QWARA CERAMICS FACTORY BUSINESS PLAN (2009-2013)

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BEARINGPOINT, INC.

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DELIVERABLE N<u>O</u>: 6.15.4.26.14.1/2/6/7 DEVELOP A COMPLETE AND THOROUGH BUSINESS PLAN FOR QWARA CERAMICS FACTORY

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EXECUTIVE SUMMARY

Qwara Ceramics Factory was established by the Jordanian Hashemite Fund for Human Development (JOHUD) in 1990 as a non-profit organization established to provide employment opportunities for Jordanians handicrafts for economical and social development. The Factory has become a unique industrial establishment able to provide variety of ceramic products such as ornamental artifacts and hospitality ware for hotels, restaurant, household, tourists, and corporate.

Mission

The mission of Qwara Ceramics factory is to provide top-quality ceramics ornamental items, hospitality ware and gifts enhanced with ongoing new designs. Qwara Ceramic's factory seeks to provide these services in the most timely manner and with an ongoing comprehensive quality control to provide 100% customer satisfaction.

Qwara factory will also create employment opportunities within the local economy, and provide unique environment in which Jordanian individuals are encouraged to develop skills and abilities in ceramic pottery making and art designs to promote Jordan's heritage.

Vision

To be the first local ceramic producer of ornamental items, hospitality ware and gifts.

Short term Objectives

- Expand operations to include new lines such as wall art hangings, and promotional items.
- Develop a marketing plan, website, e-commerce, and sales team.
- Invest in product development to offer unique differentiated products in the market.
- Achieve sales revenues of approximately 420,000 JD by the end of year 2009
- Achieve a production mix of 5% Wall Art Hangings, 6% Bawadi, 50% Hospitality ware, 38% Promotional Items, and 5% Special Orders, of total units to be produce.
- Implement ISO Quality Management System and recruit Quality Assurance Officer
- Develop Human Resources and Financial systems

- Develop alliances with :

    - Embassies, to mainly sell Bawadi line products

    - Hotels and restaurants to mainly sell catering tableware, Bawadi line, special orders and promotional items; they will be targeted by personal visits.

    - Events organizers such as wedding and art exhibitions organizers.

    - International charity organizations operating in Jordan. For example, The Lions Clubs, The Rotary Organization… etc.

    - Qwara will also develop alliances with tourism agencies to accompany tourists to visit Qwara Ceramic factory as a Jordanian producer of ceramic pottery Heritage.

    - In-Store promotions: Beside Bait Al Bawadi, Qwara will develop alliances with other handicrafts and tableware shops, and therefore increases its marketing channels. Qwara will display its products in other showrooms as consigned goods mainly in Amman and Irbid as it has the highest population, this will cut cost of leasing a space for a showroom. Qwara will also display its handicraft products in souvenir shops in tourist attraction areas mainly Jordan golden triangle; Aqaba, Petra and Jerash. In-Store promotions will mainly target households, VIPs and tourists.

Long term Objectives

- Achieve sales revenues of approximately 708,000 JD by the end of year 2013.
- Implement Enterprise Resource Planning (ERP) system.
- Expand in the regional markets.
- Develop a franchise name for Qwara
- Establish a training center for ceramic crafting
- Fully implement the proposed organization structure
- Become one of the main tourist attraction spots in Amman through presenting Jordan handicraft heritage, through renovation of the showroom at Qwara factory and offer facilities to tourists such as food and beverage. Tourists can also be invited to try crafting the clay.
- Achieve an award of excellence, for example King Abdullah Award for Excellence.
- Become widely known to the public, governmental and non-governmental organizations and donors as an organization established to support national economy, offer job opportunities and promote creative handicrafts in Jordan.

Products

Qwara will produce a product mix classified as shown in the table below:

Product Line	Abbreviation
Wall Arts Line	WA
Bawadi Line	BW
Hospitality Line	HY
Promotional Items Line/ Gifts	PI
Special Orders	SO

Market

The following table illustrates market segments that Qwara will target and penetrate; it also presents the mix of product lines to be sold for each segment according to the consultant's market analysis:

Market segment	WA	BW	HY	PI	SO
Hotels	20%	15%	30%	10%	25%
Restaurants & Coffee Shops	5%	15%	60%	10%	10%
Corporate	20%	15%	0%	65%	0%
House Holds	15%	35%	30%	0%	20%
VIP & Embassies	30%	25%	10%	15%	20%
Tourists	0%	100%	0%	0%	0%

Sales

The following table illustrates Qwara Factory forecasted sales (2009 -2013) in JD values.

Total Sales JD	2009	2010	2011	2012	2013
WA	74,771	85,205	97,095	110,645	126,085
BW	110,878	126,351	143,983	164,076	186,972
HY	97,122	110,675	126,120	143,720	163,776
PI	74,056	84,390	96,167	109,587	124,880
SO	63,300	72,133	82,199	93,670	106,742
Total JD	**420,125**	**478,753**	**545,563**	**621,697**	**708,454**

Projected Income Statement

The projected income statement highlights Qwara factory Gross Profit and Net Profit. Net Profit for Qwara Factory is forecasted to be 13,949 JD in year 2009, and rise up to 120,942 JD in year 2013.

Description	FY09F	FY10F	FY11F	FY12F	FY13F
Total Sales	420,125	478,753	545,563	621,697	708,454
Cost of Goods Sold	(311,004)	(341,852)	(384,656)	(423,419)	(464,425)
Gross Profit	109,121	136,902	160,908	198,278	244,029
Gross Profit Margin	*26%*	*29%*	*29%*	*32%*	*34%*
General & Admin. Exp	(95,172)	(101,485)	(108,222)	(115,413)	(123,088)
Interest Expenses	0	0	0	0	0
Net Profit (Loss)	13,949	35,417	52,686	82,865	120,942
Net Profit (Loss) Margin	*3%*	*7%*	*10%*	*13%*	*17%*
Retained Earnings	173,758	209,175	261,861	344,726	465,667

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PROJECT OVERVIEW

This report aims to provide Qwara Ceramics Factory a five years business plan with an investigation of possibilities to pursue a profitable enterprise in selling ceramics items such as gifts, tableware, household items, and wall art decorations.

This report is the product of intensive investigation within the Qwara Business Industry, and exploration of Qwara's organizational capabilities.

Throughout the recent months, strategic objectives for Qwara have been investigated based on examining matters such as market trends and growth potential, alongside consideration of the external environment, customers and competitors' analysis. As well as identifying appropriate techniques to situate Qwara's products within the local market.

In addition, the project included an investigation of the factory's operations and conditions such as processes, environment, HR aspects, and Quality Control in order to develop a proper Business Plan.

The project is also informed by a five-year financial model for Qwara Ceramics Business plan. The business plan presents the market, technical and financial analysis for the following Product lines:

Table (1): Qwara Factory Product Lines and Abbreviation

Product Line	Abbreviation
Wall Arts Line	**WA**
Bawadi Line	**BW**
Hospitality Line	**HY**
Promotional Items Line/ Gifts	**PI**
Special Orders	**SO**

CHAPTER I: ORGANIZATION OVERVIEW

Qwara Ceramic factory is a non-profit organization established to provide employment opportunities for Jordanians handicrafts for economical and social development. Qwara is considered a place where creativity and craft skills are promoted.

Since the establishment of Qwara ceramic factory in the early 1990's, Jordanian Hashemite Fund for Human Development (JOHUD) had established "Bait Al Bawadi" as a separate small pottery making workshop and show room. In 2005 Bait Al Bawadi workshop and employees were transferred to Qwara Ceramic factory. The Factory has become a unique industrial establishment able to provide variety of ceramic products such as Gifts, Tableware for hotels and restaurant, Household items, and Wall art decorations and hangings.

Qwara Factory has encountered financial and administrative drawbacks caused mainly by marketing shortage and lack of proper financial and operational management. On the other hand, Qwara has succeeded in providing skillful local craftsmen who had worked with Qwara since its establishment, as well as providing variety of products and establishing brand recognition. Moreover, Qwara has a patented design known as "Dotting" which gained customers acceptance and satisfaction.

Qwara social responsibility attracted organizations and individuals to participate in its mission to provide social and economical development either by buying its products or by raising funds.

Factory location, facilities and work force

The factory is located in Mukabalein occupying part of its land that totals 7,000 meter square. It currently employs 50 employees. Historically, the factory sold most of its products in the local market through Bait El Bawadi (JOHUD affiliate). Qwara also exports to the GCC region as special orders.

Legal Structure and Ownership

Qwara Ceramics Factory was established by the Jordanian Hashemite Fund for Human Development (JOHUD) in 1990 as a non-profit organization aided by the Ministry of Planning to establish buildings and warehouses, whereas USAID offered the plant machines and tools as well as training and technical support through the past years.

During the recent years, Qwara Factory experienced a series of management successions. JOHUD leased the factory to a private investor during the period May 2005- March 2008. In April 2008, the factory's management was transferred back to JOHUD.

CHAPTER II: PRODUCTS DESCRIPTION

During the past three years, Qwara Factory main sales channel was Bait Al Bawadi which was also established by JOHUD. In year 2007, the percentage of Qwara factory sales to Bait al Bawadi contributed up to 67% of Qwara's total sales. The following table illustrates Qwara's sales in JD in the past three years"1":

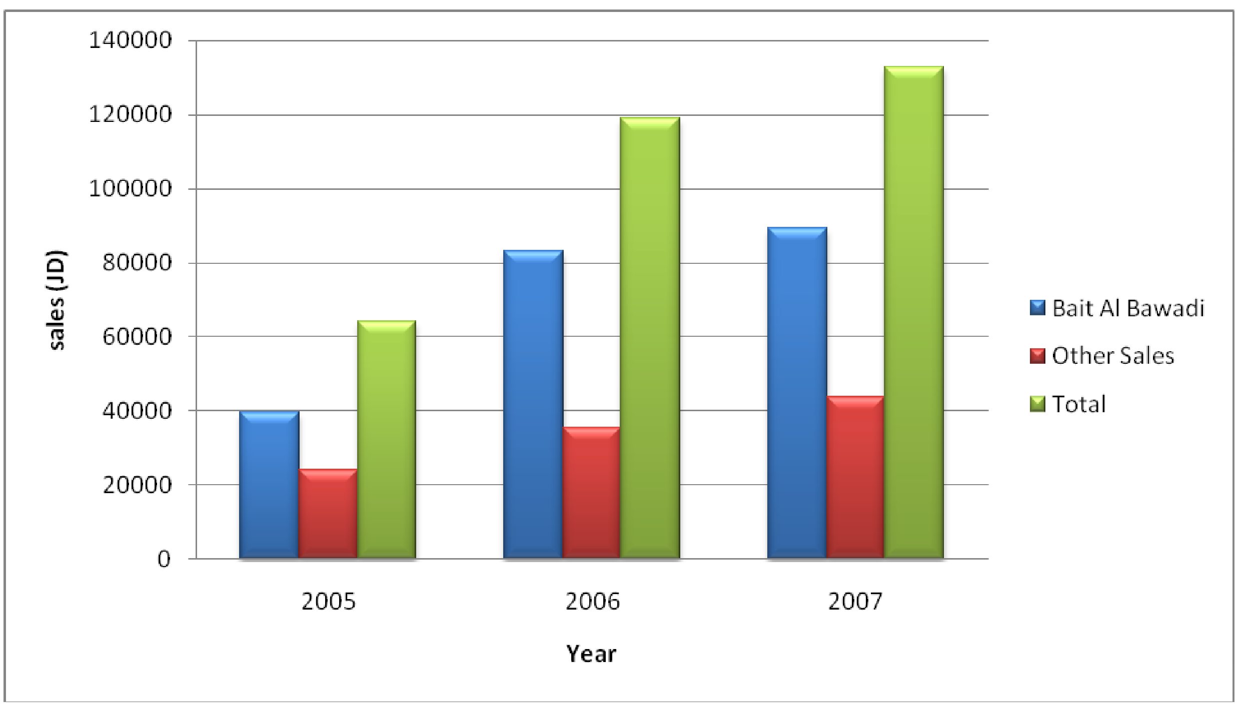
Table (2): Qwara Factory Historical sales (2005-2007) in JD

year	Sales for Bait Al Bawadi (JD)	Other sales	Total sales	Percentage of sale (Bait Al Bawadi)
2005	39,775	24,263	64,038	62.11%
2006	83,257	35,568	118,825	70.06%
2007	89,189	43,670	132,859	67.13%

Note: The above table was based on information presented in Qwara Factory Status Report. However it was mentioned by Qwara's officials that the above sales figures are under-estimated as accurate data could not be obtained during the past three years.

The following graph illustrates the historical sales figures during years 2005 - 2007:

Figure (1): Qwara's sales (2005-2007) in JD



Product offerings

Qwara Factory produces different product lines .In year 2007 Qwara factory sold 67% of its total sales to Bait Al Bawadi. The remaining 33% of sales are sold to other market channels including exports to the GCC. The following represents Qwara ceramics product lines; it also presents available statistics of Bait Al Bawadi Sales.

A. Al Bawadi line

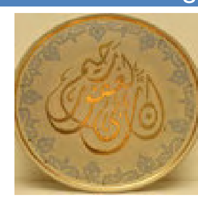
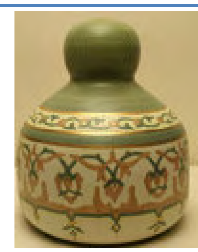
A.1 Turath (Heritage) line:

Represents 50% of Bait Al Bawadi sales, and it is classified based on the product design into two types, Turath Dotting and Turath Free Hand.

A.1.1 Turath Dotting:

80% of Turath sales are dotted. The product range includes Plates, Lamps, Vases, and Bowls as the following description:

Figure (2): Bawadi Turath Dotting Product Range

Description	Product image
1. Plates: The highest demand in Al Turath range is Turath dotting plates products.	
2. Lamps: This product is the third best seller of Al Turath range. However customers demand smaller and simpler shapes of Lamps than the illustration in the right side photo.	
3. Vases: The sales in units for this product type are almost equal to lamps.	
4. Bowls: The sales of this product are considered as the second best seller.	

Note: There are no data regarding percentages of sales from each product

A.1.2 Turath Free Hand:

Approximately 20% of Turath sales are Free Hand style which includes several shapes and designs as follows:

Figure (3): Bawadi Turath Free Hand Product Range

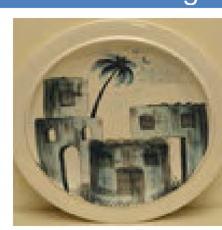
Description	Product Image
1. Bowls: This product is demanded with different sizes. No available data regarding percentage of sales.	
2. Decal: This product is also very popular and Qwara should fabricate it in different shapes.	
3. Iznik: The demand for this product is constant, so Qwara shall insure constant production of this product.	

A.2 Baladi line

Baladi line represents 30% of Bait Al Bawadi sales, and it is classified into four main types; Baladi Ramadan Village, Baladi Flowers of Jordan, Baladi Christmas, and "Others" as it might include different drawings and designs.

The following are detailed descriptions of each of the aforementioned main Baladi lines:

Figure (4): Baladi Line Product Range

Description	Product image
1. Baladi Ramadan Village: Those are seasonal products; it includes several shapes and glazing illustrated by the side photo.	

Description	Product image
2. Baladi Flowers of Jordan: this product type could include several drawings and shapes as follows: A. Black Iris (Plate): The sales for this product are relatively good. The pieces that are decorated with blue rims on edges give a beautiful appearance and demanded by customers.	
B. Poppy: The sales for this product are relatively good.	
C. Olives: Olive plants are drawn mainly on bowels. No information is available regarding the sales of this product.	
3. Baladi Christmas: This line is also seasonal, it includes the following products: A. Bowls: Christmas drawings are drawn on bowels	  
B. Plates: Christmas drawings are drawn on bowels	  

B. Wall Art Hangings:

As has been mentioned, 80% of Bait Al Bawadi sales were for the previously mentioned products (Bawadi Line products). The remaining 20% of Bait Al Bawadi sales was for Zubi line (Wall art hangings) produced during the management of the private investor Mr. Al Zubi (July 2007-March 2008). The illustration in the side image is a sample photo of Zubi Wall art hangings that received customers' acceptance. Qwara will create new designs, shapes, and sizes of wall art hangings.

Future Products

It is interesting that ceramic pottery industry is about forming clay into almost any shape desired, therefore the product ranges and functions could be countless. This business plan included future products where Qwara Ceramic Factory can offer profitably. These lines are:

- Wall Art hangings: Qwara has commenced to produce new designs of wall art hanging in a different design. A great potential for Wall Art hangings has been identified in the market and supported by the financial analysis, therefore Qwara Ceramic Factory shall pursue production of wall arts in new designs and glazing.
- Commercial Hospitality products such as catering tableware. However Qwara Factory has to pay attention to the product technical specifications such as weight, ability to be placed in microwaves and dishwashers, and produce plain, noncomplex, economical tableware products to be able to sell it cheaper than decorated tableware and penetrate the restaurant and cafes' segment as it represents a huge market for Qwara.
- Promotional items: including cups, coasters, pencils holders …etc, and target cooperates as one of the main market segments.
- Others future products: These may include:

  a) Small items similar to those offered in western countries and the East of Asia such as

  - Tissue Paper Box
  - Toilet items (soap holder)
  - Small Plant containers designed as Gifts.
  - Photo Frame
  - Ceramic souvenirs (could be Jordan icons sculptures for tourists)
  - Ceramic sculptures

  b) Other larger products could include:

  - Corporate signs/logos
  - Building façade

- Ceramic fountains

Table (3) illustrates Qwara Product lines categories that were used throughout the business plan report:

Table (3): Qwara Products Classification

Product Line	Abbreviation
Wall Arts Line	WA
Bawadi Line*"1"*	BW
Hospitality Line	HY
Promotional Items Line/ Gifts	PI
Special Orders*"2"*	SO

"1" Bawadi line includes all current Bawadi products described previously; it also includes ornamental decorated ceramic items in general. Al Bawadi line will be sold to Bait Al Bawadi showroom as well as other marketing channels for Qwara Factory as will be mentioned later in this report.

"2"Special orders include ceramic items custom-made to customers, and do not fall into any of the above categories, as Qwara Ceramic Factory has the ability to produce special designs according to customers' requirements. This line is also important in retaining and maintaining customers.

CHAPTER III: MARKET ANALYSIS

This chapter presents the Market Analysis for Qwara Ceramic Factory; it included analyses of the industry, targeted market segments, competitors, and prices. The study also included an estimation of market size for Qwara's current and future products, as well as estimated market share, growth, and forecasted sales in the next five years.

Methodology:

Various methods of market research were used to find out information about the target markets and their needs, competitors, market trends, and customer priorities and buying decision bases. In specific, consultant's methodology included the following:

Primary research

Consultant's field research included the following:

1. Market Survey

A survey of 152 interview-based questionnaires was conducted with the following market segments*:

Table (4): Targeted Market Segments

Segment	Number of Questionnaires
Five and Four Stars Hotels	11
Five and Four Starts Restaurants and Cafes'	25
Tourists	40
Individuals and VIPs	50
Corporate	26
Total	**152**

*Refer to appendix (1) for questionnaire form

2. Telephone and face-to-face Interviews:

The interviews were conducted with key players in ornamental and hospitality industry such as:

- Jordan Hotel Association
- Jordan Restaurant Association(JRA)
- Jordanian Handicraft Producers Association (JHPA)
- Vocational Training Corporation/ Al Salt Training Center
- Ministry of Tourism

3. Observations-Based research:

Mystery shopping targeting Qwara's competitors has been conducted observing types of products and collected data on prices.

Secondary research

Consultants' desk research included collecting information from published data, existing research, and articles such as local newspapers, department of statistics, Ministry of Tourism, UN Comrade …etc.

The following pages present outcomes and analysis for the Market Analysis including the macro and micro environment.

Macro-economic Analysis

Figure(4): Map of Jordan

Source: CIA Fact book

Macroeconomic Overview

Location

Jordan holds a strategic location in the heart of the Middle East together with easy access to the dynamic markets of Europe and Asia, thereby positioning it as a centre for trade, commerce and tourism. It is bounded to the north by Syria, the north-east by Iraq, the east and south by the Kingdom of Saudi Arabia, and the west by Palestine and Israel. It comprises a total area of 91,880 square kilometers.

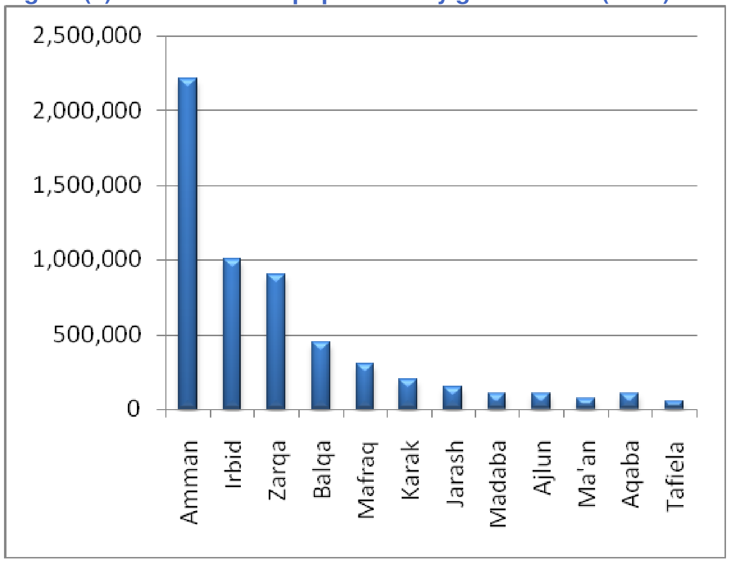
Demographic profile

Population

The demographic structure in Jordan is predominantly young individuals under the age of 19 who constitute 50% of the population. The country's high population growth rate, about double the world average of 1.15 percent, along with internal migration from rural to urban centers has added a burden to the economy leading to a large number of Jordanians leaving the Kingdom to live and work abroad.

As per the government 2006 census, the population of Jordan was officially estimated at 5.6 million, reflecting a growth of 35 percent since the 1994 census and a compound annual average growth rate of 2.55 percent during the same period. The Department of Statistics estimates the population to grow at around 2.6 percent per annum during the next five years, reaching 6.2 million in 2010. The expatriate population in 2006 is estimated to be 7.5 percent or 420,000 of the 5.6 million inhabitants reflecting a 3.7 percent growth over 2005. Jordanians of Palestinian origin now make up a major portion of the country’s population, with some estimates as high as 60 percent. In addition, due to the conflict in Iraq, hundreds of thousands of Iraqi nationals have also sought refuge in Jordan. According to a survey conducted by the Norwegian Group Fafo, the number of Iraqis residing in Jordan has been estimated at around 450,000 to 500,000.

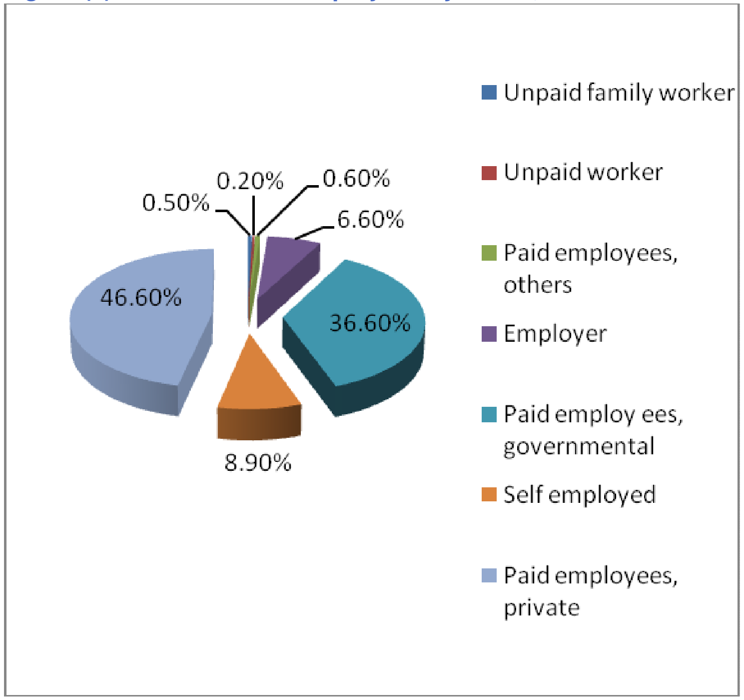
Figure (5): Breakdown of population by governorate (2006)



Source: Department of Statistics

Amman, the capital of the Kingdom, is home to slightly over 2 million or 38.8 percent of the country's total population. In addition to its large population size, Amman is considered to be Jordan's Business focal point of economic activity. Other governorates with high demographic concentration include Irbid and Zarqa, which account for 17.8 and 14.9 percent respectively of the total population. The two governorates follow Amman in population size as well as in the number of industrial and commercial companies. Zarqa houses the Zarqa Free Zone, which represents Jordan's largest storage space for vehicles targeting both the Jordan market as well as the export market. Irbid, which lies in the northern region of the country, is perceived by many as an educational city, since it plays host to a number of universities including the distinguished Yarmouk University and the University of Applied Science and Technology. Students from various parts of the country as well as from around the region tend to move to Irbid in order to pursue their higher education. In addition, Al Hassan Industrial City – one of Jordan's largest QIZ's – is located near Irbid. During the past two years, the city port of Aqaba has been transformed into a free zone dubbed Aqaba Special Economic Zone (ASEZ) and is expected to witness a surge in business and trading activity over the next decade. Although ASEZ will ultimately capture a share of the business transactions based in Amman, the aim of the government is for ASEZ to attract foreign investors and in turn enlarge the scope of economic activity mainly real estate projects taking place in the Kingdom.

Figure (6): Distribution of employees by status, 2006



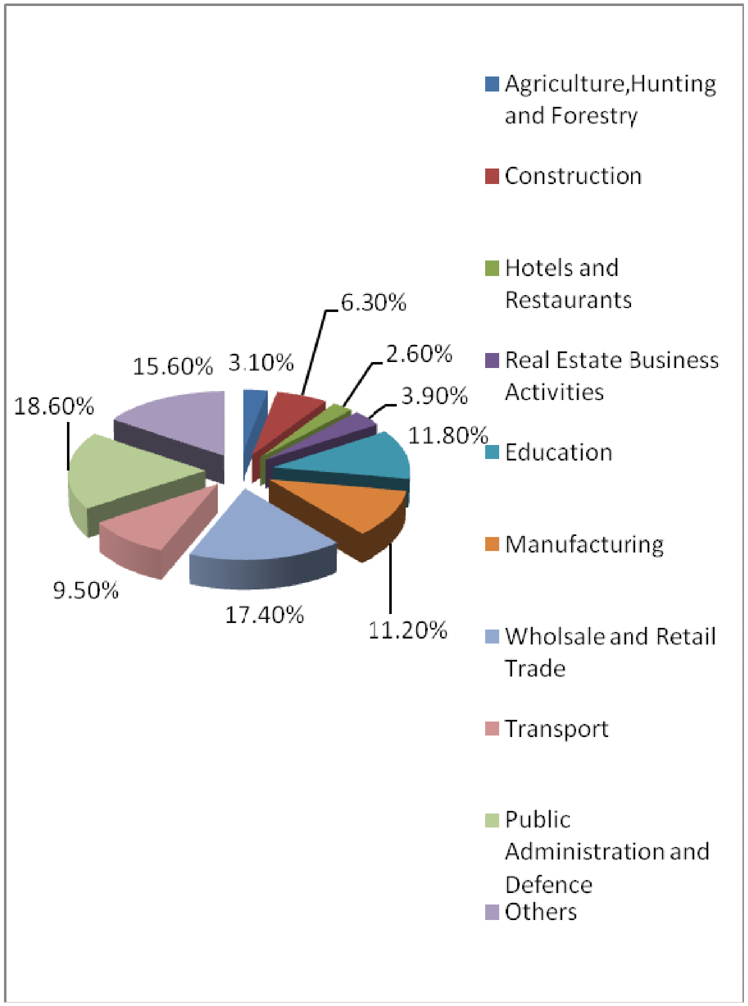
Source: Department of Statistics

Figure (7): Distribution of labor by activity, 2006

Labor force

The Jordanian labor force is considered to be one of the most highly qualified work forces in the region. As education is mandatory for children until the age of 15, the country boasts a high pool of educated people: 91 percent (male-96 percent, female 86-percent), and has therefore become a major supplier of human resources to neighboring MENA countries. Emerging Jordan estimates that there are over 500,000 Jordanian workers in the GCC region alone, many as doctors, lawyers, and in other highly skilled positions.

