



Accountants &
business advisers

Newsletter

Building value for growing businesses

PKF PROGROUP QUARTERLY NEWSLETTER

Quarter 2, June 2010, Volume 19



Contact Us:-

Direct Tel +962 6 5621322

Direct Fax +962 6 5606344

P.O. Box 928575

Website: www.pkf.jo

Email: info@pkf.jo

Amman 11190 Jordan

Address: PKF ProGroup - 1 Jaber Ben Hayyan Street - Shmeisani

PKF ProGroup is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

INSIDE THIS ISSUE:

PKF ProGroup signed contract with Jordan River Foundation (JRF)	2
Success Stories of US investments in Jordan	3
Jordan Investment Environment	4
PKF ProGroup News	5
PKF ProGroup signed a contract with PrimaCux Administration Consultation	7
PKF ProGroup through its office in Qatar assesses the feasibility of establishing several projects	7
PKF Jordan Signed contract with Tantash Group for Information system	7
Success Factors for Consulting Firms	8
PKF ProGroup Through Its office In Qatar conducted Impact Assessment Study For Qatar Central Bank	9
PKF Jordan Signed contract with Ministry of Social Development	9
PKF Jordan signed contract with Rafiq Reda International Company	9
Key Success Factors in Strategic Planning	10
PKF ProGroup was assigned by JEDCO and JSMP to render market research on services in Libya	11
PKF ProGroup and Horizons Development Studies & Consulting (HDSC) and signed a contract to render Professional Services to the Libyan Norwegian Fertilizer Company (LIFECO)	11
PKF ProGroup continued the cooperation with Ernest and Young Qatar to conduct market study for reinforcing and structural steel products in Qatar and Saudi Arabia	12



PKF PROGROUP SIGNED CONTRACT WITH JORDAN RIVER FOUNDATION (JRF)



The Jordan River Foundation (**JRF**), established in 1995 and Chaired by Her Majesty Queen Rania Al-Abdullah, is a non-profit Jordanian non-governmental organization (NGO).

JRF aims to promote, in partnership with stakeholders, the development of a dynamic Jordanian society by initiating and supporting sustainable social, economic and cultural programs that empower communities and individuals based on their needs and priorities.

The JRF requested PKF ProGroup to provide consultancy services in the field of implementing the Comprehensive Development Plan in Tafeelah. In order to implement the mentioned goal, PKF ProGroup's mission was to conduct training courses for the local and community services organizations members in Tafeelah,

Moreover, PKF ProGroup focused on supporting the local community services organizations in generating creative and feasible projects ideas to serve the local community in Tafeelah, in addition to collecting projects related data in cooperation with JRF for the purpose of drafting detailed descriptions for feasible ideas generated by the local and community services organizations.

Consequently, PKF ProGroup prepared 30 pre-feasibility studies and two comprehensive feasibility studies including the marketing, technical and financial analysis for the selected projects ideas.



"I viewed it as a business, but I always viewed it as a game. An opportunity to show my skills, my basketball skills, amongst the best in the world." Magic Johnson

SUCCESS STORIES OF US INVESTMENTS IN JORDAN

Microsoft®

"Jordan is on the right track... This country has made a bet on this and has stuck to it constantly... What the King told me in 2000 is exactly the strategy that has been pursued."

Bill Gates, Co-Founder and Chairman, Microsoft

Jordan and Microsoft signed a JD14m deal in March 2010. Upon the three-year agreement Microsoft will provide the kingdom's ministries and public agencies with software and training. Microsoft will also finance the opening of 100 computer labs in several schools and provide the kingdom with technical and financial support worth \$6m. The software giant will relocate its offices to the King Hussein Park in Amman.



"Jordan provides for us a very strong window into all of our activities in the Middle East"

Harry Sloan, Chairman and CEO

MGM

Rubicon is Jordan's premier company in interactive multimedia e-education and 3D animation/ CGI. Rubicon co-produces with Pink Panther & Pals with MGM and have Strategic Partnerships with CISCO and ORACLE.

MGM entered a joined venture with the Rubicon to further improve and widen the Kingdom's entertainment business.



