material respects, the financial position of Aqaba Special Economic Zone Authority (A Legal Entity With Financial and Administrative Independence) as of December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Talal Abu-Ghazaleh & Co. International

Steve Karadsheh
(Licenses #756)

Amman, March 31, 2007

FINANCIAL STATEMENTS

AQABA SPECIAL ECONOMIC ZONE AUTHORITY A LEGAL ENTITY WITH FINANCIAL AND ADMINISTRATIVE INDEPENDENCE AQABA-THE HASHEMITE KINGDOM OF JORDAN

Balance sheet as of December 31, 2006 EXHIBIT-A

ASSETS	2006	2005
JD	JD	
Current Assets		
Cash and cash equivalents	13,515,172	6,673,674
Accounts receivable	7,914,947	10,322,440
Other debit balances	9,235,629	5,576,244
Inventories	169,287	162,564
Total current assets	30,835,035	22,734,922
Non - Current Assets		
Investment in a subsidiary	157,082,136	119,038,227
Investments in securities available for sale	4,244,582	570,297
Investments in lands and real estates	654,292,679	660,892,051
Property and equipment	33,012,953	29,582,656
Projects under progress	26,751,605	13,455,830
Total non - current assets	875,383,955	823,539,061
TOTAL ASSETS	906,218,990	846,273,983

Balance sheet as of December 31, 2006 EXHIBIT-A

LIABILITIES AND EQUITY	2006	2005
	JD	JD
Current Liabilities		
Accrued expenses and other credit balances	33,075,443	17,141,089
Long term loan - current portion	56,483	56,483
Other provisions	5,306,747	5,310,104
Total current liabilities	38,438,673	22,507,676
Non - Current Liabilities		
Bonds payable - first issuance	10,002,380	10,002,380
Long term loan	479,796	536,359
Total non- current liabilities	10,482,176	10,538,739
Total liabilities	48,920,849	33,046,415
Equity		
Current account of the Hashemite Kingdom of Jordan	853,203,891	812,801,231
Changes in fair value of investments in securities available for sale	1,096,500	426,337
Revaluation difference of investments in securities available for sale	2,997,750	-
Total equity	857,298,141	813,227,568
Total Liabilities and Equity	906,218,990	846,273,983

Statement of income for the year ended December 31, 2006 EXHIBIT-B

	2006	2005
	JD	JD
Revenues from activities	26,449,913	20,903,792
Support and donations - external	-	2,537,581
Other revenues	4,643,100	3,580,388
Total revenues	31,093,013	27,021,761
Administrative and operational expenses	28,094,262	22,199,904
Local social projects support	-	2,537,581
Bonds interests	640,000	640,000
Revenues from investments in a subsidiary	5,000,000	5,000,000
Surplus for the year - Exhibit C	7,358,751	6,644,276

Statement of changes for the year ended December 31, 2006 EXHIBIT – C

	Current account of the Hashemite Kingdom of Jordan	Changes in fair value of investments in securities available for sale	Revaluation difference of investments in securities available for sale	Total
	JD	JD	JD	JD
Balance as at January 1, 2005	815,814,523	-	-	815,814,523
Surplus for the year - Exhibit B	6,644,276	-	-	6,644,276
Net changes of current account during the year	9,657,568	-	-	9,657,568
Changes in fair value of investments	-	426,337	-	426,337
Balance as at December 31, 2005 Exhibit A	- 812,801,231	426,337	-	813,227,568
Surplus for the year - Exhibit B	7,358,751	-	-	7,358,751
Net changes of current account during the year	38,043,909	-	-	38,043,909
Transfer to Ministry of Finance during the year	5,000,000	-	-	5,000,000
Changes in fair value of investments	-	670,163	-	670,163
Revaluation difference of investments in securities available for sale	-	-	2,997,750	2,997,750
Balance as at December 31, 2006 - Exhibit A	853,203,891	1,096,500	2,997,750	857,298,141

Statement of cash flows for the year ended december 31, 2006 EXHIBIT-D

	2006	2005
	JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	7,358,751	6,644,276
Adjustments for:		
Depreciation	2,254,796	2,037,014
Gain from sale of property and equipment	44,520	24,722
Share in profit of investments in a subsidiary	5,000,000	5,000,000
Profit from investments in securities available for sale	6,373	6,793
Changes in operating assets and liabilities:		
Accounts receivable	2,407,493	2,269,610
Other debit balances	3,659,385	147,722
Inventories	6,723	45,996
Accrued expenses and other credit balances	15,934,354	13,505,457
Other provisions	3,357	214,389
Net cash from operating activities	19,235,036	15,201,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Share in profit of investment in a subsidiary	5,000,000	5,000,000
Investments in lands and real estates	6,599,372	11,499,689
Proceed from sale of property and equipment	104,747	26,333
Purchase of property and equipment	5,745,319	10,781,350
Projects under progress	13,295,775	12,188,316
Net cash from investing activities	7,336,975	6,443,644
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	56,563	56,562
Net change in current account of the Hashemite Kingdom of Jordan	5,000,000	7,132,608
Net cash from financing activities	5,056,563	7,189,170
Net changes in cash and cash equivalents	6,841,498	1,568,923
Cash and cash equivalents- beginning of the year	6,673,674	5,104,751
Cash and cash equivalents- end of the year - Exhibit A	13,515,172	6,673,674
INFORMATION ABOUT NON-MONETARY TRANSACTION		
Authority's share in the transferred property and equipment to ADC which was recognized as investment by charging equity of the Hashemite Kingdom of Jordan with its share of the investment	38,043,909	6,175,040