According to the official statistics, the total labor force has been growing at an average annual rate of 5.0 percent during the period 1999 – 2003, reaching approximately 1.36 million in 2003. Moreover, according to Global Insights, the labor force in Jordan totaled 1.9 million by the end of 2006. The following chart depicts the distribution of the Jordanian employees by employment status: In the 1990's, unemployment remained relatively high (around 18 percent) due to the return of 350,000 Jordanian expatriates in the wake of the Gulf War, many of whom lost their business and/or jobs due to the war. The results of the Employment and Unemployment survey conducted by the Department of Statistics shows that in August 2007, the unemployment rate was 14.3 percent (10.2 percent for males and 31 percent for females). Moreover, this rate is lower than the rate recorded during the same period in 2006 by around 1 percent, when it stood at 15.4 percent. Unemployment is concentrated mainly within the young population, namely those between 15 and 39 years old, who account for around 75 percent of the total. These figures are projected to decline over the next 2 – 3 years with the large number



Source: Department of Statistics

of government and private investments entering into various sectors, thereby boosting economy and reducing unemployment through the creation of job opportunities. The age distribution of the Jordanian population coupled with the current high unemployment rate, has placed tremendous pressure on the job market during the past years in terms of both pay scale and qualification requirement. This situation is benefiting employers by means of being able to raise their hiring benchmarks without adjusting their compensation structures; such circumstances alienated part of the work force and contributed to the brain drain phenomena. Many qualified Jordanian professionals opted to leave their home country in order to seek better or more suitable opportunities in neighboring countries. Over the last four years, the demand for labor force has grown at an annual rate of 16.0 percent and at the same time the demand for expatriate workers has gone up by 26.0 percent.

The Jordanian economy has been experiencing significant growth since 2004

Economic Indicators

Overview of the Jordanian economy

Jordan has been undergoing economic reforms in a long-term effort to improve living standards. Throughout the past decade, the government of Jordan has implemented, in cooperation with the IMF, a number of reforms which aimed at:

- Stabilizing the economy
- Liberalizing foreign trade by adhering to the WTO regulations, concluding a free trade agreement with the US in 2000 and establishing an Association Agreement with the EU in 2001.
- Liberalizing domestic prices
- Reducing public debt
- Privatizing state-owned enterprises and;
- Adopting a prudent monetary policy.

Other ongoing challenges include keeping the budget deficit under control despite oil price increases in the past three years to counteract the impact of rising international oil prices and declining aid levels since 2004, broader investment incentives to promote job-creating ventures, and the encouragement of tourism.

Nevertheless, the reforms have put Jordan on the foreign investment map, accelerating the removal of trade barriers.

Throughout the past three years, Jordan has become a highly attractive investment spot. Domestic changes, coupled with the rise of Jordan as secure operational grounds for trade and investment in Iraq have coincided with the rise in oil prices and unprecedented increase in liquidity levels in the gulf region. As a result, the major regional and international companies have seized the effective government economic policies aimed at boosting foreign direct investment which reached JD 1.134 billion in 2006 from JD 1.06 billion in 2005. This has risen from around JD 97.6 million in 2001. According to the Jordan Investment Board (JIB), the total investments in the kingdom that have benefited from the Investment Board reached JD 2.2 billion in 2007, representing an increase of 22 percent from the year before. Foreign investments accounted for 47 percent of the total investments, totaling JD 1 billion.

Regional developments have augmented Jordan's investment attractiveness. Moreover, the physical flow of Iraqis through Jordan for tourism, trade, and security reasons has brought about significant cash flow through Jordan and contributed to the real estate boom. Political turmoil in Lebanon, Syria, and Palestine, coupled with financial and administrative facilities offered to neighboring nations, have also contributed to the enhanced economic activity in Jordan. Palestinians living in the occupied territories and in Israel as well as Iraqis, Syrians, Lebanese, and Gulf nationals are increasingly seeking Jordan for investment, tourism, medical care, and security. By the end of December 2007, foreign ownership in the Amman Stock Exchange (ASE) was 48.9 percent of the total market capitalization, of which 34.6 percent is accounted for by Arabs. The total net investments by Non- Jordanians were JD 466 million.

In 2004, the Jordan's export-led economy was bolstered by the liberalization of trade regime through the country's membership in the WTO, a free trade agreement with the United States, and an association agreement with the EU. In 2005, the growth continued at an impressive rate despite the terrorist bombings of November. Nevertheless, growth during the fourth quarter was somewhat affected by the attacks and dropped slightly to 6.6 percent from 7.2 percent in the third quarter. In 2006, growth slowed down to 6.4 percent compared with a growth of 7.2% recorded in 2005. During the first half of 2007, GDP grew by 5.8% relative to 6% growth registered during the corresponding period of last year. GDP growth for 2007 is expected to reach 5.8% in real terms.

The economic growth in the first half of 2007 was mainly attributed to the growth in the sectors of "finance, insurance and real estate", "transport and communication"," trade, restaurants and hotels", and "producers of government services" which accounted for 76.9% of GDP growth rate.

Table (5): Jordan's economic indicators

Economic Indicators	2001	2002	2003	2004	2005	2006	2007 (F)
Real GDP (percent change)	5.30	5.80	4.20	8.40	7.20	6.20	5.40
Nominal GDP (US$ bill.)	9.00	9.60	10.20	11.40	12.70	14.40	16.30
Nominal GDP Per Capita (US$)	1,784.00	1,853.00	1,921.00	2,095.00	2,284.00	2,527.00	2,789.00
Consumer Price Index (percent change)	1.80	1.80	2.30	3.40	3.50	6.30	5.90
Wholesale-Producer Price Index (percent change)	(1.20)	0.20	2.60	6.00	9.50	15.80	6.40
Policy Interest Rate (percent)	5.00	4.50	2.50	3.75	6.50	7.50	7.50
Short-term Interest Rate (percent)	10.94	10.18	9.30	8.26	7.61	8.18	8.60
Broad Money Supply (LCU bill.)	7.90	8.40	9.50	10.60	12.40	14.10	15.90
Fiscal Balance (percent of GDP)	(3.50)	(3.80)	(2.70)	(2.80)	(5.30)	(2.30)	(3.20)
Current Account Balance (US$ bill.)	-	0.50	1.20	-	(2.30)	(2.20)	(1.90)
Current Account Balance (percent of GDP)	-	5.70	11.60	-	(17.80)	(15.20)	(12.00)
Trade Balance (US$ bill.)	(2.00)	(1.70)	(2.00)	(3.40)	(5.00)	(5.00)	(5.20)
Trade Balance (percent of GDP)	(22.40)	(18.10)	(19.60)	(29.60)	(39.50)	(34.70)	(31.70)
Exchange Rate (LCU/US$, end of period)	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Exchange Rate (LCU/Euro, end of period)	0.62	0.74	0.90	0.97	0.84	0.93	0.98

Source: Global Insight Inc.
Note: (F) Forecasted

Inflation

Inflation rate was officially estimated at 6.3 percent in 2006, up from 3.5 percent in 2005. The increase in inflation rate represented by the Consumer Price Index (CPI) was affected by the global rise in oil prices, in addition to the government plan to gradually liberalize fuel prices starting from mid 2004. Fuel prices have a direct affect on most of the commodities and services, consequently the overall prices will tend to increase the overall CPI. Transport and Communication have largely contributed to the rise in prices by 1.04 percentage points, and Fuel and Lighting have contributed by 1.24 percentage points to the inflation. According to *Global Insight*'s latest interim forecast, CPI inflation is projected to average 5.9 percent and 3.7 percent in 2007 and 2008, respectively. This is mainly due to the fact that Jordan is becoming more vulnerable to fluctuations in oil prices, now that it is purchasing oil at international market prices. In addition, the rise in inflation was affected by the decline in the value of the Dinar against the Euro, making goods from Europe more expensive.

The World Market Research Center indicates that Jordan's economic prospects look bright

Economic Outlook

Sustaining economic growth in the future will depend in large part on the per capita income of the Jordanian population. A diversified strategy will be required, focusing on a number of growth drivers and income generators working in tandem. Such a strategy will entail the development of the national industrial sector, adding to its complexity as well as attempting to move Jordanian products up the value chain. The enhancement of consumption and spending by both the private and public sectors, along with expanded trade, should enable the Jordanian economy to experience a multiplier effect leading to lower unemployment rates as well as a higher per capita income.

The growth experienced in recent years is expected to be a valid indicator of future opportunities in Jordan. With rapidly evolving economic policies and current investments in the construction industry, banking, tourism, and technology, the Jordanian market has developed a highly attractive infrastructure for tourists, traders, and investors, from the region and the world. Moreover, different barriers are being lifted, and regionally unparalleled incentives are coming into effect. The Jordanian national agenda, which was initiated in February 2005, and started in 2006, provides comprehensive guidance on policy reform and concrete, time bound measures to implement the major elements of the agenda including, bolstering economic growth, combating poverty, and raising standards of living.

Jordan's historical ability to maintain security and stability despite different destabilizing events, coupled with its geographic location as the crossing point between five economies with high capital potential and little stability; Jordan's political and socio-economic security will ensure positive economic growth trends in education, construction and industry, tourism, and medical care.

The return of the World Economic Forum to Jordan in 2007 brought along a new wave of foreign direct investment. The support of industrial nations to Jordan's vision and reform policies as depicted by the IMF and other international financial bodies encouraged the flow of various projects. The improved physical, legal, and technological infrastructure of Jordan is expected to provide new investment incentives to the regional and international corporations and governments that will participate in the future as a result of the World Economic Forum.

According to the World Market Research Centre, Jordan's near-term prospects look bright, as the economy is growing at its fastest pace since 1992. The Jordanian economy has benefited from robust export growth, higher industrial production, and increased investment. The following table depicts an estimate of Jordan's economic indicators:

Table (6): Forecasted key macro-economic indicators

	2006 (A)	2007 (F)	2008 (F)	2009 (F)	2010 (F)	2011 (F)
Real GDP (percent change)	6.2	5.4	5.9	5.7	5.5	5.4
Nominal GDP (US$ bill.)	14.4	16.3	18.1	19.9	21.8	23.8
Nominal GDP Per Capita (US$)	2,527	2,789	3,038	3,272	3,508	3,749
Nominal GDP Per Capita (PPP$)	6,188	6,498	6,857	7,229	7,619	8,035
Industrial Production Index (percent change)	5.9	5.6	5.5	6.2	5.8	5.5
Consumer Price Index (percent change)	6.3	5.9	3.7	3.1	2.8	2.5
Wholesale-Producer Price Index (percent change)	15.8	6.4	5.1	4.3	3.5	2.5
Policy Interest Rate (percent)	7.50	7.50	7.25	7.25	7.25	7.25
Short-term Interest Rate (percent)	8.18	8.60	8.51	8.43	8.43	8.64
Fiscal Balance (percent of GDP)	(2.30)	(3.20)	(3.50)	(3.00)	(2.90)	(2.90)
Population (mil.)	5.70	5.83	5.96	6.09	6.22	6.34
Population (percent change)	2.40	2.30	2.20	2.20	2.10	2.00
Current Account Balance (US$ bill.)	(2.2)	(1.9)	(1.9)	(2.0)	(2.0)	(1.9)
Current Account Balance (percent of GDP)	(15.2)	(12.0)	(10.7)	(9.9)	(9.0)	(8.1)
Trade Balance (US$ bill.)	(5.0)	(5.2)	(5.5)	(5.8)	(6.2)	(6.4)
Trade Balance (percent of GDP)	(34.7)	(31.7)	(30.3)	(29.3)	(28.2)	(27.1)
BOP Exports of Goods US$bill	5.20	5.70	6.10	6.60	7.10	7.50
BOP Imports of Goods US$bill	10.20	10.80	11.60	12.40	13.20	13.90
Exchange Rate (LCU/US$, end of period)	0.71	0.71	0.71	0.71	0.71	0.71
Exchange Rate (LCU/Yen, end of period)	0.01	0.01	0.01	0.01	0.01	0.01
Exchange Rate (LCU/Euro, end of period)	0.93	0.98	1.03	1.04	0.99	0.97

Source: Global Insight Inc.
Notes: (A) Actual (F) Forecasted

Industry Analysis

There are different players in the industry where Qwara Factory operates, and links several industries together; tourism, hospitality and handicrafts sectors, these sectors were considered in the industry analysis.

1. General facts

According to Ministry of Industry and Trade, a number of 151 companies are registered as producers and traders of ceramic pottery, artifacts and household accessories (refer to appendix two for the complete list). However, after verification with Jordan Company Controller, over 30% of these companies are not operating. Moreover, the research resulted that there are small workshops which are not registered in Ministry of Industry and Trade and producing ceramic and pottery work. Such workshops are mainly spread in Madaba and Amman, some workshops are located in residential homes, and therefore, an accurate number of workshops can not be obtained. The study focused on analyzing main competitors of Qwara Factory, presented in the competitors analysis section.

2. Exports and Imports of ceramic ornamental articles and house ware

The table below represents the Exports of ceramics ornamental items and house ware (tableware) from Jordan in US dollars (2002-2006):

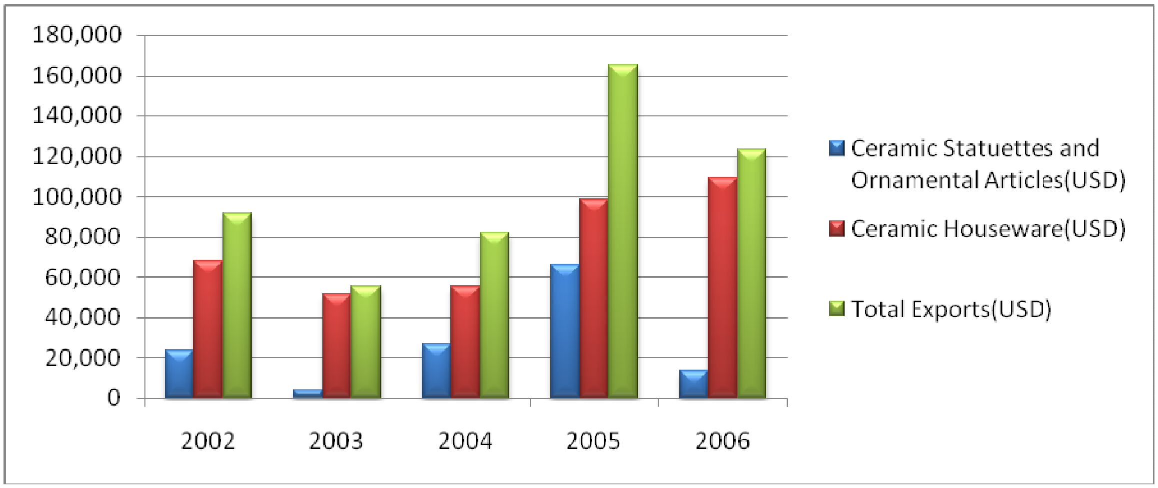
Table (7): Exports of Ceramics from Jordan 2002-2006 (USD)

Year	Ceramic Statuettes and Ornamental Articles(USD)	Ceramic House ware (USD)	Total Exports (USD)
2002	23,892	67,707	91,599
2003	4,009	51,522	55,531
2004	26,501	55,454	81,955
2005	66,199	98,615	164,814
2006	13,655	109,415	123,070

Source: UN ComTrade

The chart below represents the Exports of ceramics from Jordan in US dollars (2002-2006):

Figure (8): Exports of Ceramics from Jordan (USD)



The table below represents the Exports of ceramics from Jordan in Kilograms (2002-2006):

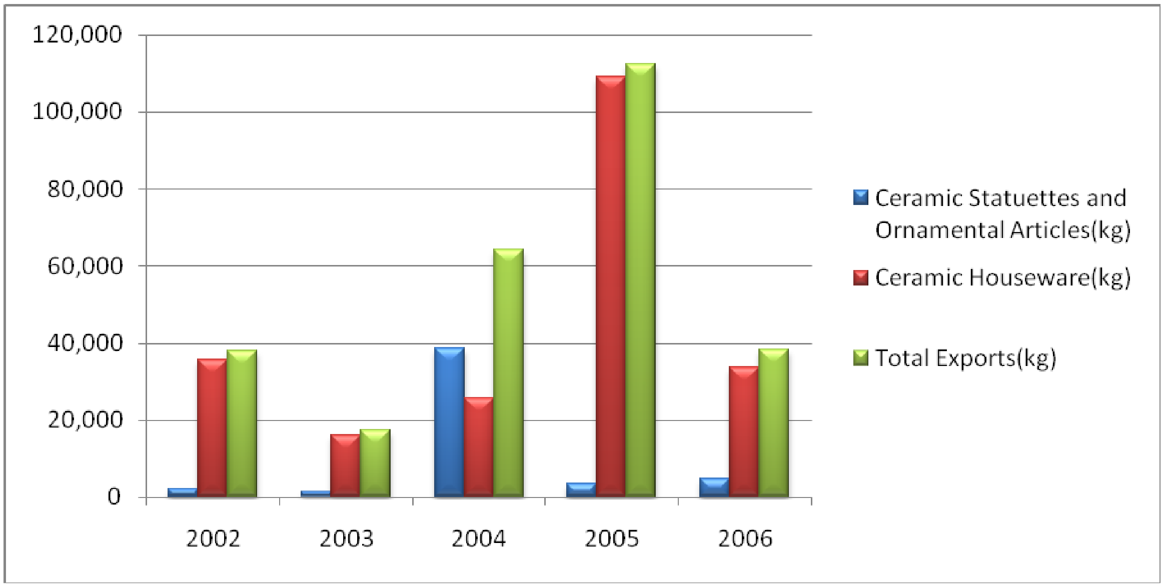
Table (8): Exports of Ceramics from Jordan (Kg) 2002-2006

Year	Ceramic Statuettes and Ornamental Articles(Kg)	Ceramic House ware(Kg)	Total Exports(Kg)
2002	2,136	35,656	37,792
2003	1,264	15,920	17,184
2004	38,619	25,735	64,354
2005	3,510	108,913	112,423
2006	4,688	33,691	38,379

Source: UN ComTrade

The chart below represents the Exports of ceramics from Jordan in Kilograms:

Figure (9): Exports of Ceramics from Jordan (Kg) (2002-2006)



Imports of ceramic ornamental articles and house ware

The table below represents the imports of ceramics to Jordan in US dollars:

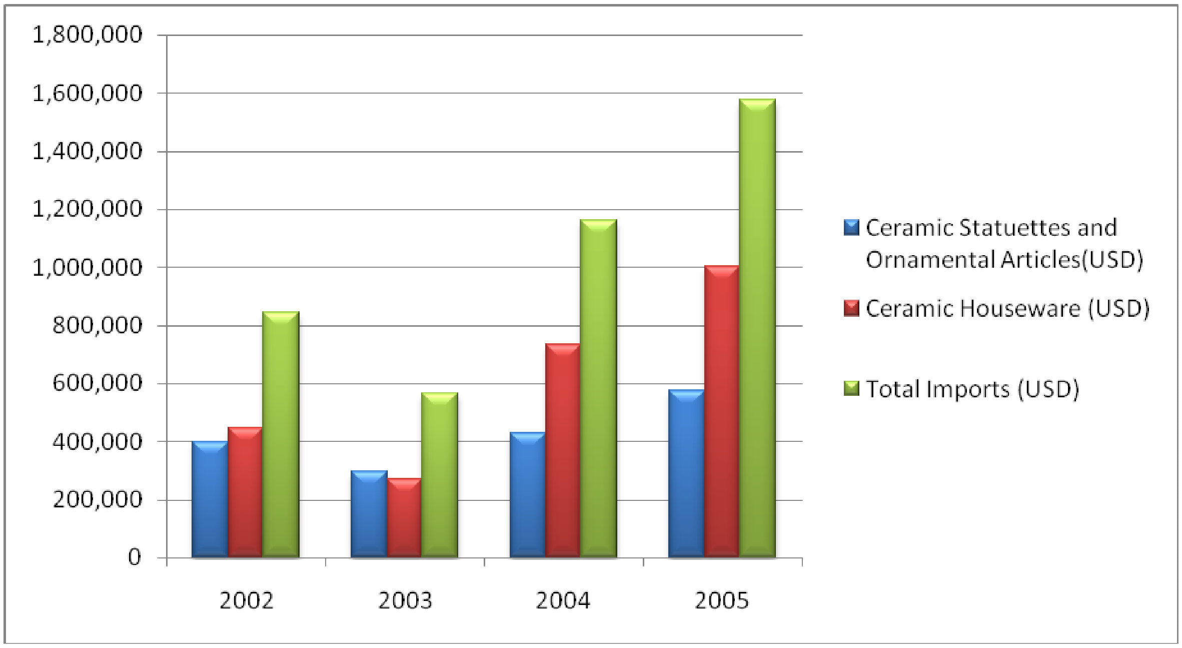
Table (9): Imports of Ceramics to Jordan (USD)

Year	Ceramic Statuettes and Ornamental Articles(USD)	Ceramic House ware (USD)	Total Imports (USD)
2002	396,381	447,293	843,674
2003	294,960	271,872	566,832
2004	428,813	732,215	1,161,020
2005	574,029	1,002,668	1,576,697
2006	491,994	1,327,437	1,819,431

Source: UN ComTrade

The chart below represents the imports of ceramic products to Jordan in US dollars:

Figure (10): Imports of Ceramics to Jordan (USD)



The table below represents the imports of ceramics to Jordan in Kilograms:

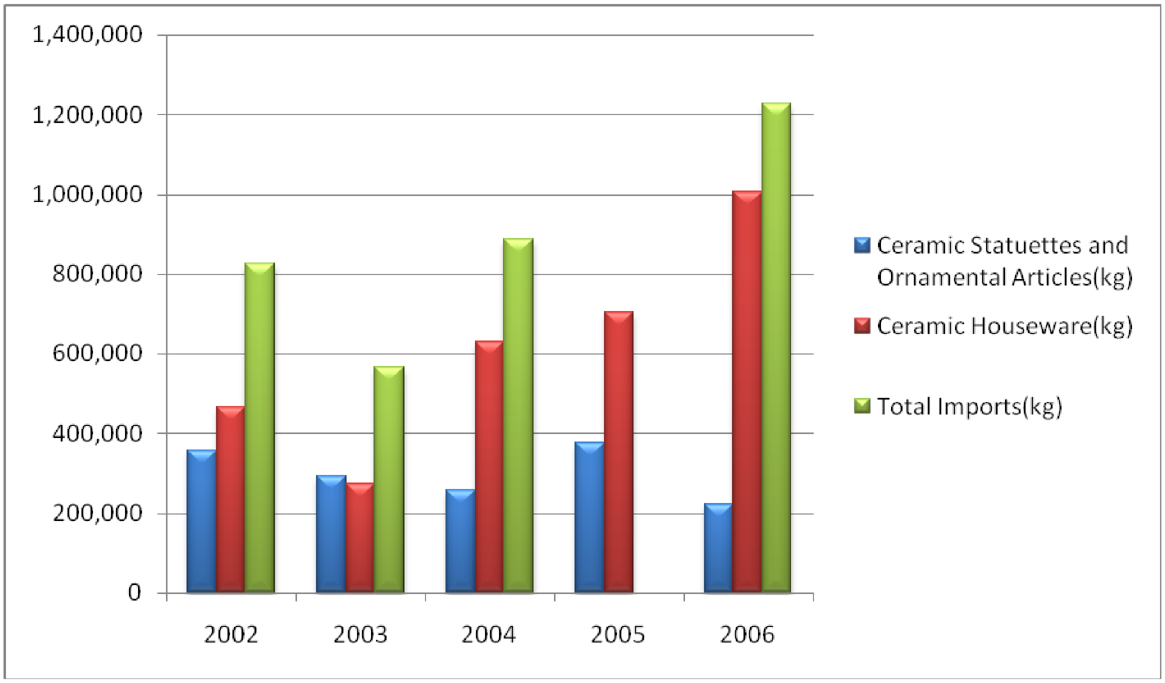
Table (10): Imports of Ceramics to Jordan (Kg)

Year	Ceramic Statuettes and Ornamental Articles(Kg)	Ceramic House ware (Kg)	Total Imports (Kg)
2002	357,187	467,063	824,250
2003	292,409	274,271	566,680
2004	257,220	630,820	888,040
2005	376,612	702,700	1,079,12
2006	221,537	1,005,404	1,226,941

Source: UN ComTrade

The chart below represents the imports of ceramics to Jordan in Kilograms:

Figure (11): Imports of Ceramics to Jordan (Kg)



Based on the above illustrations, one can conclude that Jordan depend largely on imported ceramic items as imports have valued up to USD 491,994 in year 2006, compared to Jordan exports that totaled USD 13,655 during the same year. During years 2002-2006, exports of ceramic ornamental items from Jordan reached the peak in year 2005 which amounted for USD 66,199. This figure is yet considered low comparing to values of imports over the same period.

In general, imports and exports of house ware are higher than of ornamental articles. Importing of ornamental articles is fluctuating from year to year, but the imports of house ware have risen by 196% from year 2002, compared to year 2006.

3. Handicrafts and tourism in Jordan

Jordanian crafts are well known over the world due to the Nabateans' heritage. Jordan's ceramics and pottery making was slightly improved over the last few years due to government intervention to sustain Jordan's heritage of handicraft industry in general and pottery making in particular. The range of local handicrafts available in Jordan is as diverse as its tourist offerings. The handicraft sector is an essential part of the tourism sector and it also plays a major role in promoting Jordan.

A number of organizations are working extensively to support the handicraft sector by conducting workshops, and implementing strategies aiming to boost the tourism sector in general, which could result in flourishing business for handicraft sector. These supporting organizations include:

Ministry of Tourism and Antiquities

The Ministry's vision is to achieve sustainable tourism development towards economic prosperity, by means of reaching the ministry's goals such as expanding the role of the private sector in tourism investment and capital attraction within a framework of mutual cooperation between the public and private sectors.

Ministry of Culture

The Ministry is working on achieving that goal through spreading out and publicizing Culture, deepening awareness and upgrading cultural institutions in Jordanian Society through the three pillars of culture: the intellectual, the scientific, and the artistic which consequently confirms the national identity in the Hashemite Kingdom of Jordan as a Jordanian, Arab, Islamic, and Humanitarian Culture.

Jordanian Handicraft Producers Association (JHPA)

The Jordan handicraft producers association is a voluntary non-profit association, which was established in 2005 by the Ministry of Culture. The association is the hub for all handicraft producers and workers in the traditional handicraft trade in Jordan. The association is made up of hundreds of members across the country, who collectively offer a diverse range of handicrafts and traditional, handmade products. Its vision and mission are aligned with the National Tourism Strategy and its subsequent action plan.

JHPA's vision is to be the voice of a connected and supported community of Jordanian handicraft producers, advocating for visibility, quality production standards and enforcement of protective regulations in the marketplace.

JHPA's mission is to connect and build the handicrafts community through advocacy and cooperative marketing in the tourism marketplace, and as a tourist specialty attraction nation wide.

USAID/Jordan Tourism Development Project (Siyaha)

The U.S. Agency for International Development (USAID) designed the Jordan Tourism Development Project (Siyaha) Siyaha is a three-year, $17 million project working with the Jordanian government, local communities, NGOs, and tourism-related institutions to develop a dynamic, competitive tourism industry. Siyaha awarded the JHPA an amount of $80,000 in July 2007.

Siyaha is supporting the implementation of Jordan's National Tourism Strategy 2004 - 2010. The strategy, developed by a public-private sector partnership, aims to double the tourism industry through intensified marketing and promotion, an integrated approach to human resource and product development, and institutional and regulatory reform.

Vocational Training Corporation

VTC provides its services to all citizens, regardless of their scientific levels. This means that VTC believes in learning for life concept in all its programs. The VTC mission is to contribute in the preparation of the skilled workforce through the continuous training programs, the qualifying and rehabilitating of the workforce, the upgrading programs, workshops and workers classification and organization.

According to H.E Munir Nassar, the Minister of Tourism and Antiquities in a workshop that was conducted in 2007 to place a future vision for a national strategy for the handicrafts sector in Jordan, which fits with the National Tourism Strategy, the average amount spent by tourists on handicrafts in Morocco is more than $195 per day, whereas in Jordan the average tourist spending on handicrafts is $20. The Minister of Tourism and Antiquities concluded that there is great potential in the handicrafts industry to increase the average of spending by enhancement of the promotion of Jordanian Handicrafts.

However, according to a published article in Al Ghad local newspaper, some external factors such as increasing fuel prices and lack of skilled workers are suppressing any initiative to improve ceramic and pottery making industry all over the kingdom.

An assessment study of handicrafts industry in Jordan and the problems faced by handicrafts producers conducted by the USAID/ Jordan Tourism Development Project “Siyaha” stated that the main challenges facing the handicraft producers were:

1. Development of Human Resources
2. Product Development
3. Marketing, (Laws & Legislation)

Development of Human Resources

A research was done to address these challenges, which uncovered that manpower is the primary input in this industry and despite throngs of unemployed workers; creativity, talent, and proficiency are not easily found in the labor market. Another problem with manpower is the cost of the properly skilled and talented labor, for example, most workers in the local ceramics manufacturing factories/workshops and handicrafts industry in general are women who are making a living for their families from working with handicrafts and willing to work extensively with fair – sometimes low – salaries to help support their families.