In March 2010, Growth Gate, a regional private equity firm managed by Keystone Partners acquired 30% of IrisGuard. IrisGuard Inc is a Jordan-based technology that has developed a revolutionary biometric banking solution eliminating the requirement of a plastic card in order to prove one's identity.

IrisGuard Inc. manufactures quality Iris cameras that are well received throughout the world. The IG-H100® camera system has rapidly captured accurate iris images of more than 18 million people from 200 nationalities; it has been independently evaluated by the International Biometric Group – IBG (New York) and found to be the world's most accurate and fastest Iris camera on the market today. The recent addition includes the IG-AD100® dual-eye camera system that produces pristine images of both irises simultaneously. More cameras are planned to suite the various user requirements around the world.

Globally, IrisGuard's iris recognition technology provides the user community with the highest degree of security in real world biometric identity systems offered today (as attested by the before mentioned IBG performance report).

Social media sites could explore options for IrisGuard's next product launch, the "Eyesign". The webcam/iris technology, would allow home users to access bank and other websites more securely.

"As long as you enjoy investing, you'll be willing to do the homework and stay in the game. That's why I try to make the show so entertaining, because if you aren't interested, you'll either miss the opportunity to make money in the market or not pay enough attention and end up losing your shirt."

Jim Cramer

Source: Jordan-US. Investment and Trade Forum

JORDAN INVESTMENT ENVIRONMENT

Investor-friendly Jordan

Jordan has recognized the need to establish business-friendly structures with strong emphasis on supporting entrepreneurial initiative. His Majesty King Abdullah has identified national goals such as increasing foreign and domestic direct investments. His Majesty is the surest catalyst for creating sustainable economic growth.

With the establishment of the Investment Promotion Law in 1995, and with other subsequent actions designed to enhance the investment environment, Jordan has opened its economy to the wealth and prosperity business and investment should bring.

The Investment Promotion Law grants generous and attractive incentives to domestic as well as international investors in terms of: freedom from customs duties, tax holidays, income tax exemptions and unrestricted transfer of capital and profits.

The implementation of this law is vested in the Jordan Investment Board which is the only national entity responsible for promoting and facilitating investment in Jordan. The law irrevocably affirms that both Jordanian and non-Jordanian investors are treated equally. Jordan provides an attractive investment climate where the investor can enjoy total customs exemptions on imported fixed assets, ease of licensing and registration procedures. Export industries are not subject to customs duties on imported raw materials, free repatriation of capital, profits and salaries. Moreover, projects approved by the Investment Committee enjoy a ten year exemption from income and social services taxes at the following rates depending on the sector and the area in which the project is located. Some more advantages can also be enjoyed like Jordan's strategic location near Asia, Africa and Europe; future regional markets; abundance of space and lands; access to foreign markets; competitive qualified labor; conducive investment climate; and the fact that Jordan is part of the MENA region which provides a vital economic power.



Free Zones

Jordan's Free Zones were established to promote export-oriented industries and transit trade; to attract domestic and foreign direct investment; and to spur economic growth and job creation. Free Zones accommodate processing industries in addition to trading, warehousing, and other activities. Commodities and goods of various origins are deposited in the Free Zone areas for storage and manufacturing, without payment of the usual excise fees and taxes.

Free Zones accommodate enterprises that introduce new industries, utilize modern technology, complement domestic industries, use local raw materials or manufacturing parts, upgrade the skills of local workers, and produce goods with limited availability in the domestic market. Incentives offered by Free Zones include:

- Exemption from income taxes for exported goods, goods in transit trade, as well as profits gained from the sale or transfer of goods inside the Free Zone.
- Exemption from income and social services taxes on salaries and allowances of non- Jordanian employees involved in projects established in the Free Zones. Exemption from custom duties, taxes, and other fees on imported goods, or on those goods which have been exported (with the exception of services and rent charges).
- Exemption from licensing fees and taxes on land and buildings, and other construction setups in the Free Zones.
- Full repatriation of capital and profits generated from operations in the Free Zones.



By Mr. Mohammed Khattab

PKF PROGROUP NEWS

PKF PROGROUP CONSULTANTS COMPLETED TRAINING COURSE IN TAGI TRAINING ACADEMY

PKF ProGroup aims at providing its Consultants with the tools which would enable them to best serve clients and help them accomplish their goals. Therefore, in conformance to its diligent commitment to developing and advancing the skills and capabilities of its Consultants;



PKF ProGroup has signed two of its consultants to attend the “Advanced Financial Analysis Using Excel” Training Course which was held at Talal Abu-Ghazaleh Academy and given by Dr. Jamil Al-Tarairah who is a member of The Arab Society of Certified Accountants, Jordan.

Engineer Zaid Al-Fakeer and Engineer Layan El-Ramahi were certified and completed the course on June, 3rd, 2010. The course focused on introducing and explaining financial analysis, construction and analysis of financial statements, cash flows analysis, and calculating and interpreting financial and profitability ratios. The content of the course is designed to aid financial analysts and consultants to value organizations and institutions financially; to be able to take the most suitable and profitable investment and managerial decisions.



IMC NEWSLETTER JORDAN TALKS ABOUT PKF SUCCESS STORIES

IMC-Jordan, established in 1995, is a private not-for-profit association concerned with organizing and upgrading the management consulting and training professions, training of management consultants, and certifying eligible members to the Certified Management Consultant (CMC) designation.

In its recent edition (3rd edition June, 2010), IMC published two articles pertaining PKF ProGroup success stories during the recent period.

Success stories included signing an agreement with Arab Bridge Maritime Company-Aqaba in order to render Financial Advisory Services in addition to the cooperation between PKF ProGroup and Horizons Development Studies and Consulting rendered professional services for the Central Bank of Lybia (CBL) including the assessment of the Human Resources Management Practices for the Banking Sector in the Libyan market.

“Business is not financial science, it's about trading.. buying and selling. It's about creating a product or service so good that people will pay for it.” Anita Roddick

PKF PROGROUP NEWS



TWO CONSULTANTS JOINED PKF PROGROUP THROUGH AIESEC INTERNSHIP PROGRAM

AIESEC is the world's largest youth-run organization presented in over 107 countries and territories and with over 45,000 members. Focused on providing a platform for youth leadership development, AIESEC offers young people the opportunity to be global citizens, to change the world, and to get experience and skills that matter today.

In alignment with AIESEC vision and through AIESEC internship program, PKF ProGroup recruited two consultants named: Mr. Steffen Thiele and Mr. Robert Bönisch.



Corporate Income Tax

In case the investor (s) decided to do business in Jordan and was not subject to any tax exemption, then the investor will be subject to one of the following Corporate Income Tax Rates (per sector):

- 14% of the taxable income for all companies and juristic persons except the below mentioned.
- 24% of the taxable income for all basic telecommunication companies, insurance companies, intermediation companies, and financial companies including exchange companies and capital leasing companies.
- 30% of the taxable income for banks and external branches.
- 30% of the taxable income which was specified at the rate of 20% of the total net income, after deducting the foreign income tax, of the Jordanian companies' branches operating outside the Kingdom as declared in their final accounts which are certified by an external auditor.

Accordingly, the net tax charged on the external branches equals to 6% (30% x 20%).

MR. MOHAMMED KHATTAB PUBLISHED JORDANIAN TAX UPDATES IN PKF INTERNATIONAL TAX ALERT NEWSLETTER

March, 2010

PKF International Tax Alert, a publication designed to summarize key tax changes around the world. This publication is issued three times per year. Herein below some of the articles published in the newsletter.

Jordan has proven to be very serious and responsible and has shocked everybody with what it has managed to do by joining the World Trade Organization (WTO) in 11 months; an extraordinary feat which people doubted could be accomplished. Jordan's success has caused the international community to be very responsive. As a result, Jordan has had many foreign investors. It has free trade with the European Union and with many Arab countries. Jordan has Qualifying Industrial Zones (QIZ) that allow free trade into the United States. This creates tremendous opportunities for investing in Jordan. It has taken very important steps towards building its economy and continues to advance. Jordan is very eager to establish good relations with everybody which was initiated by King Hussein and which King Abdullah plans to continue.



PKF PROGROUP SIGNED A CONTRACT WITH PRIMACUX ADMINISTRATIVE CONSULTATION

PKF ProGroup signed a contract with PrimaCUX Administrative Consultation in order to conduct Development Supervisory Skills “Development Program Management System” for Saudi Electricity Company (SEC).