Another source for skilled labor is Vocational Training Corporation. Although it consists of 46 training centers, only one of them provide training workshops for ceramics art production which is Al-Salt Handicraft Training Center that is aimed towards providing the industry with local worker armed with the set of skills and abilities that are needed for this specific industry. Our team has contacted the Al-Salt Handicraft Training Center and obtained the following findings:

The center provides participants with specialized courses which are:

- Mold Making
- Crafting ceramic on Manual Wheel
- Artistic Drawing

There are two types of training courses available in the center:

- Long term training for one year and it is free of charge.
- Short term training for one or two months and it is chargeable.

Al Salt Vocational Training Center reported to consultants that in the past two years students were not interested in the short term training, therefore no courses were offered.

As for the Long term training courses, only 17 trainees attended in year 2007, the number has declined to 10 trainees in 2008.

This indicates that skilled and talented labor is scarce and hard to find. However there is an opportunity of developing skills if Qwara focused on training potential caliber to develop the set of skills Qwara needs to and therefore upgrading its products quality and ultimately strengthening their position in the market. Qwara factory can also consider establishing a training center within the factory and therefore insures the availability of skilled artists, and also establish a profit center.

Product Development

Another challenge to the industry is the product development, as some of the current designers are working with creating and innovating new products and others are copying these designs and thus creating products that are already produced, and flooding the market with these copied products. It seems as though the handicraft sector has itself been subjected to the annoyance of copycatting and plagiarism that, while not restricted to this industry, may have a greater effect on its capabilities for continued innovation. Piracy is a world wide problem, but it has been found to have its greatest negative effects on industries where creativity, and continued originality are factors for success. However, the response to this predicament has varied from one designer to another, with some preferring to remain small, isolated and protected (and thus less vulnerable), while others have decided to power through and ignore it as an unfortunate reality. Needless to say, the harmful impact and the need for enforced copyright and patent laws within Jordan are apparent.

Marketing, Legislation & Laws

Last but not least, the challenge of marketing the local manufactured products, which are considered to be pieces that originally show the Jordanian heritage, history and authenticity, are not present nor positioned in the market properly. In fact, most key players in the handicraft sector suggest that as high as 95 to 98% of available crafts sold in Jordan are imported from the Far East, Egypt, Syria and Turkey. Not only do these imported products strangulate competition due to unmatched lower prices, they are also passed off by merchants as “Original Jordanian” products. Moreover, it is important to remember that the imported, cheap handicrafts that are passed off as Jordanian can swiftly mislead tourists’ perception of the quality and refinement traditionally displayed by imported pieces.

One way to limit the effect of imported products is to have regulations and laws for importing handicrafts in general and pottery and ceramics in particular. Currently, according to published information in a local newspaper, three of the largest Ceramic producers in Jordan (Including Al Mas Ceramics and Jordan Ceramic Industries Co. Ltd.) are struggling with the government to limit imports of ceramics and have raised petitions to the Local Production Directorate in the Ministry of Industry and Trade, to find a solution for this problem.

4. Hospitality sector

Hospitality sectors contributed to 2.6% of Jordan economy in terms of number of labor working in this industry. A number of associations are established in Jordan to promote the hospitality sector in Jordan, these associations are:

Jordan Hotel Association (JHA)

JHA is established to promoting and defending the interests of the hotel and restaurant industry in Jordan, one of JHA’s missions is to build business networks, Qwara could present itself as a non-profit organization and attract the interest of JHA to link it to its network of hotels.

Jordan Restaurant Association (JRA)

JRA represents over (630) classified members including restaurants, entertainment cities, coffee shops, fast food, discos, bars, cabaret, and night clubs of 1-5 stars. It is also a member of the International Hotel & Restaurant Association (IH&RA), the Arab Tourism Organization and the Jordan Tourism Federation.

The association has an elected Board of Directors consisting of nine members representing the private sector, qualified staff, legal consultants, and an accounting consultant.

The restaurant and food service industry is a powerful and regionally competitive sector that contributes to the growth of the Jordanian tourism economy.

Conclusion and recommendation

In Conclusion, Qwara is advised to focus on attracting the right manpower with right skills and talent, including designers and potters…etc, these talents can be found in Al-Salt Handicraft Training Center and university graduates from the Fine Arts Department, such as the Sculpture section in the University of Jordan.

Qwara should also build relationships with different shops in the market in order to market their products and make them distinguished for their potential customers. There are around 289 souvenir shops and bazaars in Jordan according to the Ministry of Tourism and Antiquities, and a lot of these shops are willing to display products that represent Jordanian heritage or has practical use, not to mention a number of prestigious hotels and restaurants who are also interested in displaying the Jordanian heritage through ceramic and pottery pieces, by displaying them in their rooms or decorating their facilities with such artistic items, as well as using some ceramic products in their catering and hospitality services.

Moreover, Qwara has a competitive advantage within the factors that limits the industry as it is exempted from tax, benefits from external funds that limit the burden from increasing operational cost, and last but not least; Qwara presents a unique one of a kind ceramic factory in Jordan in terms of size and capabilities.

Qwara can expand in regional markets; there are different possible forms of expansion for Qwara as follows:

- Develop strategic alliances with showrooms in other countries to display Qwara products
- Establish Qwara own showroom(s) with a representative agent(s) abroad.
- Enhance Qwara brand awareness and establish a trademark that can be franchised in the regional markets.

Establishing a showroom abroad will incur cost of leasing a place. Therefore it is recommended that Qwara develops alliances with potential partners in the region. And investigate the possibility of being a franchisor.

Target Segments

Qwara Target Market has been divided into segments of potential customers that would be interested in buying its products. Primarily, Qwara will focus on providing its products to the following main segments:

- Hotels
- Restaurants and Coffee Shops
- Corporate
- House Holds
- VIP and Embassies
- Tourists

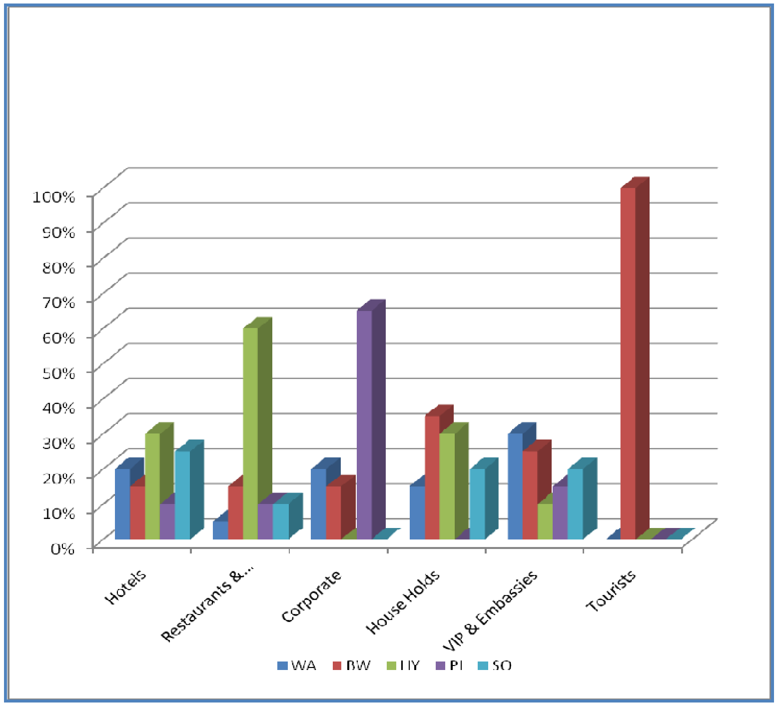
Consultants have conducted market survey targeting the above mentioned segments questioning their average annual spending on specific ceramic table ware and ornamental (covering Qwara's product mix) as well as their willingness to buy ceramic products customized to their need and design. Moreover, the field work also included questioning interviewees' preferences and buying decisions according to the following factors:

Table(11):Questionnaires Rating/Priority Factors for Ceramic Products

Design	**Quality**
Price	Variety
Durability	Traditional value
Appropriateness for usage and consistency	Trade Mark importance

Potential Market Product Mix

Figure (12): The Function (Purpose) of using the ceramic Products distributed among Market segments



The market survey concluded that Hotels and Restaurant segments mainly use ceramic items for serving food functions (comparable to the study definition of hospitality line) 30% and 60% respectively. The largest segment that uses Wall Art hangings was Hotels that contributed to 20% of their purchases of ceramic products. Households' purchases of ceramic items were mainly for Ornamental and Artifacts (BW) and hospitality products; 35% and 30% respectively.

The table below illustrates the distribution of Ceramic usage per each market segment in terms of Qwara product lines translated from market questionnaire:

Table (12): The Function (Purpose) of Using the ceramic Products per product line distributed among market segments

Market segment	WA	BW	HY	PI	SO
Hotels	20%	15%	30%	10%	25%
Restaurants & Coffee Shops	5%	15%	60%	10%	10%
Corporate	20%	15%	0%	65%	0%
House Holds	15%	35%	30%	0%	20%
VIP & Embassies	30%	25%	10%	15%	20%
Tourists	0%	100%	0%	0%	0%

Market segments priority factors

Table (13): Market segments priority factors (Hotels and Restaurants)

Factor	Rate
Design	9.2
Price	9.4
Durability	8.9
Appropriateness for usage and consistency	8.3
On time Delivery	7.9
Quality	8.7
Variety	7.3
Traditional value	6.7
Trade Mark	7.2
Supply (Availability)	7.2

The following illustrates each of our targeted Market segment evaluations and proiorities they consider when bying ceramic products , giving a rating out of ten points against ten factors.

1. Hotels and restaurants

Hotels and Restarants almost alloted the "design" of the product , its "price" and "Durability" (which means product serving life) the highest rate of almost 9 out of ten. Followed by "Quality" with a slight donword increment that rated (8.7). The least priority for Hotels and Restaurants when they decide to buy ceramic items was for " traditional value" rated 6.7.

Figure (13): Market segments priority factors (Hotels and Restaurants)

Market Segments priority factors

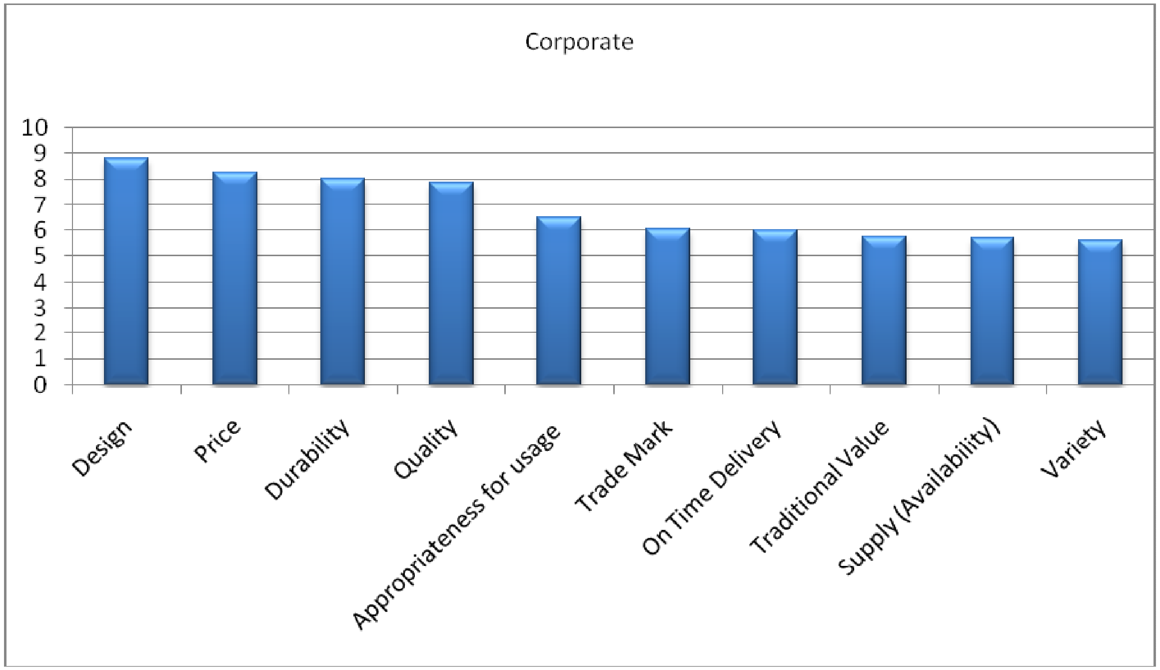
Table (14): Market segments priority factors (Corporate)

Factor	Rate
Design	8.88
Price	8.24
Durability	8.04
Appropriateness for usage and consistency	6.48
On time Delivery	6
Quality	7.9
Variety	5.6
Traditional value	5.76
Trade Mark	6.04
Supply (Availability)	5.68

2. Corporate

Corporate alloted the "design" of the product the highest point (8.9) , followed by its "price" and "durability" 8.24 and 8.04 respectively, followed by " quality" with a slight downward increment that rated (7.9). The least priority for corporate when they decide to buy cermic item was for "supply" (which means continouse availability and easy reach) and "variety" which rated almost 5.6.

Figure (14): Market segments priority factors (Corporate)



Market Segment Priority Factors

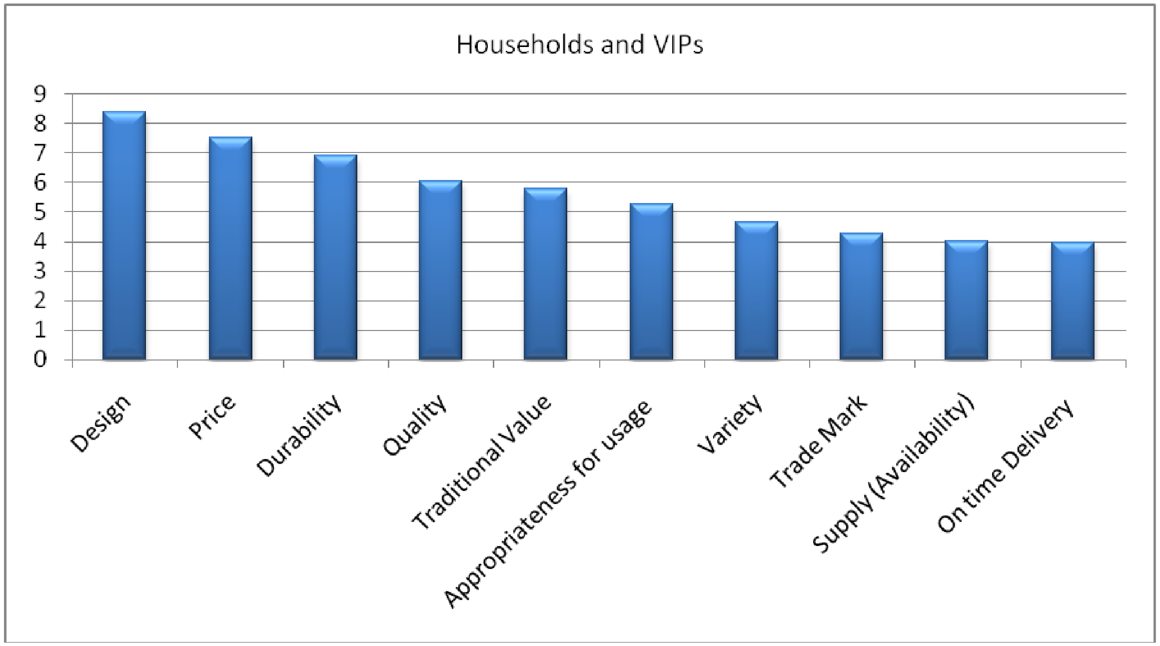
Table (15): Market segments priority factors (Households and VIPS)

Factor	Rate
Design	8.4
Price	7.5
Durability	6.9
Appropriateness for usage and consistency	5.3
On time Delivery	3.9
Quality	6.1
Variety	4.7
Traditional value	5.8
Trade Mark	4.3
Supply (Availability)	4.0

3. Households and VIPs

Households and VIPs alloted the “design” the highest rate of almost 8 out of ten, followed by “price” that rated (7.5). The least priority for households and VIPs when they decide to buy cermic item was for “on time delivery” rated 3.9.

Figure (15): Market segments priority factors (Households and VIPs)



Market Segment priority factors

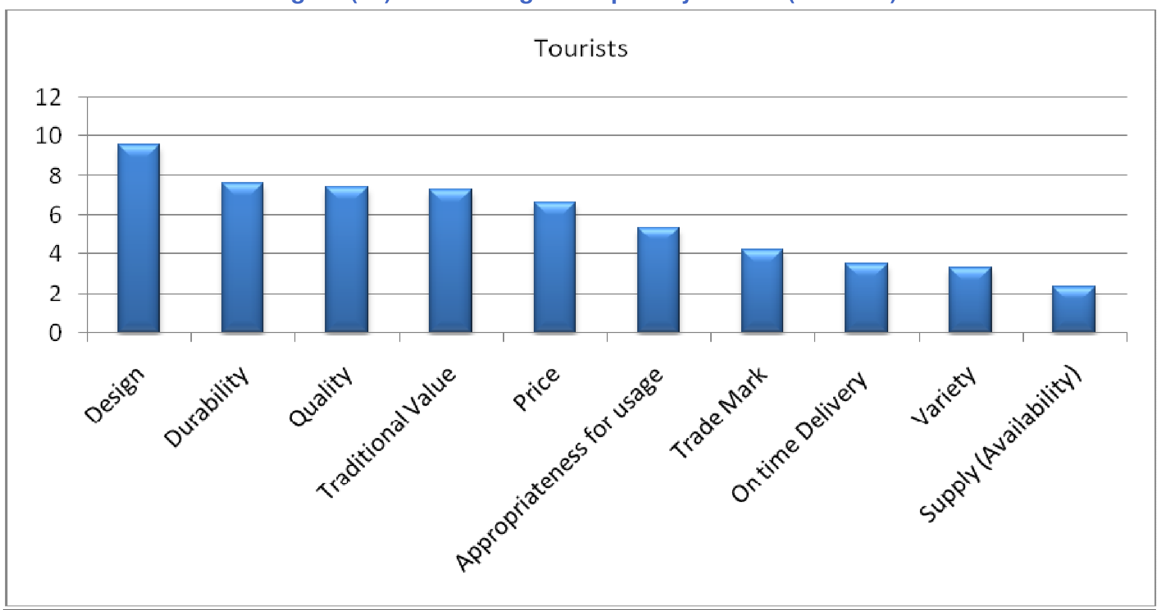
Table (16): Market segments priority factors (Tourists)

Factor	Rate
Design	9.5
Price	6.6
Durability	7.6
Appropriateness for usage and consistency	5.4
On time Delivery	3.5
Quality	7.4
Variety	3.3
Traditional value	7.3
Trade Mark	4.2
Supply (Availability)	2.3

4. Tourists

Tousists alloted the “design” the highest rate of almost 9 out of ten, followed by “durability” (7.6). The least priority for tourists when they decide to buy cermic item was for “supply” which rated 2.3.

Figure (16): Market segments priority factors (Tourists)



Product Customization

Table (17): Questionnaires answers to Product customization (Hotels and Restaurants)

Answer	Percentage
Yes	76.5%
No	23.5%

Interviewees were asked the following question: “Are you willing to pay extra prices to custom make your product according to your desires?”

The following illustrates each of our interviewed Targeted Market Segment answeres:

1. Hotels and Restaurants

Almost 77% of hotels and restaurant officials answered “yes” indicating they are willing to pay extra prices for customized products.

Figure (17): Product customization (Hotels and Restaurants)

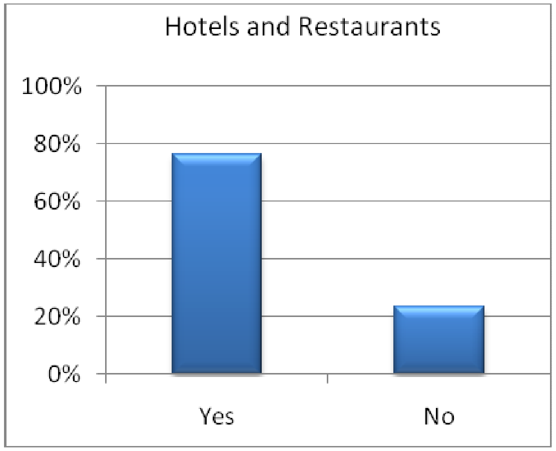


Table (18): Questionnaires answers to Product customization (Corporate)

Answer	Percentage
Yes	61.5%
No	38.5%

2. Corporate

Approximately 62% of corporate are willing to pay extra prices for customized product.

Figure (18): Product customization (Corporate)

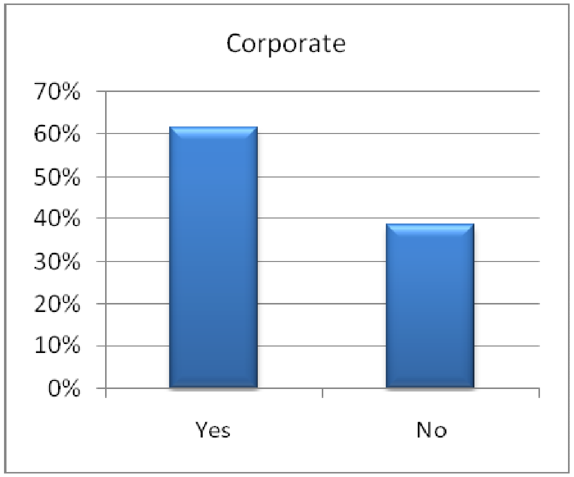


Table (19): Questionnaires answers to Product customization (Households and VIPs)

	Frequency	Percent
Yes	13	26%
No	37	74%

3. Households and VIPs

Individuals presenting households and VIPs were questioned the same question and almost 26% only are willing to pay extra prices for customized products. Therefore, Qwara will produce mainly standard products for this segment, and only 26% can be costomized to customers(mainly VIPs).

Figure (19): Product customization (Households and VIPs)

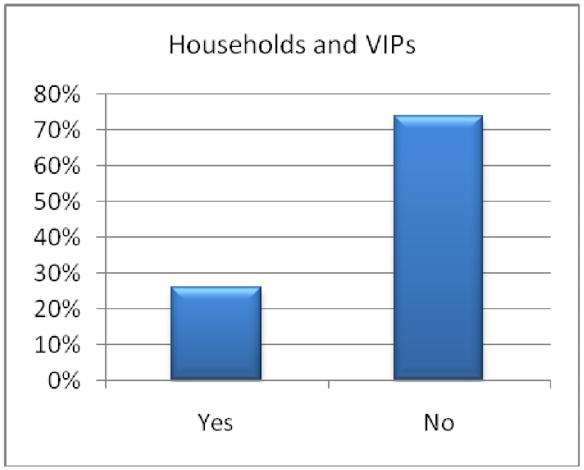


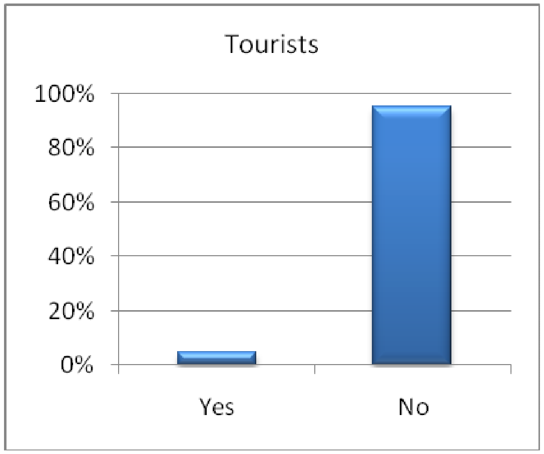
Table (20): Questionnaires answers to Product customization
(Tourists)

	Frequency	Percent
Yes	2	4.8%
No	40	95.2%

4. Tourists

Almost only 5% of households and VIPs are willing to pay extra prices for customized productS. therefor Qwara shall produce standarized items such as souvenirs targeting tourists.

Figure (20): Product customization (Tourists)



Competitors' Analysis

Consultants have conducted a thorough study and analysis of the Jordanian Ceramics and Pottery market, aiming to identify Qwara's main competitors including direct and indirect competitors, The team has used many tools to conduct this study including desk research, field visits, competitors' products profiling, questionnaire, and others.

As mentioned before, more than one hundred companies and workshops which deal with ceramics pottery and artifacts were verified with Companies Control Department and Ministry of Industry and Trade. Six main competitors of ceramic ornamental and tableware (manufacturing and trading) were identified that directly compete with Qwara Factory in terms of Quality brand positioning and target segment.

Below is a description of Qwara ceramic factory main competitors :

Silsal Ceramic Factory

Figure (21): Samples of Silsal Products

Brief Description:

Handmade pieces of ceramic (Ornamentals & Hospitality)

Silsal is the main competitor for Qwara, which is a pottery studio located in the heart of Amman, Jordan (4th circle). It was created with the mission of keeping and reviving a tradition, while creating jobs for young and artists. SILSAL produces handmade modern functional pieces of ceramics with historical references (e.g. plates, vases, pots, cups, ashtrays); while their main products include tableware, kitchenware, household or toilet articles of porcelain, and hand made articles of ceramic.

Silsal is run by two sisters, in which one is the managing partner who runs the administrative logistics; and the other is the artistic, creative partner, who is constantly developing new ideas and glazes. Silsal's paid up capital is 30,000 JOD and its workshop has 18 people.

Silsal has developed a commercial website through BEAT-JO, making their company's information and profile, their product ranges, and their contact details available for the public to access. The website has online shopping that is currently under construction.

Silsal imports the clay and glazes from the UK and uses them for production. All their finished products are non-toxic and designed for practical use in a contemporary home.

Their client list includes but not limited to Four Seasons, Marriot Hotel, Jordan; Burj Dubai-old Town Island – Souq al bahar, UAE; and Rima Baydoun co.-Jeddah, Saudi Arabia.

The field research that was conducted by consultant team resulted in the following retail prices:

Table (21): Silsal Prices

Item	Description	Price JD/ Unit
Floor Lamp	Floor lamp without shade, two sizes are available; Small and Large	S 290, L 350
Salad Plate	Glazed plate and has writings painted on the exterior face of the plate	116
Vase	Large vase, 60cm high x 20-25cm wide with handles and engravings in the clay	550
Mug Set	6 pieces mug set, glazed and painted	121
Coffee Table	Small coffee table with tiles on top, tiles are not sold separately	116
Plate	Plate with embossed flower painting	46
Turkish Coffee Cups	Small Turkish coffee cups with their small plates	13

Note: (S) Small, (L) Large

Mosaic Art

Figure(22): Sample of Mosaic Art products

Brief Description:

Handmade pieces of Pottery and Mosaic (Ornamentals and Hospitality)

A medium sized workshop and small showroom located in Jabal Al weibdeh just close to Paris Square, specialized in the design and production of quality pottery and clay artwork and Mosaic Hangings, including home and garden pottery, indoor crafts, handmade arts and crafts such as coasters, cups, mugs, jars, bowls, and pencil or card holders. The emphasis of the business is on creating original designs handmade by skilled craftswomen using traditional techniques.

The shop is owned by Eng. Omar Al Tahat, who has formulated his own clay and material, using them in production at his workshop. Mosaic art does not import any clay and the owner considers his formulated clay as of very high quality and competes with imported clay. Below is the prices which were acquired in the field visit to his workshop and showroom:

Table (22): Mosaic Art Prices

Item	Description	Price JD
Coaster	Ceramic and Mosaic Coaster	2.50
Tray	Multi-purpose Mosaic Trays used for serving food. Sizes are Small and Large	S 20.00 L 30.00
Mug	Small and Large Mugs with Mosaic Art on the exterior	S 5.00 L 6.00
Turkish Coffee Cup	Two pieces set (Cup and Plate) with Mosaic art on the cup exterior	5.00/Cup and Plate
Arabian Coffee Cup	Regular size Arabian coffee cup with Mosaic Exterior	2.00
Candle Holder	15cm high Candle holder with engravings	5.00
Hand bell	15cm High hand bell, used for decorations, mosaic exterior	6.00
Vase	41cm High x 15cm Wide	150.00

Note: (S) Small, (L) Large

Al-Ayadi (The Hands)

Table (23): Al Ayadi Prices

Item	Description	Price
Nuts plate	Chinaware plate imported from Syria. Sizes are Small and Large	S 5.00 L 10.00
Salad Plate	Salad plate imported from West bank, hand made and hand panted with blue and white colors	25.00
Vase	Imported vases from Syria with “Allah Akbar” engraving on exteriors. Sizes are Small, Medium and Large	S 40 M 50 L 60
Display Plate	Medium sized display plate with a stand, painted white and blue and engraved, imported from Syria	45.00
Silsal Products	Variety of Silsal’s products, the most expensive was the vase (with handles) that had engravings within the clay on the outside, selling price was 550JD, which is the same vase that was in Silsal’s showroom.	Same as original price of Silsal

Brief Description:

Decorative and household ceramic products

Handcrafted pottery and ceramics

Established by the Jordan Craft Development Centre, in the 1970’s, for the Jordanian artisans in order to salvage traditional crafts and skills. The shop has a selection of Palestinian tapestries, Bedouin carpets, ceramics, antique silver jewelry, mother-of-pearl and olive wood items, and embroidered traditional products. A field survey was conducted and resulted in the following observations:

- Al Aydi does not produce any pottery or ceramics. Ceramic items are imported from the west bank (Jerusalem) and Syria.
- Ceramic items (ornamental handicrafs) which are imported from Syria are replicas of original pieces from Syrian heritage
- Ceramic items (Hospitality) which are imported from Jerusalem are limited; they range from nuts plates, bowls, ashtrays and display plates. These products are provided by local distributors who sell them to many shops in the market.
- Al Aydi resells some Silsal products at the same Silsal’s original prices

Arabesque Ceramics and Mosaics

Figure (23): Sample of Arabesque Ceramics and Mosaic Products

Brief Description

Handmade pieces of pottery and ceramics (Ornamentals and Hospitality)

Arabesque Ceramics and Mosaics is located in the industrial city of Sweileh in Amman. It is run by the chairman of Jordan Handicraft Producers Association Mr. Ra'ed Al Badri. The showroom itself is simple and not luxurious; it's not well-appointed, located in an industrial area which is crowded with automobile garages and other workshops. The location is not suitable for a showroom but is also the place of the workshop.