PKF ProGroup builds up and develops performance measures of the managerial personnel skills in the company through building key performance indicators (KPI's) and performance matrices for each existing job role and job family. Additionally, PKF ProGroup is proceeding in the process of aligning personnel individual goals with the Balanced Scorecard Goals of the company and conducting workshops and brainstorming sessions for 2,500 managers.

PKF ProGroup's Consultants approach deems to provide clients with realistic and systematic indicators to enable them evaluate and assess the current personnel performance in alignment with the organization's strategic goals and objectives.

PKF PROGROUP THROUGH ITS OFFICE IN QATAR ASSESSES THE FEASIBILITY OF ESTABLISHING SEVERAL PROJECTS

Since PKF ProGroup Consultants tend to help their clients who have a business idea in conducting a feasibility study to determine the viability of their idea before proceeding with the development of the business, PKF ProGroup through its offices in Qatar assesses establishing many facilities in Qatar for various industries and services.

Feasibility studies include:

- Establishing pre-Insulated cooling Ducts Plant.
- Establishing Immigration Consulting office.
- Establishing Glass bottles and jars factory.
- Establishing Gypsum board plant.

Additionally, PKF ProGroup through its office in Qatar review the feasibility study conducted to establish Tomato Paste and Juice Manufacturing factory in Qatar. Where early determination of the viability of a business idea will save time, money and heartache later.

PKF JORDAN SIGNED A CONTRACT WITH TANTASH GROUP FOR INFORMATION SYSTEM



Tantash Group was established with the objective of investing in businesses with recognized high return potential. The main activities performed by the company are importing and marketing electronic and information systems equipment, programs and software in addition to providing information system development services.

PKF Jordan were assigned by Tantash Group to render external audit services for the group where PKF Jordan auditors provide assistance that help the clients improve their financial performance and operations.

SUCCESS FACTORS FOR CONSULTING FIRMS

There are certain time-honored success factors that industry insiders would agree can make or break any professional services firm. Short-term success comes with bringing projects in the door, having the capacity to execute them, keeping tight reins on projects, and knowing how to evaluate and manage underlying drivers of financial performance. And in the long term, successful firms concentrate on external factors (relationships, reputation, and a market-sector focus) and on internal factors (communication, staffing, and knowledge management).

Short-Term, Operational Success Factors

- Maintaining workflow and backlog helps firms avoid the spikes of work overload or unbuildable employees by scheduling their future hiring and engagement activities.
- Staffing and recruiting to meet engagement demands are critical for firms to execute projects and grow.
- Engagement controls (e.g., work plan, scheduling tools, and financial reports) enable the engagement or account manager to manage the engagement more carefully to meet the expected schedule, budget, and quality of deliverables.
- Key financial drivers (e.g., staff utilization, multipliers, revenue factor, cash flow and overhead costs) are tracked, managed and benchmarked for the whole organization, as well as for individual units, engagements and staff.

Long-Term, Strategic Success Factors

- Client satisfaction is achieved through meeting or exceeding client expectations for budgets, schedules, and quality of deliverables, as well as through service and understanding of client needs.
- Personal relationship-based marketing and sales still account for much of an organization's business development.
- Organizations are often hired largely on the basis of personal relationships with clients, particularly in the private sector.
- Brand differentiation helps successful businesses position themselves consistently and become known as the low risk expert in their market sector.
- Market-based organization structures enable project-based firms to understand and respond to their clients' sector specific needs.
- Retaining key employees lowers the costs associated with recruiting and training new employees.
- Retaining knowledge and institutionalizing best practices is a significant differentiator of the most successful firms, which capture new ways of working and make them an integral part of the organization's operations.

"The essence of a successful business is really quite simple. It is your ability to offer a product or service that people will pay for at a price sufficiently above your costs, ideally three or four or five times your cost, thereby giving you a profit that enables you to buy and to offer more products and services." Brian Tracy



Source: Deltek Official Website (leading provider of enterprise software solutions)



بنك قطر المركزي
QATAR CENTRAL BANK

PKF PROGROUP THROUGH ITS OFFICE IN QATAR CONDUCTED IMPACT ASSESSMENT STUDY FOR QATAR CENTRAL BANK

Qatar Central Bank and Qatar Development Bank assigned PKF ProGroup to conduct Impact Assessment study for removing the Government subsidy for locally slaughtered Australian meat, and what the options for the Government will be.