The un-presentable show room is because Arabesque Ceramics and Mosaics does not rely on retail business and customers visiting the showroom. Arabesque Ceramics and Mosaics rely on customers' requests on custom made items. The research showed that Arabesque Ceramics and Mosaics sells to many customers and in large quantities per order; some deliveries included 50,000 pieces and 100,000 pieces/customer. The research also showed the following:

- Products are hand made and hand painted
- Arabesque imports the clay and glazes from the Italy and uses them for production.
- Arabesque uses many techniques in producing their ceramic products and design such as mosaic stones, free hand painting and engravings
- Clients of Arabesque include the Royal Court, VIP customers, Royal Jordanian Airlines, DHL, Offtec, Saraya Aqaba, Arab Wings, Int@j, Zain, Movenpick Dead Sea and Marriot, Hyatt Amman and most of the five stars hotels

Arabesque Ceramics and Mosaics exports products to UAE and Saudi Arabia

Table (24): Arabesque Ceramics and Mosaics Prices

Item	Description	Price
Coaster	10 cm x 10cm square and round coasters	Square 1.25 Round 1.50
Mug	12cm High, hand made and finished with Mosaic art	3.00
Ashtray	Square ashtrays with mosaic finishing. Sizes are large and small	S 3.00 L 5.00
Pen Holder	Cylindrical pen holder, different sizes, design and finishing	2.50 – 4.00
Business Card Holder	Rectangular base, with two rectangular (front and back) with no Mosaic finishing	2.50
Arabian Coffee Cup	Regular size Arabian Coffee Cup with Mosaic finishing	1.25/cup
Turkish Coffee Cup	Two pieces set. Medium sized cup and plate with Mosaic Finishing	3.00/Cup & Plate
Tea Cup	Two pieces set, Medium sized Tea Cup with engravings	3.50/Cup & Plate
Nuts plate	Small nuts plate without handles	3.50
Vase	Two sizes available, 10cm high and 30cm high	S 4.00 L 15.00

Note: (S) Small, (L) Large

United Trading for Porcelain & Art Company (Sweiss)

Figure (24): Samples of UTPA Products

Brief Description

Imported and Local, handmade pieces of pottery and ceramics (Ornamentals and Hospitality)

United Trading for Porcelain & Art Company also known as Sweiss® is owned by Mr. Ra'ed Sweiss and it was established in 1982 being now one of the most active companies for the supply of household & hotel operating supplies and equipment.

Sweiss® has supplied many of the Royal Palaces and 5-star hotels in Jordan & Palestine with various equipments among the leading brands that they represent in the field of Household & Hotel Companies. In 1990, UTPA has established a sister company in the field of manufacturing fine silverware products "Sweiss Silverware". UTPA has acquired many partnerships with foreign companies and acting as their local dealers. However, these partnerships were companies who do not manufacture ceramics or pottery products, following is some of the partnerships of UTPA:

- Chinaware: Rosenthal, Villeroy & Boch, Wedgwood
- Glassware: Schott Zwiesel

UTPA has other partnerships for products that are not related to this study such as kitchen utensils and cutlery…etc.

However, the research concluded that Sweiss® has mainly two categories of competitor products, these products are locally




manufactured and they are made of either local clay and imported clay (Italy), these products mainly are:

- The pottery line which has the trademark of Turath (Including both Hospitality & ornamental items)
- The porcelain line which has the trademark of Sweiss®

Those products are properly displayed in the showroom which is located in Abdoun. Locally manufactured products (Turath & Sweiss®) are handmade and hand painted in a factory in Al Salt which employs around 50 people. They have their own designers who work on creating new designs and new products.

Their client list includes but not limited to many prestigious names including Royal Palaces, Prime Ministry Palace, Marriot Hotel, Intercontinental Hotel, Sheraton Hotel, Movenpick chain in Jordan, Le Meridian, and Dunes club.

UTPA also exports products to West Bank and UAE.

Table (25): UTPA Prices

Item	Description	Price
Vase	15cm high, hand glazed, painted and rounded with narrow neck (Turath)	15.00
Vase	30cm high, hand glazed, painted and rounded with narrow neck (Turath)	32.00
Vase	50cm high, hand glazed, painted and rounded with narrow neck (Turath)	80.00
Pot	40cm high, hand glazed, painted and rounded	63.00
Tea cup	Ceramic Tea cup and Plate, white with colored paintings (Sweiss®)	10.00
Ashtray	Ceramic small and white ashtray with no colors or paintings (Sweiss®)	6.00
Mug	Medium Ceramic mug, 14cm high with flowers paintings (Sweiss®)	14.00
Lamb Stand	60cm high hand glazed with engravings (Turath)	40.00
Arabian Coffee Cup	Regular size cup with engravings, hand glazed (Turath)	12.00
Vase	25cm High X 15cm Diameter (Large) 22JD, hand glazed with engravings (Turath)	22.00
Business Card Holder/Pen Holder/Small Tray	Matching set, small size with no engravings or drawings (Turath)	60.00
Plant Pot	30cm high X 30cm Diameter (Medium), hand glazed with engravings (Turath)	28.00
Tea Cups with plates/ Small Plates/ Large Plates/ Bowls	Ceramic, with matching flower paintings, locally manufactured (Turath)	250.00
Wide Plate	Wide ceramic plate with small engravings on the edge and no paintings, sizes are small, medium and large (Rosenthal)	S 65.00 M 80.00 L 135.00
Wide Plate	Wide ceramic plate with yellow, orange and green paintings on the edge and no engravings. Sizes are small, medium and large (Rosenthal)	60.00
Salad Bowl	White ceramic bowl with 10cm high base and no handles, no painting or engravings (Rosenthal)	100.00
Tea Cup	Small ceramic tea cups with green and orange flower painting (Rosenthal)	18.00
Turkish Coffee Cups with Plates, Coffee Pot and Small Cake Plates	Ceramic, with green paintings, cups are with handles and small plates, matching drawings on the pot and cake plates, complete set, imported and designed by (Villeroy & Boch)	4000.00

Note: (S) Small, (M) Medium, (L) Large

Home Center

Brief Description

Home Center is a large size retail/whole sale outlet, which specializes in household accessories and products, from tableware, kitchenware, ornamental article and ceramic statuette to complete bedrooms. Porcelain, pottery and ceramics products are not handmade in particular; however, they are more practical and sometimes cheaper since they are also imported from China and Thailand, which opened various marketing channels with hotels and restaurants who are looking for tableware and decorations.

Table (26): Home Center Prices

Item	Description	Price JD
	Bone China Collection Thin, Plaine white, no pattern, made in China	
Plate	Plate 26cm	4.50
Plate	Plate 34cm	6.20
Bowl	Bowl 21cm	15.00
Bowl	Rice Bowl	3.9
Coffee Cup	Cup and Saucer 90cc	4.50
Coffee Cup	Cup and Saucer 220cc	5.50
Pot	Tea Pot	15.00
	Grain Brown Collection Creamy color (beige), with brown dotted pattern, made in Thailand	
Plate	Soup plate	5.50
Bowl	Salad Bowl	19.00
Bowl	Cereal Bowl	3.50
Large Platter	Oval Platter	19.90
Tea Cup (Set)	Tea cup and saucer	6.00
Coffee Cup	Espresso cup and saucers	5.90

Item	Description	Price JD
Small Bowl	Sugar bowl	9.90
Small Creamer	Creamer	5.50
Space Paris Collection Creamy color, Brown lines patterned on plate, Made in Thailand		
Plate	Desert plate 21.5cm	4.50
Bowl	Soup bowl 22cm	5.90
Plate	Dinner plate	5.90
Bowl	Cereal Bowl	3.50
Bowl	Cereal bowl	5.90
Bowl	Salad Bowl	19.00
Large Platter	Oval platter	20.50
Coffee Mug	Coffee mug	3.50
Coffee Mug (Set)	Espresso cup and saucer	5.90
Tea Cup (Set)	Teacup and saucer	6.50
Shibu Collection Off white, painted design within, and made in China		
Medium Plate	Side plate	2.00
Bowl	Small Bowl	1.50
Tea Cup (Set)	Tea cup and saucer	3.30
Jug	Milk Jug	2.90
Pot	Small Sugar pot	2.70
Coffee Mug	Medium Mug	2.00
Alamonde Collection White with no pattern, made in China		
Plate	Side plate 7 in.	3.00
Plate	Square dinner plate 10 in 6 JD	6.00
Medium Platter	Rectangular Platter 12 in.	5.00
Medium Platter	Rectangular Platter 15 in.	8.00
Bowl	Square soup bowl 8.75 in.	8.75
Bowl	Square rice / soup bowl 4 in.	1.50

Item	Description	Price JD
Bowel	Square salad bowel 9.25 in.	9.25
Bowel	Cereal Bowel 6.25 in.	2.70
Coffee Cup (Set)	Espresso Cup & saucer 80 ml	4.00
Mug	Coffee Mug 320 ml	2.70
Sprinkler	Salt & Pepper Sprinkler 7.50cm	7.50
Pot	Tea pot 1250 ml	9.00
Pot	Sugar Pot 3.5 In.	2.70
Creamer	Creamer Pot	2.20
Blossom (Blossom China) China made Glassy cherry, and engraved leafs, with a fine green dotted pattern all over		
Plate	Side Plate	2.00
Plate	Dinner plate	2.90
Tea Cup (Set)	Tea Cup & Saucer	3.30
Jug	Milk Jug	2.90
Coffee Mug	Espresso Mug	2.00

Other Competitors (Indirect Competitors)

It was clear in the field research that was conducted by consultants that there are a huge number of small and medium sized handicrafts and souvenirs shops all around Amman and Madaba. These shops can be divided into two categories:

- Potential marketing channels to Qwara
- Indirect competition for Qwara

The first category includes shops which sell handicrafts such as ceramics pottery supplied from different origins (local or international suppliers), It was noted that most of them don't sell Qwara's product, however, these shops sell products from Qwara's competitors such as Silsal or Arabesque Ceramics and Mosaics. They also sell imported products such as products that are imported from China, Syria and West Bank. According to field research, Al Ayadi sells Silsal's products without adding a profit margin on the products, as consigned goods, which basically opens a market channel for Silsal.

On the other hand, a shop in Rainbow St. (Balian Ceramics) buys Qwara products without painting or engravings, they add their colors and design at their own workshop and resell the items in the showroom. Qwara could take advantage of such channels and capitalize on building relationships with these shops to have Qwara's products on their shelves ready to be sold to customers under Qwara's brand name.

The second category, Which are small shops that sell imported products at lower cost as well as substitute products such as woven handicrafts, wooden handicraft, glassware and porcelain. Examples on those competitors are Orient Art, JARA, Irfan, and Dimlaj....etc. These competitors focus on the hospitality products, which target the Hotels and Restaurants in Jordan, as they buy their products for low prices and practical design. Such products are not hand made and their designs are standard to provide consistency to their customers.

Another example is Jordan River Foundation. Though the foundation itself is not considered to be a direct competitor to Qwara, the products of the Foundation could be substitute products for household decoration items and could be bought out of social responsibility purposes.

SWOT Analysis

Strengths

- Qwara has the ability to provide different ranges of products customized to customers' preferences.
- Availability of high capacity machines for production.
- Donors' attraction for Qwara's product for its high social responsibility, this could also be a market-based approach to encourage alleviating poverty and promoting sustainability for non-profit organizations.
- Governmental and non-governmental grants to Qwara.
- No rental expenses on land or premises (Granted from Jordanian government).
- Qwara is exempted from income tax and Zero tax on purchases.
- The management team is committed and confident.
- Availability of experienced loyal staff.
- Social responsibility for Qwara which attracts economical and development organizations to buy Qwara Factory products.

Weaknesses

- Weak marketing and promotion activities.

- Accumulated financial loss.

- The plant equipment is fully depreciated and need maintenance to be functioning properly

- Lack of institutionalized management style, this could be broken down into the following:
    1. Leadership: leaders who work directly and openly to improve Qwara factory performance and quality by setting priorities, modeling core values, promoting a learning atmosphere, acting on recommendations, advocating for supportive policies, and allocating resources.
    2. Quality Assurance (Q.A): sufficient allocation of human and material resources for conducting, supporting, and maintaining QA activities.

- Lack of clear organization policies and procedures that govern all departments (Financial, Admin, procurements, and Productions) have to be documented approved and clear.

- Lack of costing and pricing system that can respond to customers' enquiries promptly.

- Limited presence to all customer segments to which Qwara has the opportunity to sell and increase its share.

- Factory machines and equipment are badly maintained and need renovation.

Opportunities

- High number of Hotels and Restaurants in Jordan that can be targeted.
- Availability of infrastructure in Qwara plant.
- Benefit from current knowledge and networks.
- Opportunity and potential of legal protection and enforcement d by the government to protect local production of ceramics from imported products. As Jordan had notified the World Trade Committee of Safeguards on the initiation of a safeguards investigation regarding the increase in imports of ceramics in year 2002. The investigation did not result in a safeguard. However Jordan Ceramic Industries Company has raised another petition in year 2007 to the Ministry of Industry and Trade.
- Possible alliance with Players in the market such as tourist agencies, Jordan Restaurant Association, and Jordan Hotel Association.
- Brand recognition which also could be an opportunity to franchise the name.

Threats

- Availability of many suppliers who meet international quality standards for food safety for hotel-ware adopted by all 5 Starts Hotels.
- High competition from Ornamental and Hospitality items providers in the local market as well as huge amounts of imported ceramic items to Jordan.
- Scarcity of industry skills in Jordan. Threat of lacking key artists who may add value to product differentiation, either by attracting new skills or retaining current skills.
- Decline in the traditional Ceramic sector.
- Threat of cash shortage an in ability to obtain a financial aid or loan.

Projected Market size and share

Table (27): Actual Number of Five and Four stars hotels

Hotels Historical Data"1"	FY05 A	FY06 A	FY07 A	FY08 A
No. of 5 Stars hotels	21	22	23	23
No. of 4 Stars hotels	22	23	21	21
Total	43	45	44	44
Growth/decline Rate	-	4.7%	-2.2%	0.0%
Average Growth Rate	0.6%			

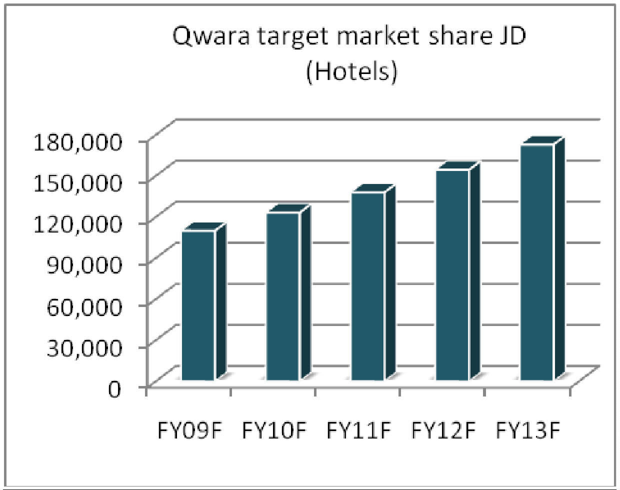
"1"Source: Ministry of Tourism (MOT)
Note: (FY) For Year, (A) Actual, (F) Forecasted

Figure (25): Qwara target market share JD (Hotels)

Hotels

Five and Four stars Hotels are the main segment that Qwara should target for marketing its products, mainly wall art line, Bawadi line, Hospitality line, and special orders.
In the past ten years Jordan has experienced several Hotel establishments mainly in Amman, Aqaba, and the Dead sea area. However Jordan is not experiencing the same growth rate in number of new hotels in recent years.

Table (28): Forecasted number of hotels



Forecasted Number of Hotels *"1"*	FY09F	FY10F	FY11F	FY12F	FY13F
Five Stars	23	23	23	23	24
Four Stars	21	21	21	21	22
Total	44	44	45	45	45
Forecasted Market Spending on ceramic Hospitality and ornaments JD/Year *"2"* **and Qwara market share**					
Average Spending JD / Year	25,000	26,500	28,090	29,775	31,562
Total Spending JD	1,100,000	1,173,080	1,251,016	1,334,129	1,422,764
Target market share for Qwara %"3"	10%	10.5%	11.0%	11.6%	12.2%
Qwara target market share JD	110,000	123,173	137,925	154,442	172,938

"1" Source: according to MOT growth rate.
"2" Based on the Published Financial statements for 5 Stars hotel and Consultants Market survey.
"3" Estimated assumption based on competitors profile, imports size and competition, and minimum target share for Qwara to seek profitable business.

Figure (26): Qwara target market share JD (Restaurants and Cafes)

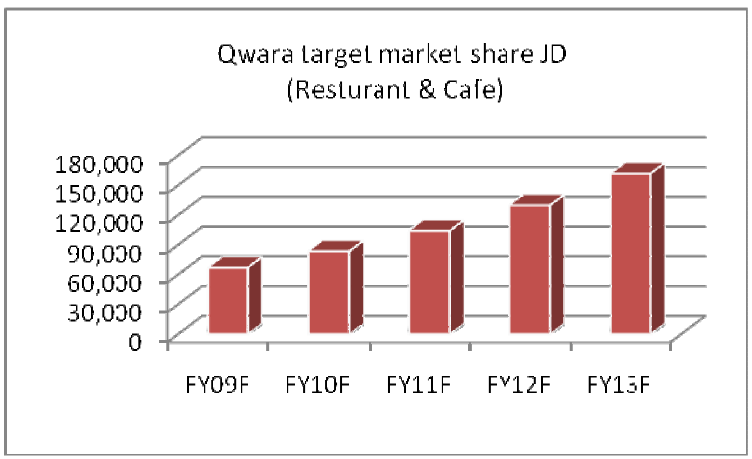


Table (29): Forecasted number of Restaurant and Cafes

Restaurants and Cafes

Reference to the Ministry of Tourism the number of Restaurants and Cafes in Amman amounted to 536 in 2008 which represents more than 86% of the total number of restaurants in Jordan. Restaurants segment is a growing segment in Jordan, the number of restaurants in Jordan is growing rapidly, with an annual increase of 12%, as illustrated below.

Forecasted Number of Restaurants & Cafés *"1"*	FY09F	FY10F	FY11F	FY12F	FY13F
Five, Four , Three and Two Stars	353	395	443	496	555
Average Spending JD / Year/restaurant On Hospitality ware *"2"*	9,500	10,070	10,674	11,315	11,994
Total Spending JD / Year	3,353,500	3,981,275	4,726,570	5,611,384	6,661,835
Qwara share Target % *"3"*	2.0%	2.10%	2.21%	2.32%	2.43%
Qwara target market share JD	67,070	83,607	104,221	129,918	161,950

"1" Source: Jordan Restaurants Association

"2" Based on the Published data from Jordan Restaurants Association and Consultants market analysis

"3" Consultants conservative estimation considering completion

Corporate

Key personnel in big private companies would be interested in buying Qwara's products for their luxurious offices as these products would help build their image. However, the main product line targeting this market segment is corporate promotional items and gifts.

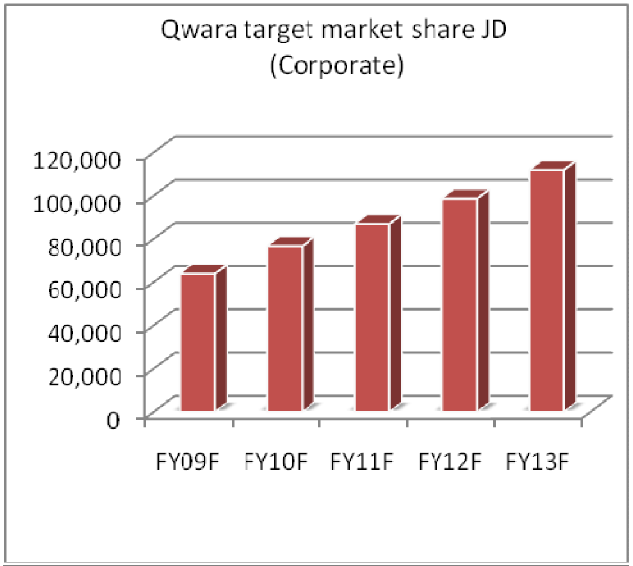
Table (30): Number of Corporate with number of employees above 20 (2007)

Corporate Historical Data *"1"*	FY07A
Number of companies above 20 employees	2,114
Average growth Rate	5.8%
Number of Companies > 20 Employee. 2008F	2,237

"1" Source: DOS Survey 2007

Table (31): Forecasted market size and share (corporate)

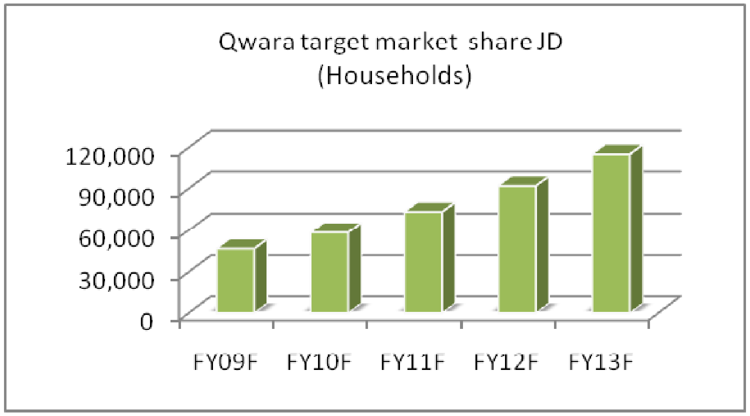
Figure(27): Qwara target market share JD (Corporate)



Forecasted Market Size and Share	FY09F	FY10F	FY11F	FY12F	FY13F
Number of Companies > 20 employees (Market size)	2366	2504	2504	2504	2504
Qwara Targeted Companies % (Market Share)	1.5%	1.6%	1.7%	1.8%	2.0%
Number Of Targeted Companies	35	40	43	46	49
Average Spending JD / Company for PI *"1"*	1,800	1,908	2,022	2,144	2,272
Qwara target market share JD	63,891	76,668	86,957	98,627	111,862

"1" Consultants Market analysis

Figure (27): Qwara target market share JD (Households)



Households

Medium to upper-class individuals/households would buy Qwara's product, especially Turath and Baladi products, for their design and artistic touch. These people are interested in designing the interior of their dwellings in a way that most reflects the Jordanian culture and traditions. The number of Jordanian families with a monthly income above 1200 JD is (51,852) in 2009 which forms (5.0%) from total numbers of Jordanian families. Qwara's products would be appropriate pieces of art that would suit their styles and tastes.

Table (32): Forecasted market size and share (households)

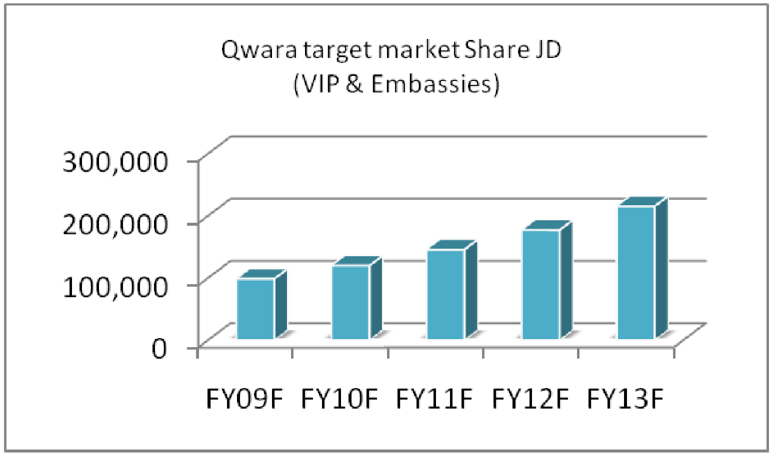
Forecasted Market Size and Share	FY09F	FY10F	FY11F	FY12F	FY13F
Total Population *"1"*	5,600,000	5,768,000	5,941,040	6,119,271	6,302,849
Average Household Size (member) *"1"*	5	5	5	5	5
Number of Households *"1"*	1,037,037	1,112,654	1,193,785	1,280,832	1,374,226
Number of Households with high income (>1200/month) *"1"*	51,852	55,633	59,689	64,042	68,711
Percentage of Household Using Ceramic % *"2"*	60%	63%	66%	69%	73%
Market size Household	31,111	35,049	39,484	44,482	50,111
Spending JD/ Year/houshold *"3"*	150	159	169	179	189
Total Target Spending(Market size JD)	4,666,667	5,572,729	6,654,709	7,946,763	9,489,676
Qwara target share %	1%	1.05%	1.10%	1.16%	1.22%
Qwara target market share JD	46,667	58,514	73,368	91,994	115,348

"1" Source: Department of Statistics DOS - percentage of households with income> 1200/month is 5% of total number of households. Average growth rate for number of household is 3%

"2" Consultants estimation, as most household used ceramics tableware, however only around 60% of households were considered to have a conservative estimation

"3" Based on Consultants Market Survey

Figure (28): Qwara target market share JD (VIP and Embassies)



Embassies and VIPs

VIP's and diplomats would be more interested in visiting a show room in which they would be briefed about Qwara's corporate social responsibility and its impact on the Jordanian work force which motivates them to buy Qwara's products as a form of support. On the other hand they would buy Qwara's products for their personal image and prestige in front of the public.

Table (33): Forecasted market size and share (Embassies and VIPs)

Forecasted Market Size and Share	FY09F	FY10F	FY11F	FY12F	FY13F
Number of VIPs and Embassies *"1"*	82,330	85,623	89,048	92,610	96,314
% Using ornamental and hospitality *"2"*	5.0%	5.3%	5.5%	5.8%	6.1%
Number of embassies & VIP	823	899	982	1,072	1,171
Average Yearly Spending JD/ VIP&E *"3"*	8,000	8,480	8,989	9,528	10,100
Total Spending JD (Market Size in JD)	6,586,400	7,623,890	8,824,805	10,214,888	11,823,937
Estimated Market Share %	1.50%	1.58%	1.65%	1.74%	1.82%
Qwara target market Share JD	98,796	120,076	145,940	177,375	215,581

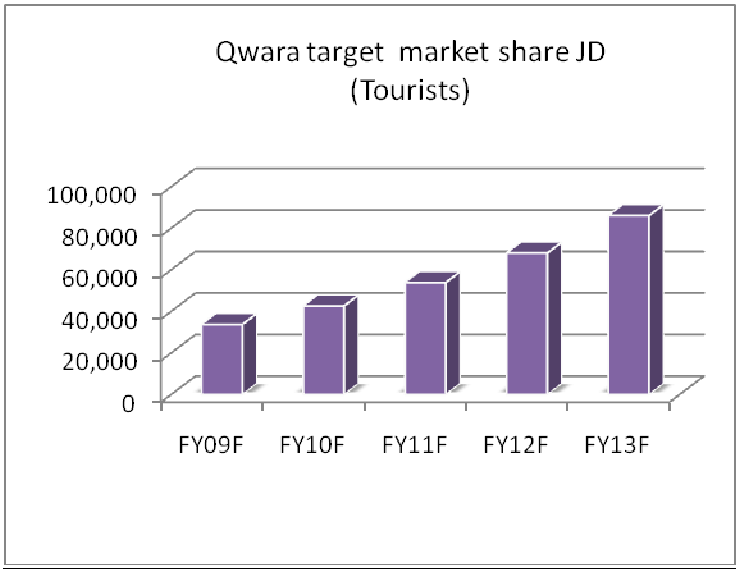
"1"Source: Ministry of Foreign Affairs, and Companies Control Department. Average Growth rate for large investors is 4%
"2" Based on market survey
"3"Based on consultants analysis

Table (34): Actual Number of Tourists (2005-2008)

Corporate Historical Data	FY05A	FY06A	FY07A	FY08A
Number of Tourists *"1"*	338,787	278,341	359,625	395,588
Growth / Decline Rate	33%	-18%	29%	10%
Average Growth Rate	14%			

"1"source: Ministry of Tourism

Figure (29): Qwara target market share JD (Tourists)



Tourists

Tourists play a vital role in the Jordanian economy and contribute to the improvement of the economic and social welfare of the Jordanians in the long run. The average growth rate for the number of tourists visiting Jordan is almost 14%. However, in light of the current financial crises, tourism sector will be affected and forecasts show a drop in numbers of tourists worldwide. Nevertheless, Qwara should target this segment in order to increase sales and posses a higher market share as far as possible. Tourists would be mainly interested in hand made products that have a traditional value representing the Jordanian culture and history.

Table (35): Forecasted market size and share (tourists)

Forecasted Market Size and Share	FY09F	FY10F	FY11F	FY12F	FY13F
Number of Tourists *"1"*	449,349	510,417	579,784	658,578	748,081
Average Spending JD/Tourist *"1"*	15	16	17	18	19
Total Spending (Market Size) JD	6,740,235	8,115,627	9,771,677	11,765,657	14,166,521
Estimated Target share%	0.50%	0.53%	0.55%	0.58%	0.61%
Qwara target market share JD	33,701	42,607	53,866	68,101	86,097

"1" Source: Ministry of Tourism

Projected Market Growth and Market Share

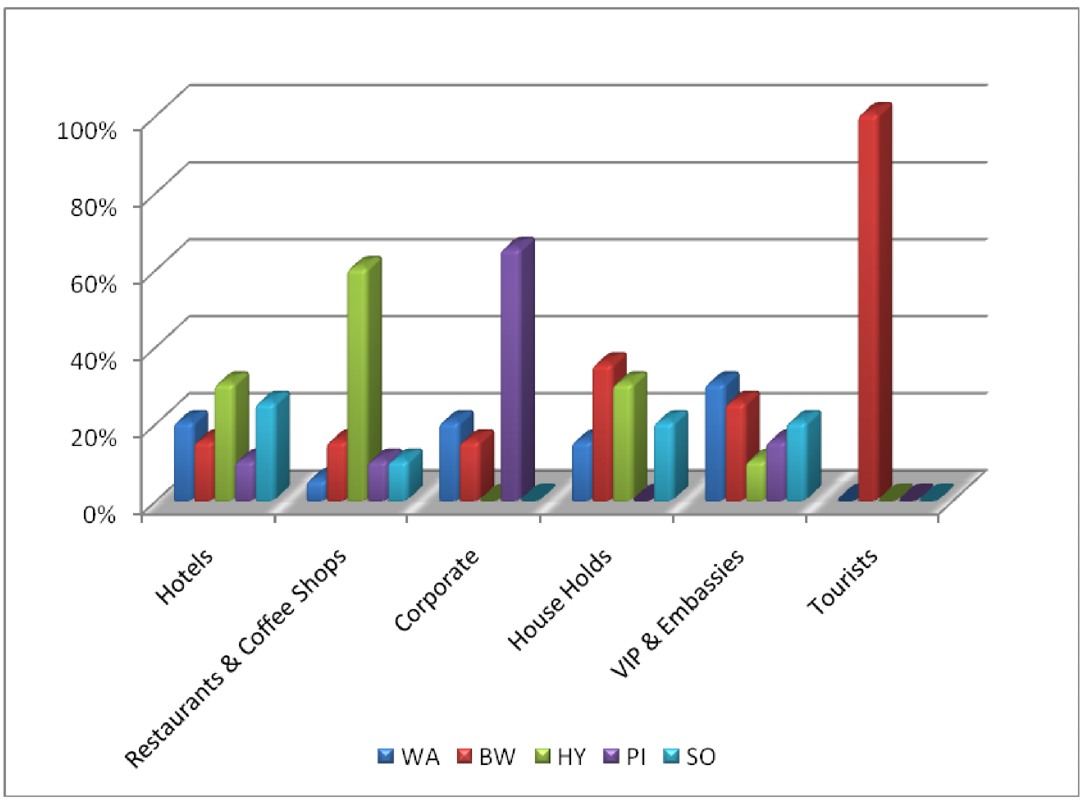
The table below illustrates Qwara's projected market share for each product line versus market segments:

Table (36): Product mix per targeted market segment

Product Mix per targeted Market segment *"1"*	WA	BW	HY	PI	SO
Hotels	20%	15%	30%	10%	25%
Restaurants & Coffee Shops	5%	15%	60%	10%	10%
Corporate	20%	15%	0%	65%	0%
Households	15%	35%	30%	0%	20%
VIP & Embassies	30%	25%	10%	15%	20%
Tourists	0%	100%	0%	0%	0%

"1" Based on Market Survey covering 152 questionnaires and consultants analysis

Figure (30): Product Mix per targeted market segment



By distributing the total estimated market share for Qwara per segment according to the above percentages the total estimated market share JD (Qwara's sales) for year 2009 per product line will be as the illustration in table (37).

Table (37): Qwara forecasted sales (JD) in 2009

Total Expected sales JD 2009	WA	BW	HY	PI	SO
Hotels	22,000	16,500	33,000	11,000	27,500
Restaurants & Coffee Shops	3,354	10,061	40,242	6,707	6,707
Corporate	12,778	9,584	0	41,529	0
House Holds	7,000	16,333	14,000	0	9,333
VIP & Embassies	29,639	24,699	9,880	14,819	19,759
Tourists	0	33,701	0	0	0
Total	74,771	110,878	97,122	74,056	63,300
Av. Sales Price *"1"*	2,500	25	3	3	18
Total Expected Units to be Sold	30	4,435	32,374	24,685	3,517

"1" Based on market analysis and Verification with Qwara's officials.

The table below illustrates Qwara forecasted sales in number of pieces (units) that will be sold from each product line:

Table (38): Forecasted sales in units (2009-2013)

Sales Units for 5 Years *"1"*	2009	2010	2011	2012	2013
WA	30	32	34	36	38
BW	4,435	4,723	5,030	5,357	5,706
HY	32,374	34,478	36,719	39,106	41,648
PI	24,685	26,290	27,999	29,818	31,757
SO	3,517	3,745	3,989	4,248	4,524
Total	**65,041**	**69,268**	**73,771**	**78,566**	**83,673**

"1"Forcast of years 2010-2013 are according to average growth rate for all Market Segments which is 6.5%

According to market analysis, the average sales prices for Qwara product will be as follows:

Table (39): Forecasted Average sales price (2009-2013)

Sales Price	2009	2010	2011	2012	2013
WA	2,500	2,675	2,862	3,063	3,277
BW	25	27	29	31	33
HY	3	3	3	4	4
PI	3	3	3	4	4
SO	18	19	21	22	24

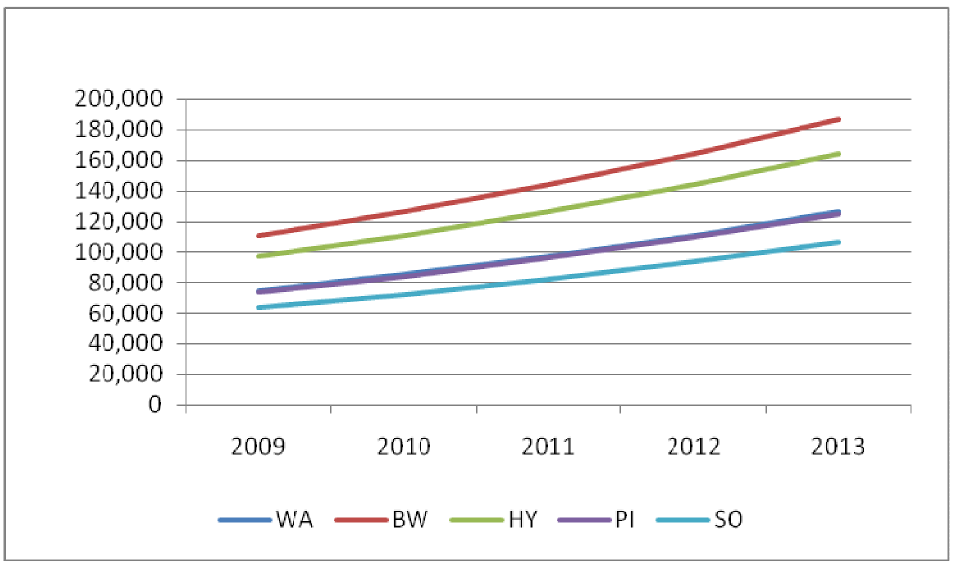
The table below illustrates Qwara forecasted sales for each product line:

Table (40): Forecasted sales (JD)

Total Sales JD	2009	2010	2011	2012	2013
WA	74,771	85,205	97,095	110,645	126,085
BW	110,878	126,351	143,983	164,076	186,972
HY	97,122	110,675	126,120	143,720	163,776
PI	74,056	84,390	96,167	109,587	124,880
SO	63,300	72,133	82,199	93,670	106,742
Total JD	**420,125**	**478,753**	**545,563**	**621,697**	**708,454**

Note: The average sales prices increase annually at 7% as it represents the average rise of all other expenses as it will be detailed later in the report.

Figure (31): Forecasted sales (JD)



CHAPTER IV: OPERATIONAL PLAN

In this chapter, the entire operational plan for the next five years is comprehensively analyzed. The operational plan consists mainly of production process, machinery and equipments, forecasted production, capacity analysis, purchasing, inventory, and labor force requirements.

Production Process

The production process is divided in accordance to two product lines:

1. **Hospitality line:**

Stage one-Grinde**r:**

The manufacturing processes starts with blending and grinding the raw material that constitute of powdered dry dirt and extra materials. The raw materials are accurately mixed and blended together by a grinder.

Stage two-Main Mixer:

Main mixer is used to mix the powder after adding some amount of water to form clay. Preliminary filtration stage is then performed.

Stage three-Filtration

Main filtration in the filter: Pump the clay to the filter to evacuate the extra amount of water from the clay.

Stage four-Kneading:

In this stage, the clay is transferred to kneading machine in order to make the clay in a form of sausages, and evacuate air bubbles and water from the clay.

Stage five-Forming:

At this stage the clay sausages is formed by one of the following three forming equipment, depending on the final shape required:

1. Manual Jigger
2. Press
3. Casting

Stage six-Manual cleaning and trimming

In this stage manual operation is performed to remove any residual material within the final clay pieces and then those pieces are left to dry.

Stage seven-First Burn:

At this stage the dried pieces are placed into the furnace and heated at 1000 C. Temperature must be precisely controlled. The pieces produced in this stage are called Biscuits.

Stage Eight-Glazing and coloring:

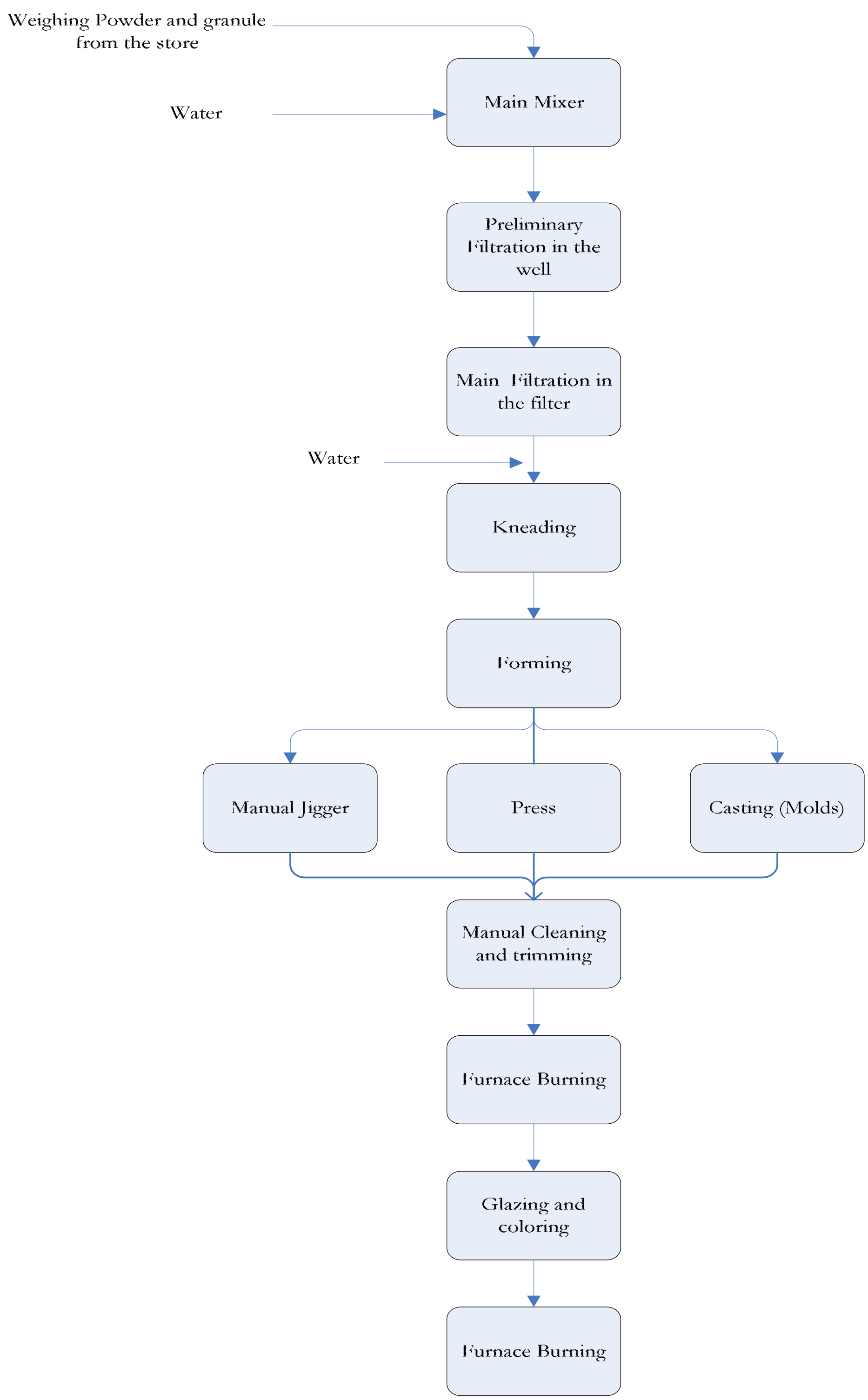
At this stage burned biscuits are sprayed by colors and glazing materials.

Stage Nine-Second Burn

The colored and glazed biscuits are placed again in a furnace to assure the colors permanence. After completion of this stage the product is considered a “finished product”.

The following flow charts illustrate the manufacturing process within hospitality line

Hospitality Wares Manufacturing Process



2. **Bawadi line**

Stage one-Kneading
The first step is to add water to clay to moisturize it, and then placing it onto the Kneading machine to form clay sausages. Afterwards, bubbles and water are evacuated from the sausages.

Stage tow-Manual Wheel
At this stage clay sausages are placed on a manual wheel adding small amount of water to moisturize the clay to be easily formed the required shape.

Stage three-Manual cleaning and trimming
In this stage, manual operation is performed to remove any residual material within the final clay pieces and then the piece is left to dry.

Stage four- First Burn
At this stage the dried pieces are placed into the furnace and heated at 1000 C. Temperature must be precisely controlled. The pieces produced in this stage are called Biscuits.

Stage five-Drawing and coloring
At this stage, decorations and images are manually engraved on the biscuit.

Stage six-Coloring and Glazing
At this stage biscuits are sprayed with colors and glazing material. The workers should be wearing masks to avoid breathing any toxic gases.

Stage seven-Second Burn
The colored and glazed biscuits are placed again in a furnace to assure the colors permanence.

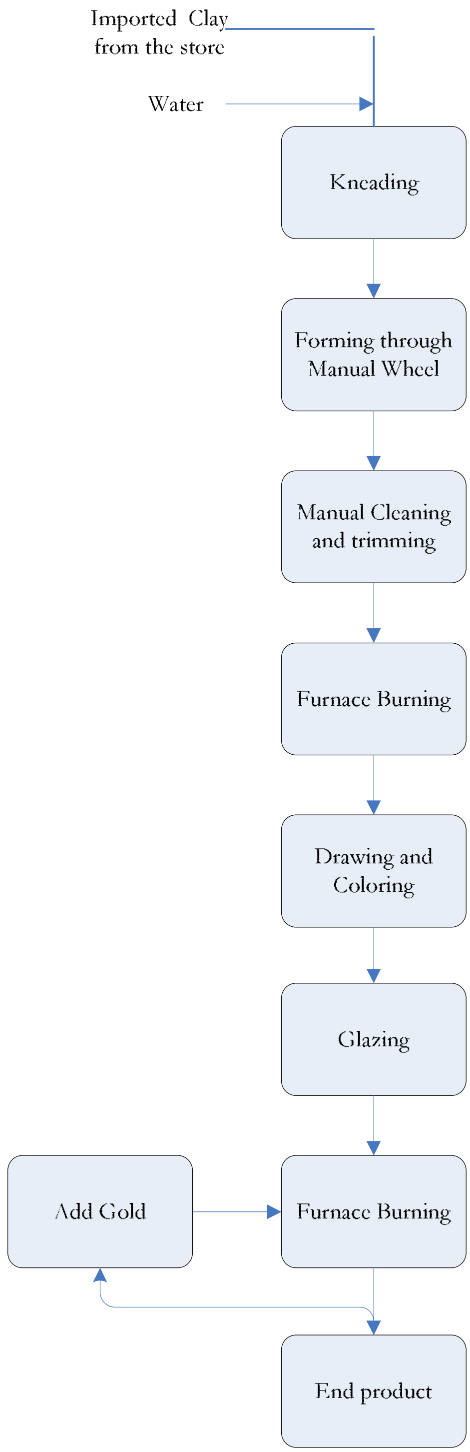
Stage eight-Adding Gold
At this stage, stripes of gold are manually added if required.

Stage ten-Third Burn
The gold painted products are placed again in a furnace to assure the colors permanence. After completion of this stage the product is considered a “finished product”.

Important note: It is important that Quality checks are performed after each of the above stages.

The following flow chart illustrates the manufacturing process within hospitality line:

Bawadi line Manufacturing Process



Equipment

Production equipment has been analyzed and it was found that plant equipments are fully depreciated and need maintenance to function properly. Moreover, the factory includes a production line from Japan which is not operating because, according to Qwara officials, there are no skilled workers to operate this automated line. The capacity of this line is 3,000 units per day. On the other hand, the current installed furnaces restrict operating this line as its production capacity is higher than the capacity of the furnaces. However, capacity calculations (will be presented in the following sections) indicate that there is no need to operate the automated line as current equipment will be sufficient to absorb forecasted market demand. The following items represent production machines and equipment available in the factory:

Table (41): Production Machines and Equipment

Equipment	Age (years)	Condition	Qty
Scale (20 kg)	13		1
Sensitive Scale	13	Disabled	2
Air Compressor	13		1
Large Furnace	13		3
Small Furnace	13		3
Piston Pump	13		1
Air Pump	13		1
Air Pump	13	Disabled	1
Vibrator (1)	13		1
Vibrator (2)	13		1
Slip Mixer	13		1
Concrete Mixer	13		2
Spraying Cabin	13		2
Glass Cleaning Device	13		3
Wheel	13		2
Jigger Device	13		3
Ceramic Mill	13		1

Equipment	Age (years)	Condition	Qty
Filter Press	13		1
Grinding Device	13		1
Hydraulic Crane	13		2
Large Scale / Omega	13		1
Fire extinguishers 6kg/ bcf	13		7
Fire extinguishers 12kg/ Powder	13		5
Fire Extinguishers 6kg/ CO2	13		1
Poll Mill	13		1
Water Pump	13		1
Movable Air Compressor	13		1
Fixed Air Compressor	13		1
Air Brush	13		1
Fibre Glass tank	12		1
Gypsum Miller Device	12		1
Model Device	12		1
Manual Miller	12		1
Welding Device	12		1
Hydraulic	11		1
Spraying Gun	11		2
Dryer /Japan	10		1
Mixing Machine/Japan	10	Disabled	1
Kneader/ Japan	10		1
Jigger /Japan	10		1
Clay Cutter /Japan	10		1
Preparation Machine/Japan	10		1
Large scale/Hub	10	Disable	1

Equipment	Age (years)	Condition	Qty
DPD10 Plain 480×450×20mm	8		235
C928 Long Props 50mm	8		212
C928 Long Props 100mm	8		350
C928 Long Props 150mm	8		118
Viscometer	13		1
Moisture Determination	13		1
Paragon	13		1
Test Sieves shaker	13		1
Penetrometer	13		1
Rupture apparatus	13		1
Mono stirrer	13	Damaged	1
Electronic balance	13		1
Density measuring device	13		1
Viscosity measuring device	13		1
Stripper for raw material	13		2
Glaze Dipping Machine	13		3
manual press	13		1
Mill	13		1
Dryer	13		1
Optical pyrometer	13		1
Samples Testing Oven	13		1
3 Roller Head for Jigger	6		3
Air Brush & Spray Gun	6		1
Wheel	6		10
Clay Mixer	5		2
Scale 30 kg	5		1

Equipment	Age (years)	Condition	Qty
Clay Breaker/Crasher	5		1
Shelves (Dixon)	4		1
Gasoline Heater	4		1
Electrical Heater	4	Damaged	2
Heater	4		1
Fan	4	Disabled	1
Bawari Heater	4	Damaged	1
Thermostat	4	Damaged	2

Qwara plans to maintain the current plant machines and equipment. The estimated maintenance cost is illustrated in the table bellow:

Table (42): Estimated Maintenance cost

Maintenance Area	COST JD
Machines Maintenance	27,650
Furnaces Maintenance	5,350
Additional Upgrading Maintenance	12,723

Forecasted Production and capacity analysis

Figure (32): Summary of forecasted sales:

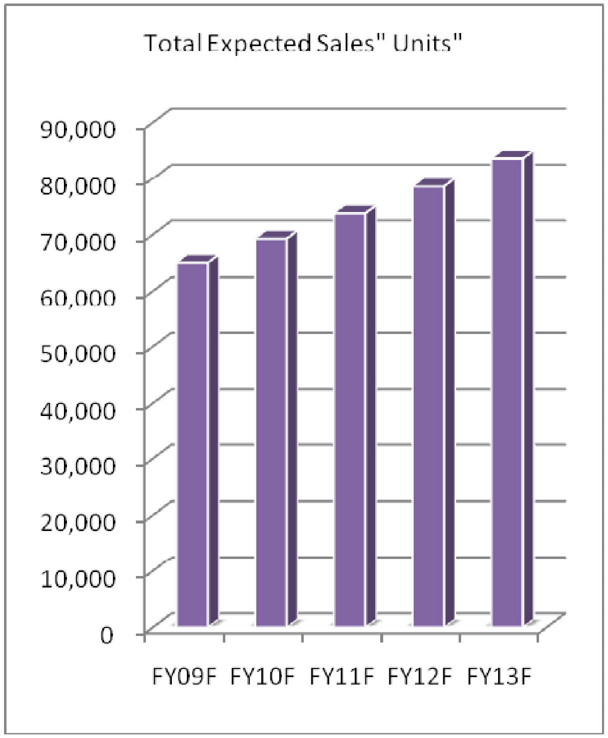


Table (43): Qwara's forecasted sales units (2009-2013)

Sales Units for 5 Years	FY09F	FY10F	FY11F	FY12F	FY13F
WA	30	32	34	36	38
BW	4,435	4,723	5,030	5,357	5,706
HY	32,374	34,478	36,719	39,106	41,648
PI	24,685	26,290	27,999	29,818	31,757
SO	3,517	3,745	3,989	4,248	4,524
Total	65,041	69,268	73,771	78,566	83,673

Table (44): Product Lines' average raw material requirement KG/UNIT and average sales price

Product line	RM KG/ Unit *"1"*	Av. Weight KG/Unit *"2"*	Av. Sales Price JD/Unit *"3"*
WA	50.00	40.00	2,500
BW	3.75	3.00	25.00
HY	1.13	0.90	3.00
PI	0.38	0.30	3.00
SO	2.50	2.00	18.00
Weighted Average Weight For All Qwara Products		4.00	

"1" According to Raw Materials consumed - into Finished Goods kg / FG ratio (1.25)
"2" Based on Qwara data
"3" Based on Market Surveys & Analysis , and Qwara verification

Production and inventory forecasts were based on the following assumptions:

Table (45): Assumptions for production plan

Assumptions	
All amounts in JD	JD
Period of financial study (Years)	5
Sales Collection in same period *"1"*	80%
Sales Collection in next period	20%
Raw Material paid in same period *"2"*	75%
Raw material paid for Previous period	25%
Raw Material Inventory at the beginning of the period - Clay *"3"*	25%
Ending Inv. of FG % of same year sales 2009 *"4"*	5%
Ending Inv. of FG % of same year sales 2010 & further years *"4"*	10%
Avg. Raw Material into Finished Products kg / FG Unit *"5"*	1.25
Average Growth Rate for all products *"6"*	6.50%
First Year of Forecasting	2009

"1" Normal Operating Cycle for this Industry "International Bench Mark"

"2"Based on a Fact that the normal operation cycle for LC is ~ 90 Days from order date

"3"This presents the need for production for ~ 3 months

“4"This presents sales for ~45 days. No Ending Inventory was considered for Wall art and Special orders, as it is "make to order". Promotional Items were considered as standard sizes and shapes only decal or drawing will be make to order, therefore we included P.I in Ending Inventory Analysis

"5" FG=Finished Goods. This figure was based on technical analysis and verification with Qwara’s Management

"6" According to the average growth rate for all Market Segments based on the market analysis

Table (46): Forecasted Production per product line (Units)

Description - Units	FY09F	FY10F	FY11F	FY12F	FY13F
Finished Goods Beginning of the Period	0	0	0	0	0
Wall Arts Line Forecasted Sales	30	32	34	36	38
Desired Ending Inventory	*0*	*0*	*0*	*0*	*0*
Units to be Produced	30	32	34	36	38
% of Total Production	*0.043%*	*0.043%*	*0.046%*	*0.046%*	*0.046%*
Finished Goods Beginning of the Period	0	222	472	503	536
Bawadi Line Forecasted Sales	4,435	4,723	5,030	5,357	5,706
Desired Ending Inventory	*222*	*472*	*503*	*536*	*571*
Units to be Produced	4,657	4,974	5,061	5,390	5,740
% of Total Production	*7%*	*7%*	*7%*	*7%*	*7%*
Finished Goods Begging of the Period	0	1,619	3,448	3,448	3,448
Hospitality Line Forecasted Sales	32,374	34,478	36,719	39,106	41,648
Desired Ending Inventory	*1,619*	*3,448*	*3,448*	*3,448*	*3,448*
Units to be Produced	33,993	36,307	36,719	39,106	41,648
% of Total Production	*50%*	*50%*	*50%*	*50%*	*50%*
Finished Goods Begging of the Period	0	1,234	2,629	2,629	2,629
Promotional Items Forecasted Sales	24,685	26,290	27,999	29,818	31,757
Desired Ending Inventory	*1,234*	*2,629*	*2,629*	*2,629*	*2,629*
Units to be Produced	25,919	27,684	27,999	29,818	31,757
% of Total Production	*38%*	*38%*	*38%*	*38%*	*38%*
Finished Goods Begging of the Period	0	0	0	0	0
Special Orders Forecasted Sales	3,517	3,745	3,989	4,248	4,524
Desired Ending Inventory	*0*	*0*	*0*	*0*	*0*
Units to be Produced	3,517	3,745	3,989	4,248	4,524
% of Total Production	*5%*	*5%*	*5%*	*5%*	*5%*
Total Ending Finished Goods (FG) Inventory Units	3,075	6,549	6,580	6,613	6,647
Total Beginning Inventory Units	0	3,075	6,549	6,580	6,613
Total units to be produced	68,115	72,743	73,802	78,599	83,708

Figure (33): Summary of Forecasted Production (Units)

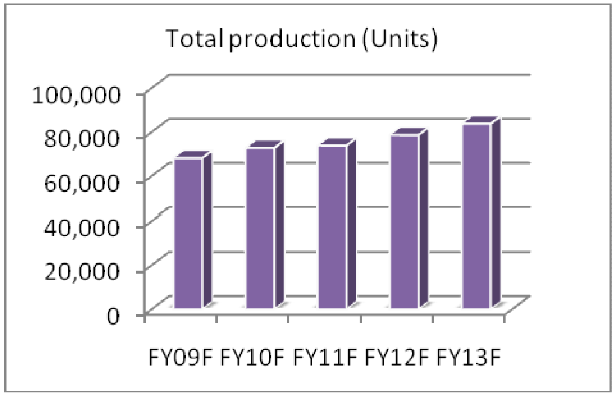


Table (47): Forecasted Production (Units)