The impact assessment study submitted by PKF ProGroup provided analysis of the world developments in the meat market, the main characteristics of Qatar's economy and Meat market, the impact assessment of the removal of subsidy and the main findings and recommendations.

PKF ProGroup Consultants help their clients identify the future consequences of a current or proposed action in order to ensure that projects, programs and policies are economically viable, socially equitable and acceptable and environmentally sustainable.

Ministry of Social Development
The Hashemite Kingdom of Jordan



PKF JORDAN SIGNED A CONTRACT WITH MIN- ISTRY OF SOCIAL DE- VELOPMENT

PKF Jordan was assigned by the Ministry of Social Development to render External Audit services for the social protection enhancement project granted by The International Bank for Reconstruction and Development (IBRD).

PKF Jordan professional experience provides assurance on the financial performance and operations of the business and can help the business improve its external financial reporting.

PKF JORDAN SIGNED CON- TRACT WITH RAFIQ REDA INTERNATIONAL COMPANY

Rida Travel Agency was established in 1966 as a Travel agency for Inbound, Outbound, Ticketing and Transportation Company.

PKF Jordan was assigned by Rafiq Reda International company to conduct external audit services for the years 2009 and 2010.

KEY SUCCESS FACTORS IN STRATEGIC PLANNING



How Your Management Team Develops Your Key Success Factors

On the first morning of your strategy sessions, ask your planning team an important question. On a flip-chart easel pad, write...

For our organization to be successful, we must be especially good at the following activities...

1. _____
2. _____
3. _____

Then challenge your team to provide two or three answers (but no more) to that question.

Ask everyone in the room to first spend a few moments thinking about the question and writing their individual answers. Then have each person read their own answers aloud. Next discuss any differences of opinion, and finally arrive at a consensus. Record your team's final answers on a flipchart easel and entitle the list "Key Success Factors," or simply "KSFs."

See what you've done? You've developed a short list of "activities at which we've got to be especially good." And that's important. "And when itemizing your internal strengths and internal weaknesses, you'll want to keep your lists short and well focused. You'll want to include only those strengths and weaknesses which relate to your key success factors. Thus your key success factors will serve as a guide in determining which few potential strengths, and which few potential weaknesses you actually include in your lists.

Maintaining Focus

It is important to limit your list of Key Success Factors to two, or at most three. Here's why...

In creating a list of "activities at which we've got to be especially good," management teams frequently include six or eight activities. Typically, they'll list, "understanding the customer," "producing a low-cost product," "managing expenses," "hiring good people," and "developing innovative marketing programs."

The lists are certainly complete. Too complete! They're so all-inclusive, And they certainly don't imply focus.

But focus is exactly what's required for success. Focus on a few activities – on those most important activities – on those two or three (no more) key success factors. In any business, there are two or three activities which are the primary determinants of success. If your company is especially good at those activities and just mediocre at everything else, your company **will** be successful. Yes, you read it right, mediocre at everything else.



*Article adapted from Bill Birnbaum's new book, **Strategic Thinking: A Four Piece Puzzle***

PKF PROGROUP WAS ASSIGNED BY JEDCO AND JSMP TO RENDER MARKET RESEARCH ON SERVICES IN LIBYA

PKF ProGroup was assigned by Jordan Enterprise Development Corporation (JEDCO) and Jordan Services Modernization Program (JSMP) to organize a trade mission to Libya for Jordanian SMEs services sector .



JEDCO

Jordan Enterprise
Development Corporation

The main objectives of the required services are to conduct a full comprehensive Market Study designed to analyze and assess the services sector in Libyan market, and identify the attractiveness and opportunities of this market with respect to service offerings in Jordan.

The Market Analysis to be conducted shall seek to identify and quantify the key features of the market by using a range of Market Research techniques.

Additionally, PKF ProGroup is responsible for Implementing and supervising the trade mission event in Libya.