Expected Production-Units	FY09F	FY10F	FY11F	FY12F	FY13F
Wall Arts Line	30	32	34	36	38
Bawadi Line	4,657	4,974	5,061	5,390	5,740
Hospitality Line	33,993	36,307	36,719	39,106	41,648
Promotional Items Line/ Gifts	25,919	27,684	27,999	29,818	31,757
Special Orders	3,517	3,745	3,989	4,248	4,524
Total " Units"	68,115	72,743	73,802	78,599	83,708

Figure (34): Forecasted Production (Units)

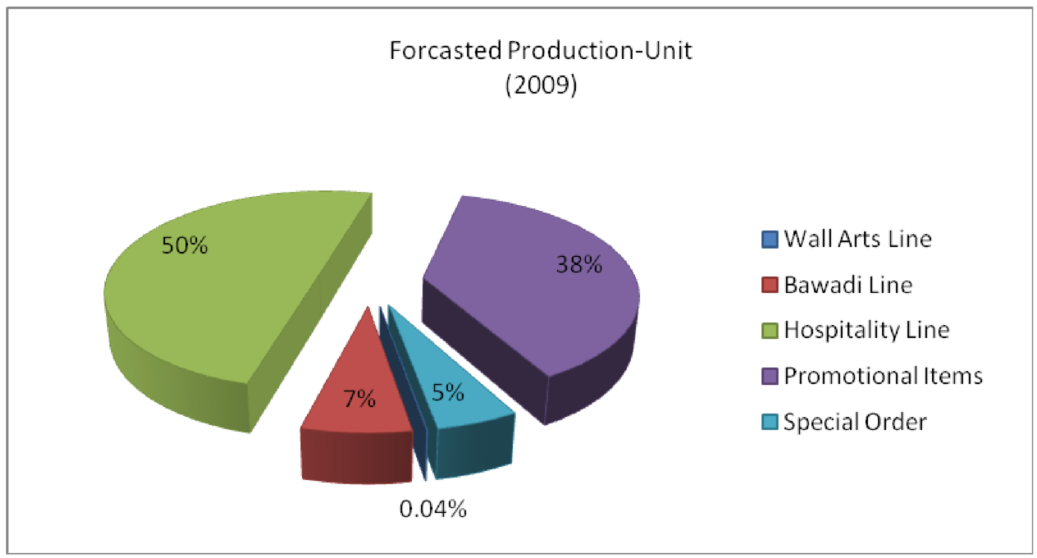


Figure (35): Total Ending Finished Goods Inventory

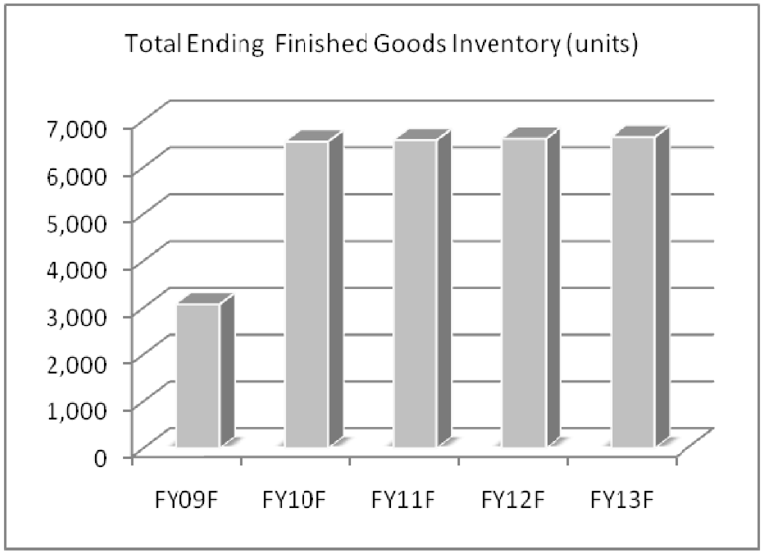
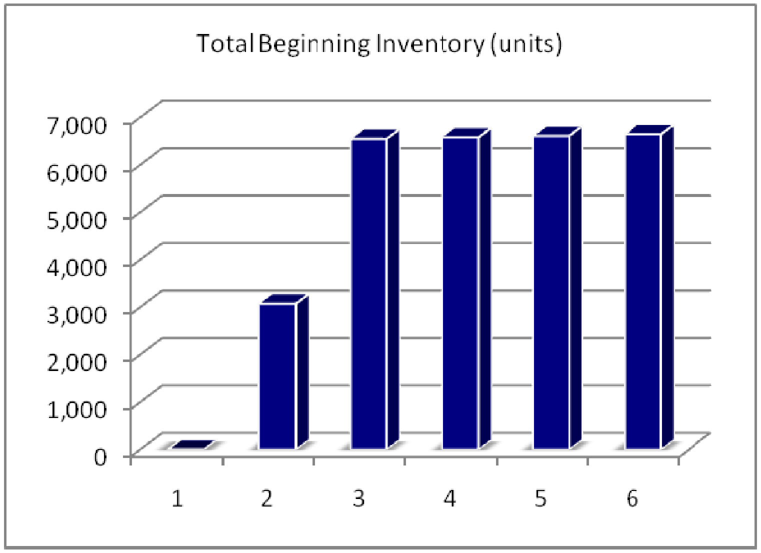


Figure (36): Total Beginning Inventory



Capacity Analysis

The plant capacity analysis relied on field visits to the factory and professional assessment of the machinery capacity and condition.

The installed capacity of the Plant Equipment and their capacities as well as people capacities are detailed in the table (48)

Table (48): Designed capacity of the machines and operators

Available Working Days	
Working days	
Working Days per Year	240
Working Days per Month	20
Working Hours per shift	8
Number of shifts per day	1
Total working hours /day	8

Designed Capacity of the Machines and Operators	Kg /Day "1"	Pieces/Day "1"	Pieces/Hour	Pieces / Year
Manual Wheel	300	75	9	18,000
Manual Jigger	350	88	11	21,000
Casting Moulds	350	88	11	21,000
Press	-	250	31	60,000
Glaze Spraying Gun	-	450	56	108,000
Preparation Line	-	400	50	96,000
Artistic Design	-	60	8	14,400
Dotting and Drawing Line	-	48	6	11,520
Furnaces	-	500	63	120,000
Designed Capacity *"2"*	Scenario. 1"3"		27	120,000
Automated Line	Scenario. 2"3"	3,000	375	720,000

"1"Based on Consultants technical analysis and verification with Qwara management
"2" Average number of units to be produced was calculated based on the production stations (Manual Wheel, Jigger, Casting, and Press). Details of capacity calculations are presented in table (49).
"3" Scenario 1: Without operating the automated production line.
Scenario 2: With operating the automated production line.
Note: All Financial Analysis was based on scenario 1 capacity (without operating the automated production line), which appeared to be sufficient

The designed capacity of the Plant Equipment and their capacity per day are detailed in the table below:

Table (49): Design Capacity of the Machines

Design Capacity of the Machines *"1"*	Kg /Day	Pieces/ Day	Pieces/ Hour	Pieces / Year
Manual Wheel	300	75	9	18,000
Manual Jigger	350	88	11	21,000
Casting Moulds	350	88	11	21,000
Press		250	31	60,000
Total				120,000

"1"All types of products will be produced on manual wheel, Jigger, Casting, or Press. Therefore the capacity is the sum of these equipment capacities. Furnaces and glaze spraying gun have the capacity to receive all produced products.

Table (50) illustrates forecasted capacity utilization

Table (50): Forecasted Capacity Utilization

Design Capacity Sce.1	FY09F	FY10F	FY11F	FY12F	FY13F
Total Designed Capacity Units	120,000	120,000	120,000	120,000	120,000
Total Production of all types	68,115	72,743	73,802	78,599	83,708
Utilization of Equipment Capacity %	*57%*	*61%*	*62%*	*65%*	*70%*

The following table presents human capacity utilization (artists and manual operators) and total capacity utilization:

Table (51): Human and Total Capacity Utilization (Unit/year)

Artists and Painters' Capacity *"1" (Unit/Year)*	FY09F	FY10F	FY11F	FY12F	FY13F
Wall Arts Line Forecasted Production	30	32	34	36	38
Bawadi Line Forecasted Production	4,657	4,974	5,061	5,390	5,740
Special Orders Forecasted Production	3,517	3,745	3,989	4,248	4,524
Total	8,203	8,751	9,084	9,674	10,303
Human Capacity (Unit /Year)	11,520	11,520	11,520	11,520	11,520
Total Production for WA, BW, and SO (Unit/year)	8,203	8,751	9,084	9,674	10,303
Human Capacity Utilization	71%	76%	79%	84%	89%

"1" Artists capacity is mainly designated for Bawadi line, Wall Art, and Special order products

Figure (37): Human Capacity Utilization

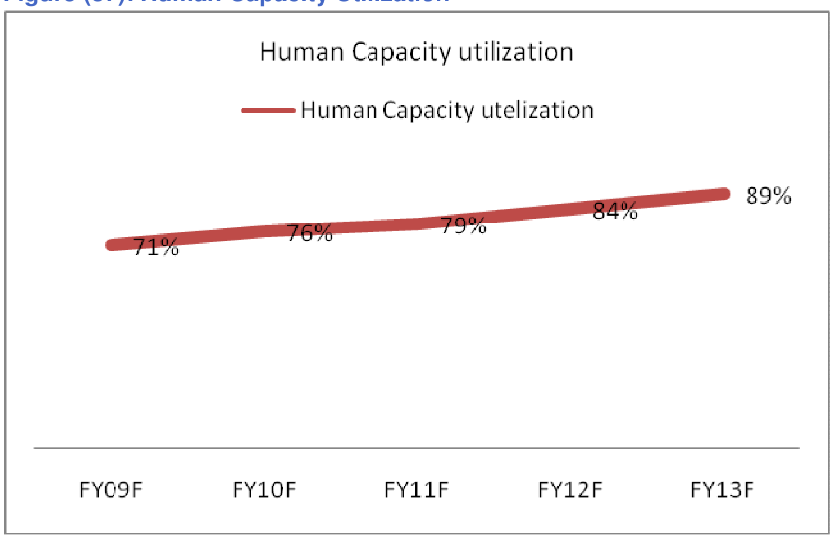
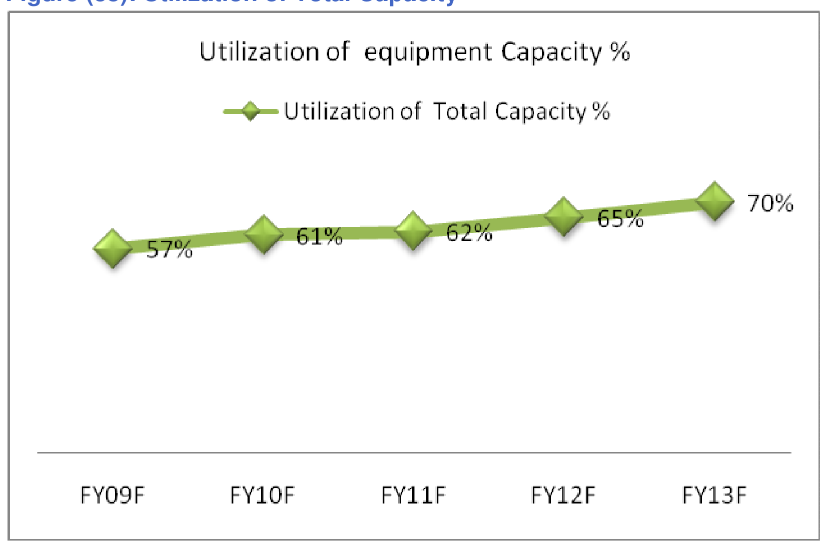


Figure (38): Utilization of Total Capacity



Raw Material Purchase and Inventory

Ceramics are manufactured from different kinds of materials, where clay occupies about 80% of the total weight of ceramic. At present, Raw Materials, including clay and colours, are being imported from England, Italy, and Germany. Other materials are also used in the production of ceramics.

Raw material cost is illustrated in the following table, the raw material cost will increase by 5% each year based on Central Bank inflation rate:

Table (52): Forecasted Raw Material Cost

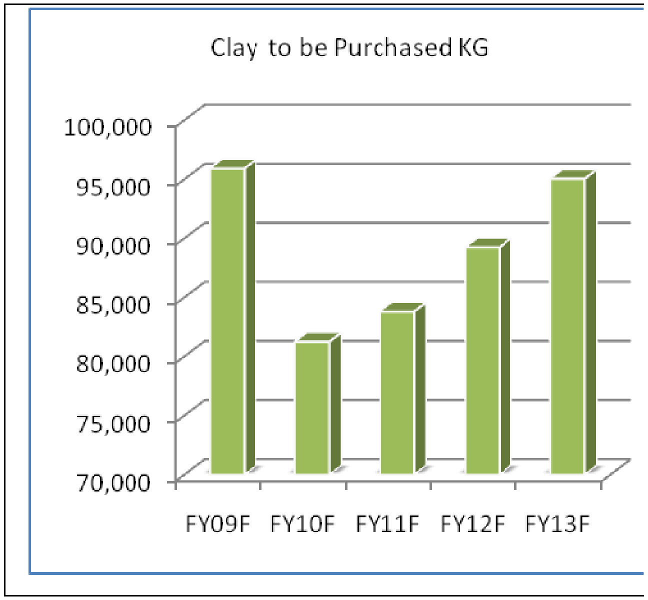
Average Raw Materials Cost	FY09F	FY10 F	FY11 F	FY12F	FY13 F
Clay (JD/KG)	0.65	0.68	0.72	0.75	0.79
Colors, Glazing, Gold, Decal & Thinner (JD/Unit)	1.25	1.31	1.38	1.45	1.52

Total average raw material of clay needed in each product line is illustrated in the following table:

Table (53): Total Forecasted Raw Material (clay) needed Kg/Year

Average Raw Material - Clay Needed(KG)	Average (KG/unit)	FY09 F	FY10 F	FY11F	FY12F	FY13 F
Wall Arts Line	50	1,495	1,593	1,696	1,806	1,924
Bawadi Line	3.8	17,463	18,652	18,979	20,213	21,527
Hospitality Line	1.1	38,242	40,846	41,309	43,994	46,854
Promotional Items Line/ Gifts	0.4	9,720	10,382	10,499	11,182	11,909
Special Orders	2.5	8,792	9,363	9,972	10,620	11,310
Total Raw Material Clay Needed For Production (KG)		75,712	80,835	82,456	87,815	93,523

Figure (39): Forecasted Clay to be Purchased in KG



The table below illustrates Qwara forecasted clay to be purchased in KG for each product line:

Table (54): Forecasted Raw Material-Clay to be Purchased in (KG)

Raw Material –clay to be Purchased (KG)	FY09F	FY10F	FY11F	FY12F	FY13F
Raw Material –clay Beginning of the Period	0	20,209	20,614	21,954	23,381
Raw Material –clay needed for Production	75,712	80,835	82,456	87,815	93,523
Desired Raw Material-clay Ending Inventory	20,209	20,614	21,954	23,381	24,901
Clay to be Purchased (KG)	95,921	81,240	83,795	89,242	95,043

Table (55): Forecasted Raw Material-clay Inventory

Raw Materials Inventory-Clay (KG)	FY09F	FY10F	FY11F	FY12F	FY13F
Inventory at the beginning of the year	0	20,209	20,614	21,954	23,381
Raw Material purchases	95,921	81,240	83,795	89,242	95,043
Raw Material used in production	75,712	80,835	82,456	87,815	93,523
Raw Material Ending Inventory	20,209	20,614	21,954	23,381	24,901
Average Cost (JD/KG)	0.650	0.683	0.717	0.752	0.790
Total Raw Material Ending Inventory (JD)	13,136	14,069	15,733	17,593	19,673
Total Ending Inventory (JD)	28,459	46,468	50,375	53,476	56,820

Figure (40): Total Raw Material Inventory

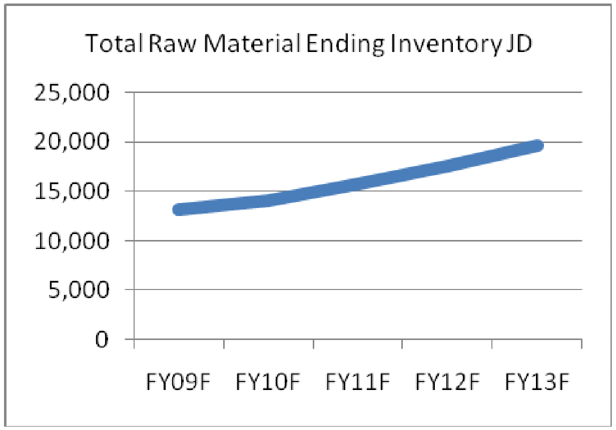


Table (56): Forecasted Finished Goods Inventory

Finished Goods Inventory (unit)	FY09F	FY10F	FY11F	FY12F	FY13F
Inventory at the beginning of the year	0	3,075	6,549	6,580	6,613
Production for The Year	68,115	72,743	73,802	78,599	83,708
Sales for the Year	65,041	69,268	73,771	78,566	83,673
Finished Goods Ending Inventory	3,075	6,549	6,580	6,613	6,647
Cost (JD/ Unit)	5	5	5	5	6
Total Finished Goods Inventory (JD)	15,323	32,399	34,643	35,883	37,146

Figure (41): Total Finished Goods Inventory

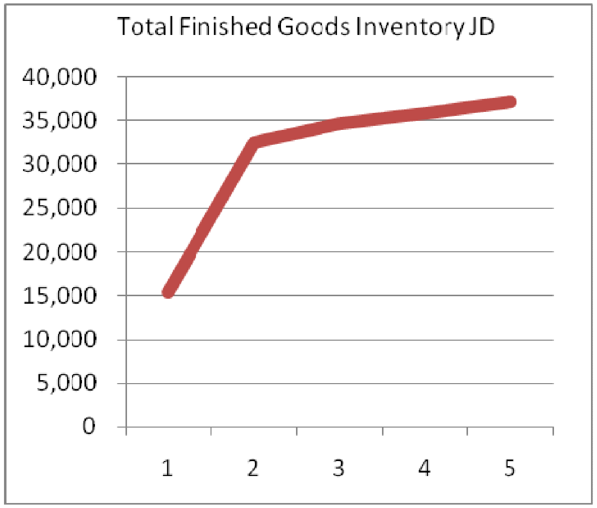


Table (57): Total Raw Material to be Purchased JD

Raw Materials to be Purchased (JD)	FY09F	FY10F	FY11F	FY12F	FY13F
Raw Material - Clay	62,348	55,447	60,050	67,151	75,091

The following table presents the Account Receivable and Payable for the next five years:

Table (58): Cash and Accounts Receivable

Cash and Accounts Receivable	FY09F	FY10F	FY11F	FY12F	FY13F
Total Sales for the Year	420,125	478,753	545,563	621,697	708,454
Cash Collected in the same period	336,100	383,003	436,451	497,357	566,764
Cash Collected from Previous period	0	84,025	95,751	109,113	124,339
Total Cash Collected	336,100	467,028	532,201	606,470	691,103
Accounts Receivable beginning of the year	0	84,025	95,751	109,113	124,339
Accounts Receivable end of the year	84,025	95,751	109,113	124,339	141,691

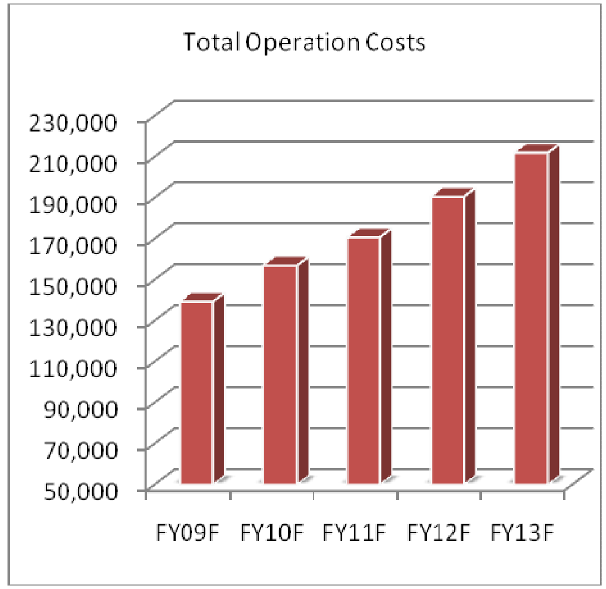
Table (59): Accounts Payable

Accounts Payables	FY09F	FY10F	FY11F	FY12F	FY13F
Total Purchase for the year	62,348	55,447	60,050	67,151	75,091
Cash Paid in the period	46,761	41,585	45,037	50,363	56,319
Cash Paid for Previous period	0	15,587	13,862	15,012	16,788
Total Cash Paid	46,761	57,172	58,899	65,376	73,106
Accounts Payable beginning of the year	0	15,587	13,862	15,012	16,788
Accounts Payable end of the year	15,587	13,862	15,012	16,788	18,773

Table (60): Projected Operational Expenses

Description	FY09F	FY10F	FY11F	FY12F	FY13F
Electricity					
Unit to be Produced "Units"	68,115	72,743	73,802	78,599	83,708
Average Unit / Hour	27.19	27.19	27.19	27.19	27.19
Working Hours / Year	1,920	1,920	1,920	1,920	1,920
Consumption KW/Hour	300	300	300	300	300
Cost of KW - JD/Hour	0.049	0.053	0.057	0.062	0.067
Cost of Electricity	28,224	30,482	32,920	35,554	38,398
Water					
Cost of Water	3,500	3,675	3,859	4,052	4,254
Operation Fuel					
Unit to be Produced "Units"	68,115	72,743	73,802	78,599	83,708
Average Unit / Hour	27	27	27	27	27
Consumption Litter/Hour	5	5	5	5	5
Working Hours / Year	1,120	1,120	1,120	1,120	1,120
Cost of Litter - JD/Litter	0.650	0.683	0.717	0.752	0.790
Cost of operation Fuel	3,640	3,822	4,013	4,214	4,424
Other Overheads					
Non-operation Fuel & Heating	1,476	1,550	1,627	1,709	1,794
Maintenance	2,000	2,100	2,205	2,315	2,431
Stationary	465	488	513	538	565
Hospitality & Cleaning	777	816	857	899	944
Vehicle Expenses	500	525	551	579	608
Consumables	500	525	551	579	608
Colors , Glazing & Thinner	85,144	95,475	101,708	113,735	127,184
Design & Molds	4,000	4,200	4,410	4,631	4,862
Cost of Other Overheads	94,862	105,679	112,422	124,984	138,996
Depreciation	9,049	13,268	17,487	21,706	25,925

Figure (42): Total Forecasted Operation Cost

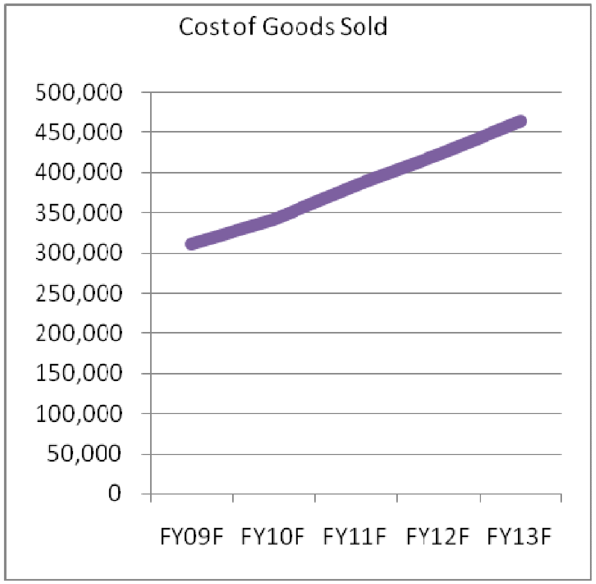


Total Operation Costs	139,275	156,926	170,701	190,510	211,999

Table (61): Cost of Goods Manufactured and Cost of Goods Sold

Cost of Goods Manufactured and Sold	FY09F	FY10F	FY11F	FY12F	FY13F
Direct Material:					
Inventory , Jan. 1	0	13,136	14,069	15,733	17,593
Purchases	62,348	55,447	60,050	67,151	75,091
Material available for use	62,348	68,582	74,119	82,883	92,684
Inventory, Dec. 31	13,136	14,069	15,733	17,593	19,673
Direct Material Used	49,213	54,513	58,386	65,290	73,011
Direct Manufacturing Labor	137,839	147,488	157,812	168,859	180,679
Factory Overhead:					
Operation Expenses	139,275	156,926	170,701	190,510	211,999
Cost of Goods Manufactured	326,327	358,927	386,900	424,659	465,688
Finished Goods Jan. 1	0	15,323	32,399	34,643	35,883
Cost of Goods available for sale	326,327	374,250	419,298	459,302	501,572
Finished Goods Dec. 31	15,323	32,399	34,643	35,883	37,146
Cost of Goods Sold	311,004	341,852	384,656	423,419	464,425

Figure (43): Cost of Goods Sold



Surrounding environment

Location: Qwara Factory is located in Al Mukabalein, around 18km away from central Amman. Al Mokabalein embraces several industrial organizations operating in different industries, such as chemicals and food packaging. It is located relatively close to Amman; and therefore, fast and cost-efficient supply chain is available from suppliers (excluding imported clay) to customers. Qwara Factory is also located on a highway that can be used as an advantage for visitors interested to observe traditional ceramic pottery production, such as tourists. The location on a highway also facilitates loading production material and unloading finished products. The total land area that was provided by Amman municipality to Qwara totaled 7,000 meter square, of which around 30% was used to build the plant building and warehouses. The remaining unoccupied space can absorb future expansion as well as additional warehouses.

Discussion and recommendations

Maintenance

The plant does not follow any maintenance system and does not employ maintenance personnel. Instead, the plant management outsources maintenance activities to an external expert, whenever machine breakdown occurs.

It is recommended to develop a maintenance system, including preventive maintenance and periodic checks on machines and furnaces. The system should include maintenance guide or user manuals for using the machines and equipment. It is also recommended to construct spare parts storage to maintain the equipment. A proper maintenance system would reduce the risk of having regular machines and furnaces breakdowns. It would also reduce idle time for a machine while being fixed because a person in charge of maintenance as well as spare parts will be available in the factory. In this way production would not be interrupted.

Production Planning and Control

The factory uses make-to-order techniques to produce the requested market orders. Urgent orders cannot be met as the whole manufacturing processes have to be rescheduled before starting the production of any new order.

When a new order is placed, the management starts distributing workers among the factory's departments to ensure that the order is being produced efficiently.

It is recommended that Qwara Factory adopts a modern institutionalized production planning and scheduling system that includes formalized policies and procedures to govern and enforce production planning practices; as production planning represents the beating heart of any manufacturing process. Its purpose is to minimize production time and costs, efficiently organize the use of resources, and maximize efficiency in the workplace.

Production planning would also incorporate different production elements, ranging from everyday activities of staff to the ability to realize accurate delivery times for Qwara customers Qwara will also exploit its full potential through proper planning of its production processes.

Quality Management

Qwara Factory current organizational structure does not include Quality Assurance section. Products' quality is the responsibility of each employee. Production staff usually removes products if they notice any visual defects.

Qwara should establish a Quality Assurance Department independent from production staff because production staff would be more concerned in production and the priority will be fulfilling the required production volume rather than quality. The responsibilities of the Quality Assurance Department would also include developing proactive measures to ensure product and process quality according to standards that Qwara should formalize. An adoption of an ISO system would not only enhance Qwara's brand name and product quality, but also the quality of major operations and activities that should be practiced at Qwara Factory such as maintenance, and health and safety.

Research and Development

Qwara should establish a Research and Development (R&D) unit within the factory organization. This is important for two reasons:

1. Handicraft industry should be always provided with new artistic designs to impress Qwara's regular customers and achieve product differentiation from competitors especially that copyrights and patent in Jordan are not well protected.

2. R&D department would also work on establishing new products that Qwara can offer feasibly; i.e. in a cost efficient manner. This department would work closely with the marketing department to be informed about market needs trends and tastes.

Health – Safety

Some production processes at Qwara are equipped with safety guards such as the glazing machine, where dust and fumes are sucked by a collector to keep the operator away from such materials. However, the process where gold is added to the product may cause health problems if the worker was exposed to gold handling for a long duration as the materials used are rich of chemicals. For that reason, safety tools of masks and gloves should be used to avoid such cases.

Most equipment do not require safety tools as they do not cause any harm to the workers or the environment, except for the previously mentioned gold adding process, and also while operating cutting and trimming equipment and tools, which may cause workers injuries. Qwara should conduct awareness workshops for operators on health and safety. Quality Assurance officer that Qwara should employ shall practice quality checks on complying health and safety standards that Qwara should develop.

Technical Labor Force

The following table illustrates direct workers that are allocated for production. The table presents the current staff and proposes new recruits for the next year.

Table (62): Direct Labor Staff

Position	Number	Status
Production Manager	1	Current
Store Keeper	3	Current
Bawadi Line Supervisor	1	Current
Bawadi Line Technician	6	Current
Designs and Preparation Technician	3	Current
Drawing and Dotting Supervisor	1	Current
Drawing and Dotting Technician	5	Current
Wheel technician	2	Current
Wheel technician Assistant	1	Current
Press Technician	2	Current
Molds and Jiggers Supervisor	1	Current
Molds and Jiggers Technician	2	Current
Inscription Technician	2	Current
Operator	1	Current
Furnace and Glazing Supervisor	1	Current
Furnace and Glazing Technician	3	Current
Casting Technician	3	Current
Designer	2	New
Packaging Officer	1	New
Quality Assurance Officer	1	New
Sub-Total Direct Labor	42	

CHAPTER V: STRATEGY AND IMPLEMENTATION SUMMARY

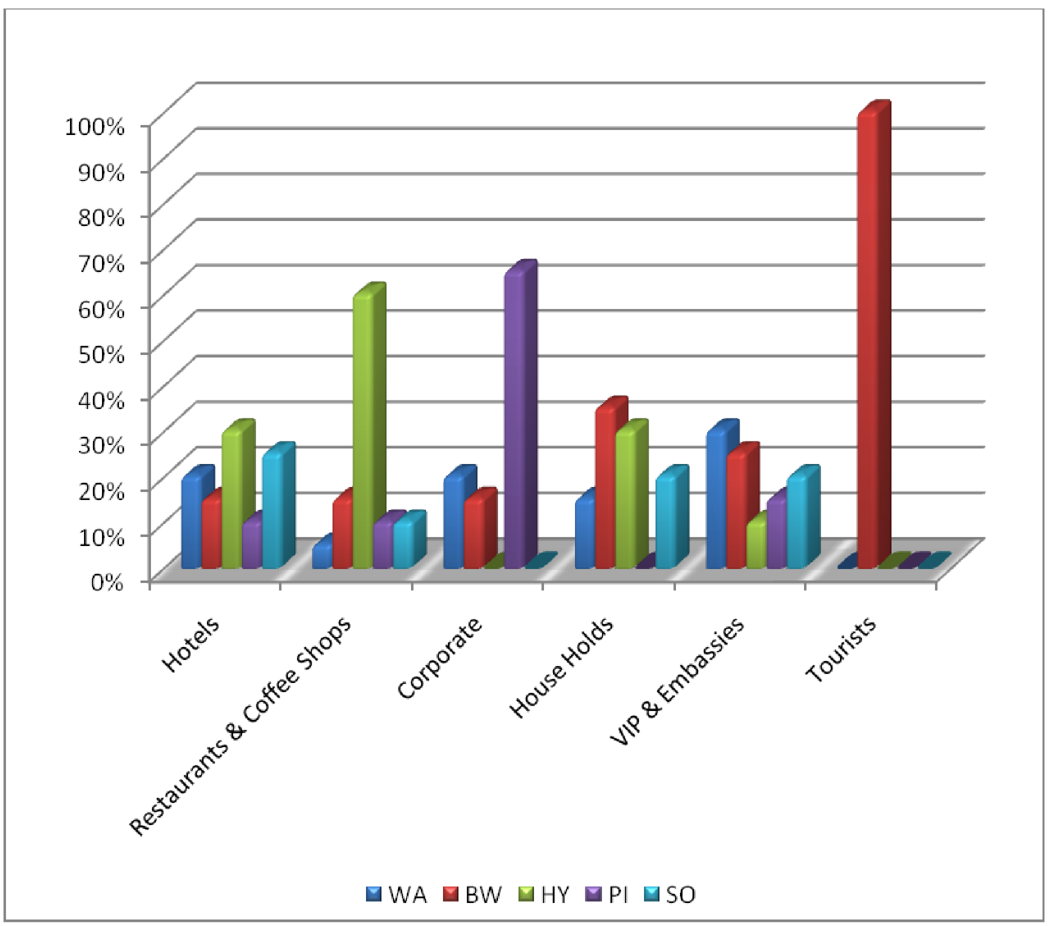
Qwara will focus on providing high-quality products to customers. Customization of orders and specialization of services will create a competitive advantage.

The first year of service will be the most important, as Qwara plans to establish strong relations with both suppliers and buyers. These relationships will help Qwara grow and evolve in this industry.

Marketing Strategy and Growth Potential

Qwara will focus on the five market segments; Hotels and Restaurants, Corporate, VIPs, and Households. The percentage of sales to each segment is illustrated in the figure bellow indicate each product line that Qwara will sell to each segment:

Figure (44): Percentage of sales to each segment



Pricing Strategy

Qwara's prices for year 2009 will be as follows:

Table (63): Qwara's average sales price (2009)

Average Sales Price JD / Unit	FY09F
WA	2,500
BW	25
HY	3
PI	3
SO	18

These prices exhibit quality products at reasonable costs to customers.

The prices will increase annually by a percentage of 7%.This rate represents the average of all expenses rising rates that Qwara will bear, as presented by the following table:

Table (64): Annual Increase Rates

Annual Increase Rates	Annual Rate
Expenses rising annually at *"1"*	5%
Electricity rate rising annually at *"2"*	8%
Salaries rising annually at *"3"*	7%
Sales prices increases annually at *"4"*	7%
Raw Materials cost increases annually at *"5"*	5%

"1" Source: Central Bank of Jordan

"2" Source: Consultant Assumption based on Oil International rate

"3" Source: Social Security Corporation

"4" Source: " Average of all expenses rising"

"5" Source: Inflation rate, Central Bank of Jordan

Average prices for the next five years will be as follows:

Table (65): Forecasted Sales Prices

Sales Price JD / Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	2,500	2,675	2,862	3,063	3,277
BW	25	27	29	31	33
HY	3	3	3	4	4
PI	3	3	3	4	4
SO	18	19	21	22	24

Sales and Promotion Strategy

Promotions will be mainly alliance-based strategy; direct contact from Qwara marketing and sales manager with the support of well trained sales team will be responsible to outreach potential customers to establish these short and long term relationships as follows:

- Embassies; to mainly sell Bawadi line products. The diplomatic sector also organizes annual charity exhibition that Qwara can participate in.
- Hotels and Restaurants for selling catering tableware, Bawadi line, special orders, and promotional items. Hotels and Restaurants will be mainly targeted by personal visits.
- Events organizers, such as wedding and art exhibitions organizers.
- International charity organizations operating in Jordan. For example, The Lions Clubs, The Rotary Organization, etc.
- Qwara will also develop alliances with tourism agencies to accompany tourists to visit Qwara Ceramic Factory as a Jordanian producer of ceramic pottery heritage.
- In-Store promotions: Beside Bait Al Bawadi, Qwara will develop alliances with other handicrafts and tableware shops, and therefore will increase its marketing channels. Qwara may display its products in other showrooms as consigned goods mainly in Amman and Irbid as it has the highest population, this will cut cost of leasing a space for a showroom. Qwara will also display its handicraft products in souvenir shops in tourist attraction areas mainly in Jordan golden triangle; Aqaba, Petra and Jerash. In-Store promotions will mainly target Households, VIPs and Tourists.

Qwara will also participate in public events through organizing events and participating in trade fairs and open days, as well as establishing exhibitions especially for Ramadan and Christmas seasons.

Qwara will develop a website to display images of all product lines at Qwara and mainly target corporate seeking promotional items. In addition, this website can be used for online purchases, and shall aim at expanding the business internationally through exports.

Discounts on prices can be used to boost demand. However it is only encouraged on specific products that can bear discounted prices. The table bellow illustrates gross profit / unit to be a benchmark for Qwara's discounts:

Table (66): Forecasted average Gross Profit per Unit

Gross Profit / Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	151	252	405	538	686
BW	5	6	6	8	9
HY	1	2	2	2	2
PI	1	1	1	1	1
SO	5	5	6	7	9

Qwara can use public advertising, but it will not be considered as a main marketing communication plan, this may include:

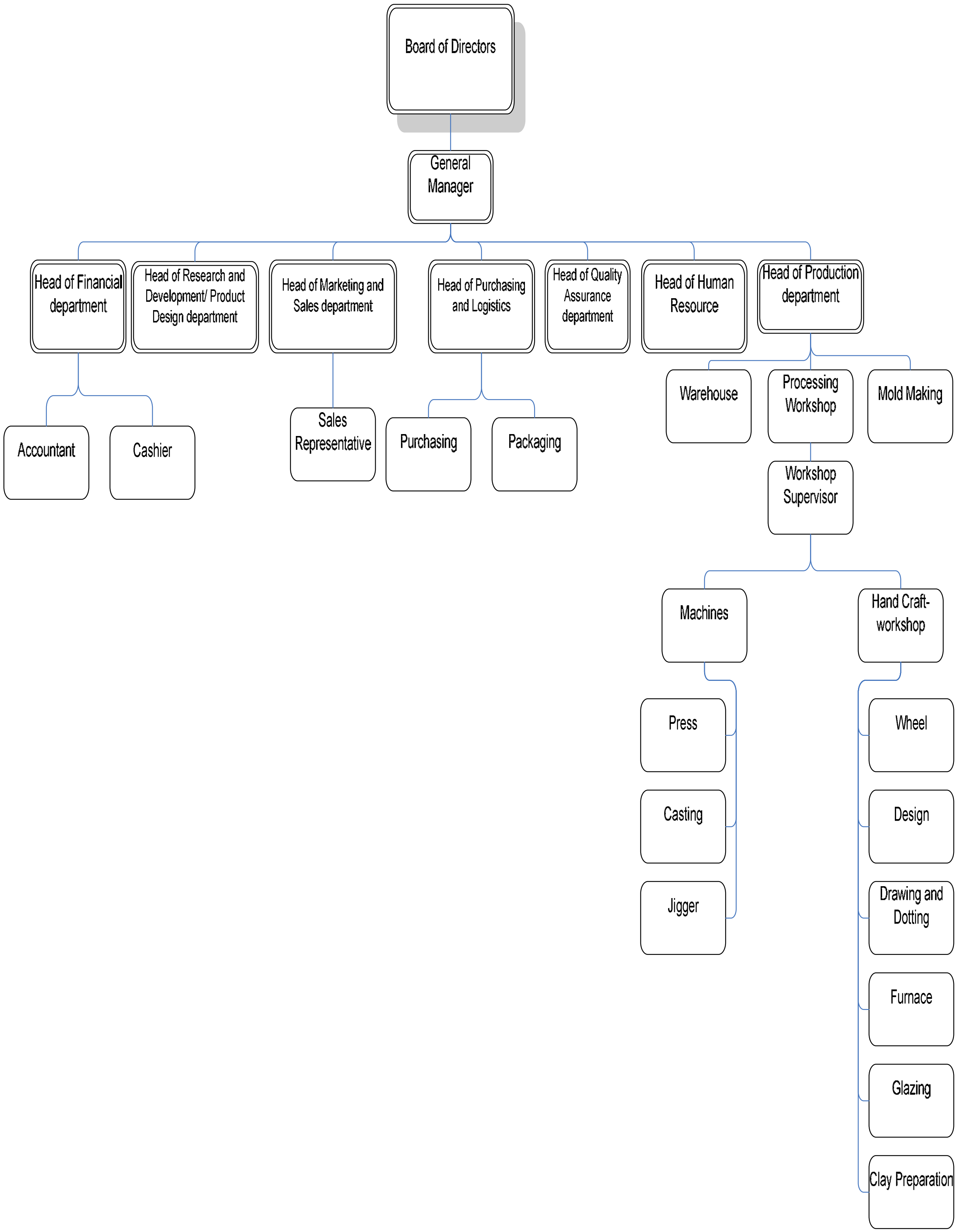
- Advertising street signs "Billboards"
- Internet banners
- Leaflets and brochures
- Magazines Ads
- Sponsorships

CHAPTER VI: MANAGEMENT SUMMARY

Qwara's managers are responsible for leading and directing others. Their success, or lack of it, has a tremendous impact on profitability.

The following chart illustrates Qwara's proposed organization structure:

Organizational Chart



Key Positions Description

Following are key responsibilities of each of the organization section heads:

Head of Financial section:

- Develop all financial strategies, policies and procedures for the organization.
- Set the long term objectives of the department and communicate it to the subordinates
- Review of payment vouchers, journal entries, credit/debit notes, along with source documents
- Prepare the periodical financial statements that represent the organizations financial position, including comprehensive income statement, balance sheet, cash flow statement, and changes in shareholders' equity statement
- Monitor the results of periodical cash count as well as the physical count and ensuring their compliance with the accounting records

Head of Research and development section:

- Set the department long and short term objectives and communicate them to the management and key staff
- Supervise the development of Qwara's design, quality and range of products with the goal of improving them or creating new products
- Be updated with industry technology and propose any enhancement to the production process in terms of quality, efficiency and effectiveness
- Monitor competitors and customers in order to keep Qwara management updated with new trends and designs, and analyze customer needs, demands and desires to enhance Qwara's position in the market
- Attend and participate in meetings with the production section to discuss developing new product plans
- Interpret the results of research projects and recommend new products or services
- Provide advice on research and development options available to the organization

Head of Marketing and Sales:

- Set the short and long term objectives of the department and communicate it to the subordinates
- Coordinate with purchasing and logistics department to ensure that clients' goods are delivered on time
- Follow up on marketing campaigns and ensure that they are directed towards the targeted segment
- Monitor and follow up with account managers to achieve sales targets and supervise the sales cycle

- Communicate with external parties for promotional campaigns, exhibitions, galleries, and work on opening new marketing and sales channels for Qwara.

Head of Purchasing and Logistics:

- Set the long term objective of the department and communicate it to the subordinates
- Monitor the stock level in the warehouse and ensure availability of stocks when needed
- Supervise physical counts in the company warehouse and preparing the stock count reports and communicating them to the Financial Department
- Plan and supervise Qwara's purchases across all departments at all times to ensure maximum availability of supplies
- Coordinate, monitor and manage the purchasing and logistics function including warehousing and distribution, packaging, shipment tracking, and expediting to maximize efficiency and optimize productivity in the warehouse
- Liaise with relevant internal sections (Production, QA, Marketing and Sales), and external parties (Suppliers, Clients) on delivery requirements
- Ensure all shipping documents and coordination are dealt with efficiently to achieve no shipment failure

Head of Quality Assurance:

- Setting the short and long term objectives of the department and communicates it to the subordinates
- Coordinate with heads of departments to ensure that processes in each department are in compliance with Qwara's Quality Standards
- Advise on the necessary actions and upgrades in the organization to be in compliance with the ISO 9001-2000 standards*(when obtained in the future)*
- Ensure the welfare of all employees at Qwara's facilities by implementing International Health and Safety standards
- Ensure that all Qwara's products are achieving consistent quality by enforcing Quality Assurance procedures on all products.
- Perform periodic quality inspections for in-process and finished goods.

Head of Human Resources:

- Set the department long and short term objectives and communicate them to all key staff
- Supervise the activities and employees of the human resources section, and assure they are in compliance with the approved systems, policies and procedures, and delegated authorities

- Develop and execute a strategic human resources management plans; taking into consideration immediate and long-term staff requirements in terms of numbers and skill levels and assure the development of resources in line with the company's overall strategies
- Review process and authorize employees' transactions which include, but are not limited to, new hires, promotions, salary transactions, assignment changes, terminations, bonuses, retirements … etc.
- Ensure the providing of needed general services to all sections and prioritize service providing if needed

Head of Production:

- Setting the department long and short term objectives and communicate them to all subordinates
- Supervise and oversee the production processes, set up the production schedule for Qwara's different product lines, and adjust schedules as needed
- Ensure that the production is cost effective and within the assigned budget
- Ensure that products are produced on time, and are of good quality that is in compliance with Qwara's quality standards
- Work closely with Qwara's other sections heads to implement the Qwara's policies and meet the organization objectives
- Supervise and motivate the production team and ensure that Health and Safety guidelines are followed
- Identify training needs of section employees and make the necessary recommendations to the upper management.

Qwara Factory Staff and Salaries

The table bellow illustrates Qwara Admin and Technical Staff and their estimated salaries:

Table (67): Estimated Salaries (Administration Staff)

Position	Number	Salary/month (JD)	Salary/Year (JD) "1"	Status
Administration Staff				
General Manager	1	1,500	19,500	Current
Secretary	1	278	3,614	Current
Office Boy	1	200	2,600	Current
Sales	2	410	10,660	Current
Accountant	1	230	2,990	Current
Driver	1	250	3,250	Current
Senior Accountant	1	600	7,800	New
Marketing and Sales Manager	1	700	9,100	New
Purchasing and Logistics Officer	1	450	5,850	New
Maintenance Technicians	2	300	7,800	New
HR and Admin Officer	1	350	4,550	New
Sub-Total Indirect Labor	13	5,268	77,714	

Table (68): Estimated salaries (Direct Labor)

Position	Number	Salary/month (JD)	Salary/Year (JD) "1"	Status
Direct Labor(Professional Staff)				
Production Manager	1	460	5,980	Current
Store Keeper	3	329	12,844	Current
Bawadi Line Supervisor	1	320	4,160	Current
Bawadi Line Technician	6	252	19,630	Current
Designs and Preparation Technician	3	176	6,864	Current
Drawing and Dotting Supervisor	1	300	3,900	Current
Drawing and Dotting Technician	5	205	13,299	Current
Wheel technician	2	324	8,411	Current
Wheel technician Assistant	1	176	2,288	Current
Press Technician	2	176	4,576	Current
Molds and Jiggers Supervisor	1	418	5,434	Current
Molds and Jiggers Technician	2	247	6,409	Current
Inscription Technician	2	209	5,434	Current
Operator	1	150	1,950	Current
Furnace and Glazing Supervisor	1	413	5,369	Current
Furnace and Glazing Technician	3	221	8,632	Current
Casting Technician	3	214	8,359	Current
Designer	2	300	7,800	New
Packaging Officer	1	200	2,600	New
Quality Assurance Officer	1	300	3,900	New
Sub-Total Direct Labor	42	5,389	137,839	
Total	55	10,657	215,553	

"1": The yearly wages are calculated on 13 months basis, the additional month includes medical insurance and other incentives that the company may bear.

Professional and Advisory Support

Training and professional advisory will be provided to Qwara Factory to insure institutionalized processes and procedures prevails at Qwara and therefore, delivering outstanding products and services to customers. The professional advisory will mainly support Qwara to develop:

- Quality Assurance Management: an adoption of an ISO system would not only enhance Qwara's brand name and product quality, but also the quality of major operations and activities that should be practices at Qwara Factory, such as maintenance, and health and safety.
- Health and Safety System: specialized consultants will support Qwara to develop health and safety system and manual to protect staff against risk on health or safety that may arise at the workplace.
- Production Planning: software for production planning can be used to assist proper planning and control on production, purchasing, and inventory management. Qwara is considering implementing an ERP System to insure proper integration and control over the supply chain processes from suppliers through production to end customers.
- Human Resources System: Qwara should adopt a proper human resource system to insure attracting and retaining best calibers in the market. The system will also motivate staff to exploit their full potential through proper job descriptions and target setting, performance monitoring and evaluation, reward system, and training and development programs.
- Financial System: Qwara should develop clear financial polices and procedures and chart of accounts and introduce internal audit system.

The following table illustrates a suggested training course that Qwara Factory can benefit from:

Table (69): Suggested Training Courses

No.	Subject	Objectives	Targeted section/unit	Estimated duration
1	Human Resources Management	• Learning the main functions of HR and their roles • Competency-Based HR management • Learning Talent Management, through understanding each function of HR (Training, recruitment and selection, career path planning, compensation and benefits) and how to manage these functions using competency based HRM • Implementing strategy processes including translating the vision into operational goals and linking them to individual performance	Human Resources	30 Hours

No.	Subject	Objectives	Targeted section/unit	Estimated duration
2	Health and Safety	• Learn to establish good occupational safety and health standards to ensure the welfare of workers • Assess and control risks and potential hazards as they are identified • Understand how to encourage staff to take an active role in the development of safe working environment • Learn how to provide appropriate and adequate accident prevention education and training employees	Human Resources	18-20 Hours
3	Strategic Planning/Goal Setting and Appraisals	• Successfully define a target to be reached • Setting SMART goals and targets for individuals and departments aligned with organizational objectives and measuring them using Balanced Scorecards • Rank Goals and develop persistence to attain them • Create an action plan and set strategic goals • Effectively motivate and empower employees • Using goal setting as a management technique	Key personnel/Head of sections	24 Hours
4	Time Management	• Plan to achieve goals according to their priority • Implement strategy for dealing with “time wasters” • Managing Deadlines and Progress Surveys • Principle centred time management approach	Production	20 Hours
5	Time and Motion Studies	• Learn how to gather details about processes performed at workplace and to record time spent at each • Prepare process charts that represent the observations	Production	20 Hours

No.	Subject	Objectives	Targeted section/unit	Estimated duration
		• Learn to analyze processes and how to optimize them by eliminating unnecessary steps or combining activities…etc • Learn how to implement and transfer to new process smoothly and efficiently		
6	Scheduling	• Prioritize, sequence and schedule job operations in one step across work centers within capacity and material constraints • Maximize throughput by buffering constraints, assemblies and shipping • Minimize late jobs and achieve planned job due dates • Set up schedules and optimize resources such as cost, customer preference and parts availability	Production and Production Planning Departments	20 Hours
7	ERP Course(if ERP is implemented)	• Describe the concept of ERP and the ERP model; define key terms; explain the transition from to ERP; identify the levels of ERP maturity • Explain how ERP is used to integrate business processes; define and analyze a process (Gap Analysis) , create a process map (Business Process Re-engineering) and improve and/or simplify the process; apply the result to an ERP implementation • Identify the key technological considerations and infrastructure concerns in ERP implementation and describe the strategic use of technology for ERP • Describe how the knowledge management capability of an ERP system can be used to sustain competitive advantage.	Production, Logistics and Financial sections	18-20 Hours

No.	Subject	Objectives	Targeted section/unit	Estimated duration
		Describe how to use ERP to communicate effectively with customers and suppliers		
8	Total Quality Management	• Learn TQM models and standards • Process Management tools and applications including Statistical Process Control (SPC), Quality Function Deployment (QFD), Benchmarking and other tools • Understand the concept of a process and the customer supplier model • Learn skills to balance competitive quality strategic planning with daily operational choices • Use structured methodology for process improvement • Introduction to King Abdullah II Award for excellence including criteria, strategic Planning…etc	Production and Quality Assurance sections	30 Hours
10	Resource Allocation and Budget Preparation	• Define and apply tools of project management to organization's projects • Understand the process of resource allocation and its importance to help achieving project goals • Use different scheduling techniques to allocate and control time • Use different techniques to allocate physical resources of machines, materials, and manpower • Learn how to align budgeting process to business strategy • Learn how to link budget to staff performance	Key personnel	20 Hours
11	Finance for non-Financial People	• Integrate financial concepts and policies into the management decision and budgeting process • Evaluate the financial viability of projects and activities through	Key personnel	20 Hours

No.	Subject	Objectives	Targeted section/unit	Estimated duration
		income statements and balance sheets • Employ cash flow tools to analyze business status • Calculate the cost of business activities • Control business operations through effective budget management • Communicate effectively with financial executives and staff		
12	Human Resources for non- HR People	• Learn the importance and techniques of setting goals and evaluation of performance • Learn the interaction between business resources including finance, material and people • Introducing the concept and methodologies of coaching and its importance • Understanding the recruitment and retention and learn talent and their impact on business	Key personnel	20 Hours
13	Interpersonal Skills	• Learning communication including verbal and non-verbal communication • Learn how structure presentations, preparation and rehearsing • Introduction to Time Management techniques • Applying logical methodologies to transform a range of creating options into supportable decisions • Lateral Thinking • Leadership traits and skills • The 7 habits of highly effective people	Marketing and sales staff	20 Hours
14	Negotiation Skills	• Understand the negotiation principles and terminologies • Understand and practice phases of the negotiation process • Learn techniques to achieve	Marketing and sales	20 Hours

No.	Subject	Objectives	Targeted section/unit	Estimated duration
		Win-Win results • Understand conflict result management • Learn how to get the best deal while improving long term relationships		
15	Marketing Strategies	• Customer Relationship Management (CRM) • SWOT Analysis • Being able to analyze competitors • Understanding market segmentation, positioning and target marketing • Developing marketing plans	Marketing and Sales	15 Hours
16	Managerial Accounting	• Differentiate between line and staff functions in organization • Learn the principles of costing process • Learn to prepare a production report, including the quantity of production, cost of production • Differentiate between quantitative and qualitative information • Define the roles that planning, organizing, staffing, leading, and controlling play in an organization	Financial Department	15-18 Hours

CHAPTER VII: FINANCIAL MODEL ANALYSIS

Assumptions Summary

All the assumptions are based on the Market and Technical studies .The period of this financial study is five years starting from year 2009 and ending by year 2013.

Table (70): Assumptions

Important Note:	
All amounts in JD	JD
Period of financial study (Years)	5
Sales Collection In same period *"1"*	80%
Sales Collection In next period	20%
Raw Material paid in same period *"2"*	75%
Raw Material paid for Previous period	25%
Raw Material Inventory at the beginning of the period - Clay *"3"*	25%
Ending Inv. of FG % of same year sales 2009 *"4"*	5%
Ending Inv. of FG % of same year sales 2010 & further years *"4"*	10%
Avg. Raw Material into Finished Products kg / FG Unit *"5"*	1.25
Average Growth Rate for all Products *"6"*	6.50%
First Year of Forecasting	2009

"1" Normal Operating Cycle for this Industry "International Bench Mark"

"2"Based on a Fact that the normal operation cycle for LC ~ 90 Days from order date

"3"This present the needs for production for ~ 3 months

"4"This presents sales for ~45 days. No Ending Inventory was considered for Wall Art and Special Orders, as it is "make to order". Promotional Items were considered as standard sizes and shapes only decal or drawing will be make to order. Therefore, we included P.I in Ending Inventory Analysis

"5" FG=Finished Goods. This figure was based on technical analysis and verification with Qwara Management

"6" According to average growth rate for all Market Segments based on the market analysis

Table (71): Break down of working days

The Break Down Of Working Days Per Year	Number Of Days
Total Days of the Year	365
Fridays	52
Saturdays	52
Religious Holidays	10
National Holidays	6
Others	5
Total Working Days	240

Table (72): Available working days

Working days	Number of Days
Working Days per Year	240
Working Days per Month	20
Working Hours per Shift	8
Number of shifts per Day	1
Total working hours /day	8

Table (73): Electricity Cost

Electric Rate JD/KWh-Hour *"1"*	0.049

"1" Current Rate In Jordan For Industrial Operation

Table (74): Electricity Consumption

Electricity Consumption *"1"*	
Total Consumption KW/Hour	300

"1"Based on Consultants Technical estimate and verification with Qwara management

Table (75): Water Consumption

Water Consumption for the factory	
Water and Treatment cost (JD/m³) *"1"*	1.5

"1" Current Rate In Jordan For Industrial Operation

Table (76): Fuel Cost

Fuel Cost	
Cost of Operation Fuel JD/Litter	0.7
Consumption Litter/Hour *"1"*	5
Percentage of the year duration using Fuel *"2"*	58%

"1"According to consultant estimation and verification with Qwara Management

"2" Fuel furnace operates in Winter season only

Table (77): Income Tax

Income Tax	Percentage
Income Tax Rate *"1"*	15%
Income Tax Deduction Rate *"2"*	100%

"1" According to Jordanian Income Tax laws & Regulations

"2" Qwara is exempted from Income Tax

Table (78): Sales tax

Sales Tax	Percentage
All Sales Prices exclude Government Sales Tax	16%

Table (79): Production Raw Material requirement from clay KG/Unit, average weight and sales price

Production Category	Abbreviation	RM KG/ Unit *"1"*	Av. Weight KG / Unit *"2"*	Average Sales Price JD/Unit *"3"*
Wall Arts Line	WA	50.00	40.00	2,500
Bawadi Line	BW	3.75	3.00	25.00
Hospitality Line	HY	1.13	0.90	3.00
Promotional Items Line/ Gifts	PI	0.38	0.30	3.00
Special Orders	SO	2.50	2.00	18.00
Weighted Average Weight For All Qwara Products			4.00	

"1" According to Raw Material into Finished Products kg / FG ratio (1.25)

"2" Based on Qwara Data

"3" Based on Market Surveys & Analysis , and Qwara verification

Table (80): Annual Increase Rate

Annual Increase Rates	Annual Rate
Expenses rising annually at *"1"*	5%
Electricity Rate rising annually at *"2"*	8%
Salaries rising annually at *"3"*	7%
Sales prices increases annually at *"4"*	7%
Raw Materials cost increases annually at *"5"*	5%

"1" Source: Central Bank of Jordan

"2" Source: Consultant Assumption based on Oil International rate

"3" Source: Social Security Corporation

"4" Source: " Average of all expenses rising"

"5" Source: Inflation Rate ,Central Bank of Jordan

Table (81): Salary Calculation Base

Salaries *"1"*	**No. of Month**
Salaries Calculated based on yearly Months *"2"*	13

"1" Salary estimates are made according 'to current market rates in Jordan
"2"The yearly wages are calculated on 13 months basis, the additional month includes medical insurance and other incentives that the company may bear.