PKF PROGROUP AND HORIZONS DEVELOPMENT STUDIES & CONSULTING (HDSC)' AND SIGNED A CONTRACT TO RENDER PROFESSIONAL SERVICES TO THE LIBYAN NORWEGIAN FERTILIZER COMPANY (LIFECO)



PKF ProGroup and its affiliate in Libya, Horizons Development Studies and Consulting (HDSC), have been assigned by the Libyan Norwegian Fertilizer Company (LIFECO) to undertake the mission of developing job evaluation and compensation system and performance management system.

The overall objectives of the assignment is:

- To review LIFECO Organizational Structure, and understanding business operations.
- To develop an Integrated Compensation System through analyzing and classifying all jobs in the Company and reveal relative value of the jobs to ensure internal equity of compensation.
- To construct a competitive salary scale and benefit scheme based on the professional standards and on-going rates in the Libyan market.
- To develop employee appraisal system containing KPI for each job family and cascaded down to each job role, Policies, Procedures and forms.

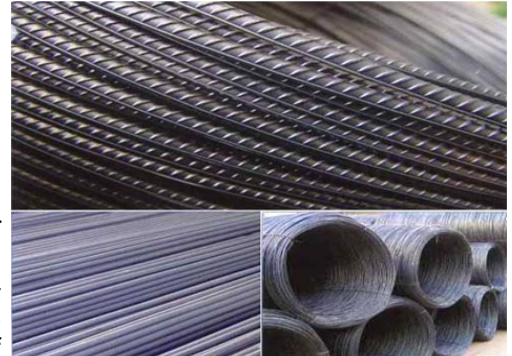
"Before you can really start setting financial goals, you need to determine where you stand financially." David Bach

PKF PROGROUP CONTINUED THE COOPERATION WITH ERNEST AND YOUNG QATAR TO CONDUCT MARKET STUDY FOR REINFORCING AND STRUCTURAL STEEL

PKF ProGroup cooperates with Ernest and Young Qatar to conduct a comprehensive Market Study designed to assess, analyze and diagnose the reinforcing and structural steel sector in Qatar and Saudi Arabia.

The main objectives of the study are to:

- Assess, analyze and diagnose the Iron and Steel Sector in Qatar and Saudi Arabia in order to assist the establishment of a steel factory, thus determining the attractiveness of the market and understand its evolving investment opportunities and market needs in addition to minimize business risks and threats is something of high essentiality.
- Identify the economic aspects of iron and steel products trading like the level of imports and exports, incentives for exports, market opportunities in the region.
- Analyze Iron and Steel market for the past 5 years in terms of demand & supply and price analysis in Qatar and Saudi Arabia.
- Predict Iron and Steel market future demand and supply for the upcoming 5 years.
- Define the targeted segments and potential clients and the characteristics that define the targeted markets.
- Identify the current competitive environment in and all their related attributes and details.
- Develop the appropriate market-driven strategies required to maintain competitive advantages over competitors.
- Investigate imports, exports distribution and marketing channels.



“We react very quickly in the market. We can make quick changes” John Ilhan

PKF ProGroup, member firm of PKF International, is a regional, multidisciplinary consulting firm with industry specific services. PKF ProGroup offers outstanding opportunities, by providing international standard based services, to dramatically position its clients as pioneers in a rapidly growing business environment. PKF ProGroup plays a major role in business advisory within diverse industries.

Areas of experience include finance, taxation, marketing, quality assurance, human resource development, investment, legal, insurance, technology, information management and strategic planning. PKF ProGroup also initiates an added value component where integration, consistency and reliability are effectively enforced. PKF ProGroup high quality services help its clients identify their business needs, improve, excel, cope with business fluctuations and accomplish their anticipated goals.

PKF ProGroup team approach enables operating as integrated cells exposed from diverse industries. Words like creativity, innovation and flexibility, generate great success within the firm's services and culture, where PKF ProGroup promise of quality, accuracy, speed, and value remain applicable in all deliverables.

PKF ProGroup services are designed to look after the best interest of our clients and protect their wealth. Our advisors thoroughly investigate the organization's business cycle to innovate the most rewarding solutions.