Table (82): Fixed Assets

Fixed Assets as of January 1,2009 *"1"*	**JD**	**% of Total FA**
Buildings	35,975	60%
Equipment	16,136	27%
Autos	387	1%
Computers	6,480	11%
Furniture	831	1%
Total	59,809	100%

"1" Net Book Value of Fixed Assets owned by Qwara Based on the financial statements issued for the year ended Dec.31, 2003. As Qwara has not issued any financial statements after that date

Table (83): Initial Inventory

Inventory As of January 1,2009 *"1"*	**JD**
Raw Material Inventory Clay	0
Colors, Glazing , Gold , Thinner	0
Finished Goods Inventory	0
Molds	0
Spare Parts	0
Total	0

"1" Inventory was considered zero as Qwara is being treated as a new venture. Inventory value was estimated to be 100,000 JD considered as cash at the begging of year 2009

Table (84): Current Assets

Current Assets As of January 1,2009	**JD**
Cash In Banks *"1"*	100,000
Accounts Receivable	0
Raw Material Inventory Clay	0
Colors, Glazing , Gold , Thinner	0
Finished Goods Inventory	0
Molds	0
Spare Parts	0
Total	100,000

"1" Cash in banks from current Inventory value. Value was estimated by Qwara

Table (85): Current Liabilities

Current Liabilities and Accumulated Losses as of January 1,2009 *"1"*	JD
Accounts Payable	0
Due To Banks	0
Accumulated Losses *"2"*	(300,550)
Total	(300,550)

"1"Based on Qwara Management Judgment that there are no any liabilities at the beginning of the forecasted year

"2" Based on the financial statements issued for the year ended Dec.31, 2003. As Qwara has not issued any financial statements after that date. Loss was not considered in the financial analysis according to Qwara management as it is already covered in years after 2003

Capital expenditure

It is estimated that the capital expenditure cost will amount up to 189,740 JD divided into building maintenance, machines maintenance, furnaces maintenance, air conditions, computers, IT network, and other required working capital. The estimated required capital expenditure was divided by five and distributed equally as cash out during the next five years.

Table (86): Capital Expenditure

Capital Expenditures Additions *"1"*	Quantity	Cost / Unit	Total	Category
Building Maintenance	1	24,277	24,277	Buildings
Machines Maintenance	1	27,650	27,650	Equipment
Furnaces Maintenance	1	5,350	5,350	Equipment
Additional Upgrading Maintenance	1	12,723	12,723	Equipment
Server	1	6,000	6,000	Computers
Air conditions	1	500	500	Furniture
Computers	13	450	5,850	Computers
ERP System	1	20,000	20,000	Computers
IT Network	30	50	1,500	Computers
Telephones	2	25	50	Furniture
Office Desks	11	80	880	Furniture
Chairs	9	40	360	Furniture
Cupboards	6	100	600	Furniture
Furnaces	1	60,000	60,000	Equipment
Cars	2	12,000	24,000	Autos
Total	81	169,245	189,740	

"1" Based on Qwara status report and financial investment plans. The total addition was distributed among the next 5 years for proper cash management

Cost Analysis

Standard cost accounting for direct labor and factory overheads was not applied for this model. Costing was based on each product line contribution margin, in order to maintain all production lines feasible and cover the variable costs to reach to the positive contribution margin and therefore produce and supply all market segments needs from all product lines. This method is considered for managerial decisions and not accounting statements.

Table (87): The allocation of cost of Direct Labor and Overheads over product lines

Direct Labor & Overheads Allocation %	FY09F	FY10F	FY11F	FY12F	FY13F
WA	25%	25%	25%	25%	25%
BW	30%	30%	30%	30%	30%
HY	10%	10%	10%	10%	10%
PI	20%	20%	20%	20%	20%
SO	15%	15%	15%	15%	15%
Total	100%	100%	100%	100%	100%

Figure (45): Cost Allocation

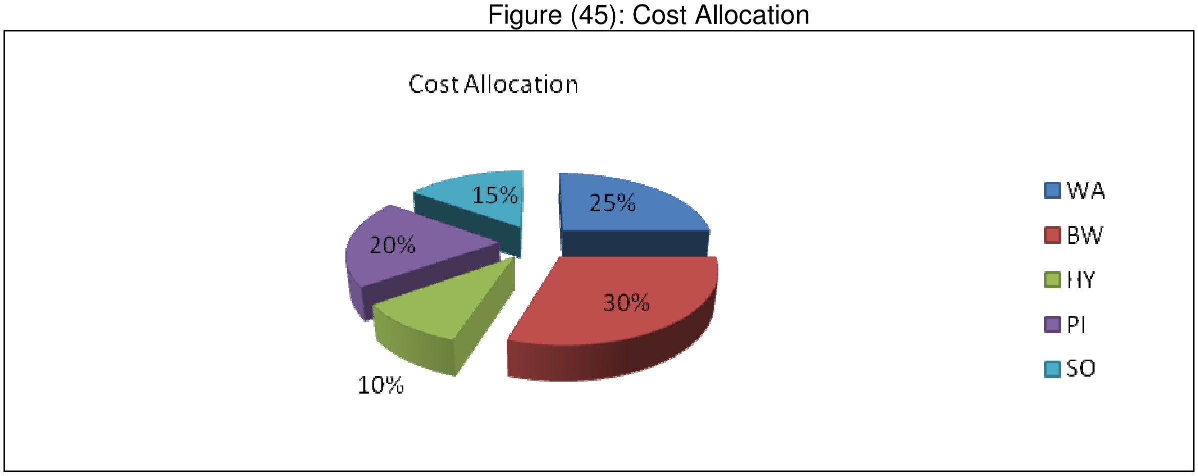


Table (88): Raw Material cost per unit

Raw Material JD / Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	33	34	36	38	40
BW	2	3	3	3	3
HY	1	1	1	1	1
PI	0	0	0	0	0
SO	2	2	2	2	2

Table (89): Forecasted Direct Labor Cost

Direct Labor	FY09F	FY10F	FY11F	FY12F	FY13F
Total Direct Labor JD	137,839	147,488	157,812	168,859	180,679

Table (90): Total units to be produced (2009-2013)

Units To Be Produced	FY09F	FY10F	FY11F	FY12F	FY13F
WA	30	32	34	36	38
% of Total Units	*0.04%*	*0.04%*	*0.05%*	*0.05%*	*0.05%*
BW	4,657	4,974	5,061	5,390	5,740
% of Total Units	*6.84%*	*6.84%*	*6.86%*	*6.86%*	*6.86%*
HY	33,993	36,307	36,719	39,106	41,648
% of Total Units	*49.90%*	*49.91%*	*49.75%*	*49.75%*	*49.75%*
PI	25,919	27,684	27,999	29,818	31,757
% of Total Units	*38.05%*	*38.06%*	*37.94%*	*37.94%*	*37.94%*
SO	3,517	3,745	3,989	4,248	4,524
% of Total Units	*5.16%*	*5.15%*	*5.40%*	*5.40%*	*5.40%*
Total	68,115	72,743	73,802	78,599	83,708

Figure (46): Units to be produced

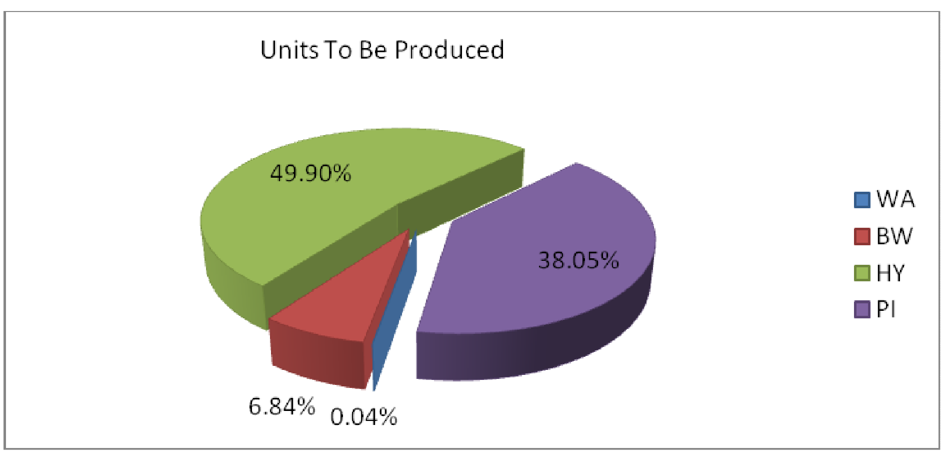


Table (91): Forecasted Direct Labor cost per unit

Direct Labor JD/ Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	1,152	1,158	1,163	1,168	1,174
BW	9	9	9	9	9
HY	0.41	0	0	0	0
PI	1	1	1	1	1
SO	6	6	6	6	6

Table (92): Forecasted Operation Cost

Total Operation Costs	FY09F	FY10F	FY11F	FY12F	FY13F
Total Yearly Operation Costs	139,275	156,926	170,701	190,510	211,999
Total	139,275	156,926	170,701	190,510	211,999

Table (93): Forecasted Operation Expenses per unit

Operation Expenses JD/ Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	1,164	1,232	1,258	1,318	1,377
BW	9	9	10	11	11
HY	0	0	0	0	1
PI	1	1	1	1	1
SO	6	6	6	7	7

Table (94): Forecasted Cost per unit

Cost JD / Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	2,349	2,423	2,457	2,524	2,591
BW	20	21	22	23	23
HY	2	2	2	2	2
PI	2	2	3	3	3
SO	13	14	14	15	15

Table (95): Ending inventory cost

Ending Inventory Cost JD	FY09F	FY10F	FY11F	FY12F	FY13F
WA	0	0	0	0	0
BW	4,499	9,881	11,147	12,227	13,399
HY	2,503	5,538	5,864	6,087	6,315
PI	2,940	6,454	6,876	7,079	7,280
SO	0	0	0	0	0
Total	9,943	21,874	23,887	25,393	26,995

Table (96): Forecasted Sales Price per unit

Sales Price JD / Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	2,500	2,675	2,862	3,063	3,277
BW	25	27	29	31	33
HY	3	3	3	4	4
PI	3	3	3	4	4
SO	18	19	21	22	24

Table (97): Forecasted Gross Profit per unit

Gross Profit / Unit	FY09F	FY10F	FY11F	FY12F	FY13F
WA	151	252	405	538	686
BW	5	6	6	8	9
HY	1	2	2	2	2
PI	1	1	1	1	1
SO	5	5	6	7	9

Depreciation

The building will be depreciated at an annual rate of 5%. While furniture, equipment and autos will be all depreciated at the rate of 10%. Computers will be depreciated at a rate of 20%.

Table (98): Depreciation and Additional schedules

DR	Details	FY09F	FY10F	FY11F	FY12F	FY13F
5%	Buildings	35,975	40,830	45,686	50,541	55,397
	Additions *"1"*	4,855	4,855	4,855	4,855	4,855
	Depreciable Base	40,830	45,686	50,541	55,397	60,252
	Depreciation	2,042	2,284	2,527	2,770	3,013
	Accumulated Depreciation	2,042	4,326	6,853	9,623	12,635
	Net Book Value	38,789	41,360	43,688	45,774	47,617
10%	Equipments & Furniture	16,967	38,590	60,212	81,835	103,457
	Additions *"1"*	21,623	21,623	21,623	21,623	21,623
	Depreciable Base	38,590	60,212	81,835	103,457	125,080
	Depreciation	3,859	6,021	8,183	10,346	12,508
	Accumulated Depreciation	3,859	9,880	18,064	28,409	40,917
	Net Book Value	34,731	50,332	63,771	75,048	84,163
10%	Autos	387	5,187	9,987	14,787	19,587
	Additions *"1"*	4,800	4,800	4,800	4,800	4,800
	Depreciable Base	5,187	9,987	14,787	19,587	24,387
	Depreciation	519	999	1,479	1,959	2,439
	Accumulated Depreciation	519	1,517	2,996	4,955	7,394
	Net Book Value	4,668	8,470	11,791	14,632	16,994

DR	Details	FY09F	FY10F	FY11F	FY12F	FY13F
20%	Computers	6,480	13,150	19,820	26,490	33,160
	Additions"1"	6,670	6,670	6,670	6,670	6,670
	Depreciable Base	13,150	19,820	26,490	33,160	39,830
	Depreciation	2,630	3,964	5,298	6,632	7,966
	Accumulated Depreciation	2,630	6,594	11,892	18,524	26,490
	Net Book Value	10,520	13,226	14,598	14,636	13,340

"1" Additional capital. All additions are listed in table number (86)

Table (99): Summary of Depreciation Schedule

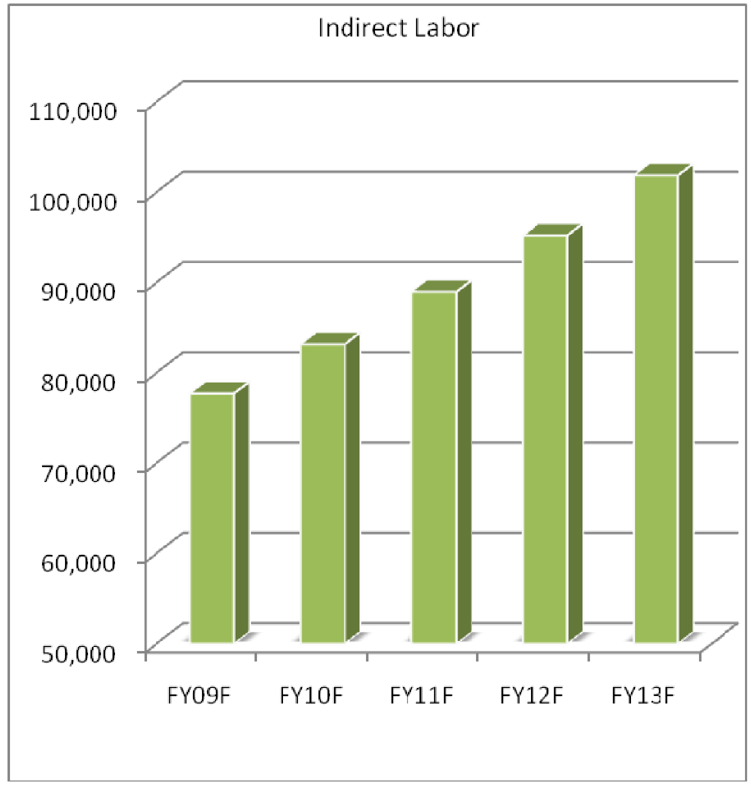
Summary	FY09F	FY10F	FY11F	FY12F	FY13F
Total Assets	59,809	97,757	135,705	173,653	211,601
Total Additions	37,948	37,948	37,948	37,948	37,948
Total Depreciation	9,049	13,268	17,487	21,706	25,925
Accumulated Depreciation	9,049	22,317	39,805	61,511	87,436
Net Book Value	88,708	113,388	133,848	150,090	162,113

Salaries (Administration Staff)

Table (100): Forecasted Salaries (Administration Staff)

Position	No.	FY09F	FY10F	FY11F	FY12F	FY13F
Administration Staff						
General Manager	1	19,500	20,865	22,326	23,888	25,561
Secretary	1	3,614	3,867	4,138	4,427	4,737
Office Boy	1	2,600	2,782	2,977	3,185	3,408
Sales	2	10,660	11,406	12,205	13,059	13,973
Accountant	1	2,990	3,199	3,423	3,663	3,919
Driver	1	3,250	3,478	3,721	3,981	4,260
Senior Accountant	1	7,800	8,346	8,930	9,555	10,224
Marketing and Sales Manager	1	9,100	9,737	10,419	11,148	11,928
Purchasing and Logistics Officer	1	5,850	6,260	6,698	7,167	7,668
Maintenance Technicians	2	7,800	8,346	8,930	9,555	10,224
HR and Admin Officer	1	4,550	4,869	5,209	5,574	5,964
Sub-Total Indirect Labor	13	77,714	83,154	88,975	95,203	101,867

Figure (47): Forecasted Salaries (Administration Staff/Indirect Labor)



Salaries (Professional Staff)

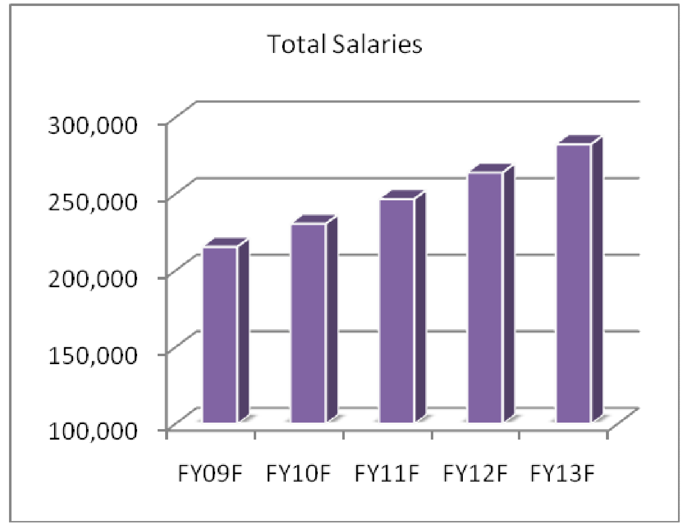
Table (101): Forecasted Salaries for Direct Labor

Position	No.	FY09F	FY10F	FY11F	FY12F	FY13F
Direct Labor						
Production Manager	1	5,980	6,399	6,847	7,326	7,839
Store Keeper	3	12,844	13,743	14,705	15,734	16,836
Bawadi Line Supervisor	1	4,160	4,451	4,763	5,096	5,453
Bawadi Line Technician	6	19,630	21,004	22,474	24,048	25,731
Designs and Preparation Technician	3	6,864	7,344	7,859	8,409	8,997
Drawing and Dotting Supervisor	1	3,900	4,173	4,465	4,778	5,112
Drawing and Dotting Technician	5	13,299	14,230	15,226	16,292	17,432
Wheel technician	2	8,411	9,000	9,630	10,304	11,025
Wheel technician Assistant	1	2,288	2,448	2,620	2,803	2,999
Press Technician	2	4,576	4,896	5,239	5,606	5,998
Molds and Jiggers Supervisor	1	5,434	5,814	6,221	6,657	7,123
Molds and Jiggers Technician	2	6,409	6,858	7,338	7,851	8,401
Inscription Technician	2	5,434	5,814	6,221	6,657	7,123
Operator	1	1,950	2,087	2,233	2,389	2,556

Figure (48): Forecasted salaries for direct labor

Figure (49): Forecasted Total Salaries

Furnace and Glazing Supervisor	1	5,369	5,745	6,147	6,577	7,038
Furnace and Glazing Technician	3	8,632	9,236	9,883	10,575	11,315
Casting Technician	3	8,359	8,944	9,570	10,240	10,957
Designer	2	7,800	8,346	8,930	9,555	10,224
Packaging Officer	1	2,600	2,782	2,977	3,185	3,408
Quality Assurance Officer	1	3,900	4,173	4,465	4,778	5,112
Sub-Total Direct Labor	42	137,839	147,488	157,812	168,859	180,679
Total Salaries	55	215,553	230,642	246,787	264,062	282,546

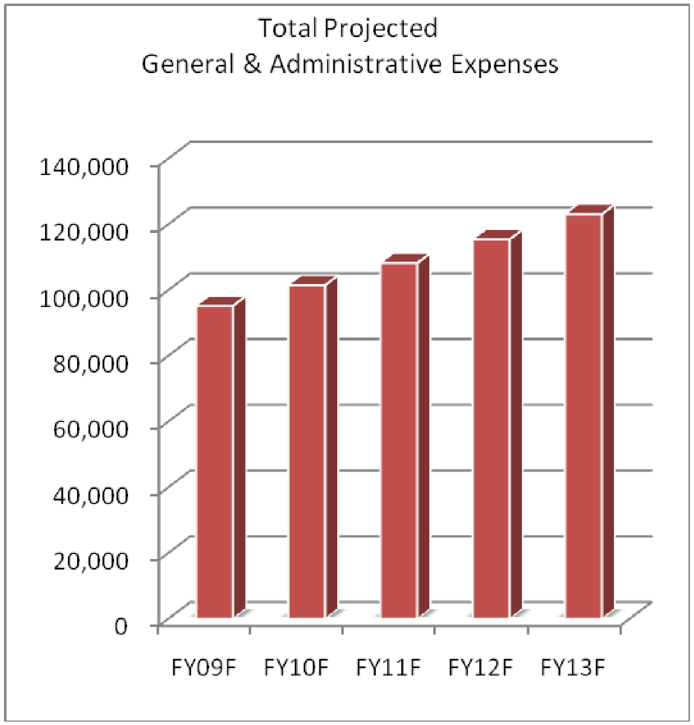


Projected General & Administrative Expenses

Table (102): Forecasted General and administrative Expenses

Description	FY09F	FY10F	FY11F	FY12F	FY13F
Wages & Salaries	77,714	83,154	88,975	95,203	101,867
Cars expenses	3,594	3,774	3,962	4,161	4,369
Hospitality & Cleaning	1,530	1,607	1,687	1,771	1,860
Communications	1,504	1,579	1,658	1,741	1,828
Heating	1,486	1,560	1,638	1,720	1,806
Electricity	1,046	1,098	1,153	1,211	1,271
Stationary	714	750	787	827	868
Others	368	386	406	426	447
Water	220	231	243	255	267
Professional Fees	3,600	3,780	3,969	4,167	4,376
Building & Life Insurance	1,470	1,544	1,621	1,702	1,787
Training & Development	816	857	900	945	992
Maintenance	890	935	981	1,030	1,082
Government Fees	220	231	243	255	267
Total	95,172	101,485	108,222	115,413	123,088

Figure (50): Forecasted General and Administrative Expenses



Break Even Point Analysis

Break Even Analysis has been conducted in order to investigate the point at which the annual sales will equal the annual expenses that the project will bear. The following table illustrates the results of this analysis:

Table (103): Break Even Point (Units)

Break Even Point	FY09F	FY10F	FY11F	FY12F	FY13F
Fixed Cost	242,060	262,241	283,521	305,978	329,692
Variable Cost / Unit	2.504	2.564	2.641	2.707	2.778
Average Sales Price JD / Unit	6.459	6.912	7.395	7.913	8.467
Contribution Margin	3.955	4.348	4.755	5.206	5.689
Break Even Point Units	61,200	60,319	59,628	58,778	57,950

Projected Income Statement

Table (104): Projected Income Statement

Description	FY09F	FY10F	FY11F	FY12F	FY13F
Total Sales	420,125	478,753	545,563	621,697	708,454
Cost of Goods Sold	(311,004)	(341,852)	(384,656)	(423,419)	(464,425)
Gross Profit	109,121	136,902	160,908	198,278	244,029
Gross Profit Margin	*26%*	*29%*	*29%*	*32%*	*34%*
General & Admin. Exp	(95,172)	(101,485)	(108,222)	(115,413)	(123,088)
Interest Expenses	0	0	0	0	0
Net Profit (Loss)	13,949	35,417	52,686	82,865	120,942
Net Profit (Loss) Margin	*3%*	*7%*	*10%*	*13%*	*17%*
Retained Earnings	173,758	209,175	261,861	344,726	465,667

Figure (51): Gross profit

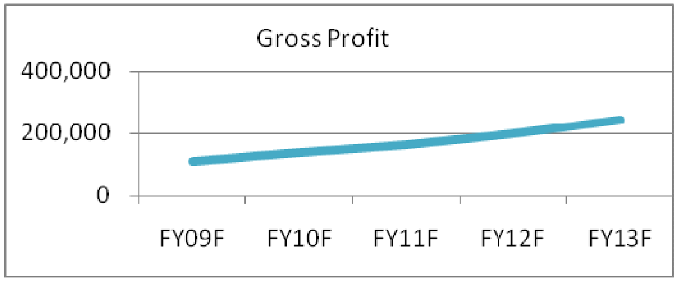


Figure (52): Net Profit

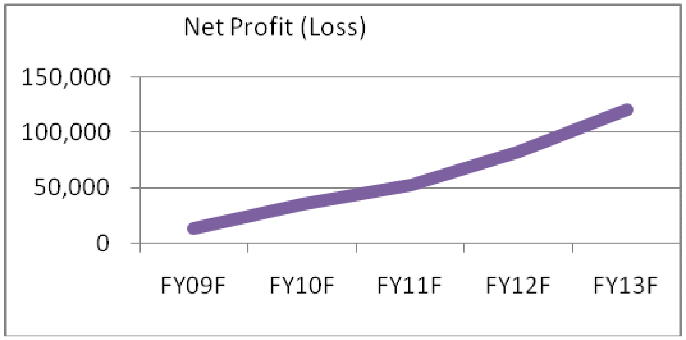
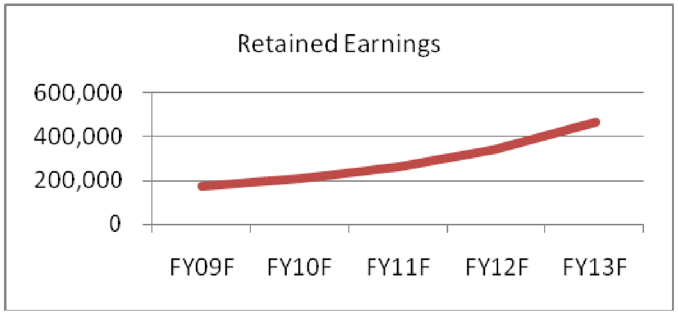


Figure (53): Retained Earnings



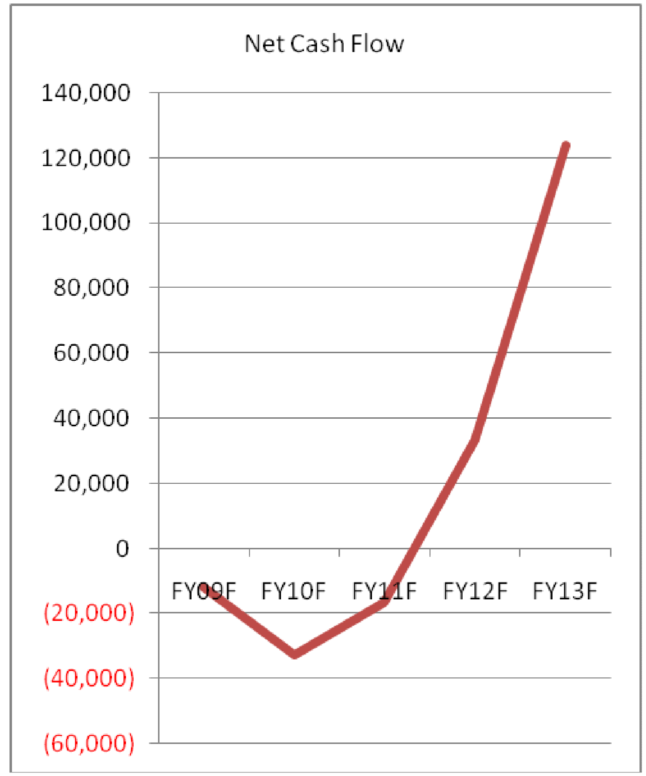
Projected Cash Flow Statement

Based on the list of assumptions stated earlier, we have arrived at a projected net cash flow for a period of 5 years.

Table (105): Projected Cash Flow Statement

Description	0	FY09F	FY10F	FY11F	FY12F	FY13F
Cash at Beginning of Period	100,000	100,000	(11,847)	(32,569)	(16,463)	33,608
Cash In						
From Revenues	0	336,100	467,028	532,201	606,470	691,103
From Loans	0	0	0	0	0	0
Short Term Finance Free of Interest	0	0	0	0	0	0
Total Cash In	0	336,100	467,028	532,201	606,470	691,103
Cash Out						
Capital Expenditures		37,948	37,948	37,948	37,948	37,948
Salaries & Wages		215,553	230,642	246,787	264,062	282,546
Operation Costs		130,226	143,658	153,214	168,804	186,073
Raw Materials		46,761	57,172	58,899	65,376	73,106
General & Administrative		17,458	18,331	19,247	20,210	21,220
Interest Expenses		0	0	0	0	0
Repayment of Free of Interest finance		0	0	0	0	0
Total Cash Out	0	447,947	487,750	516,095	556,399	600,894
Net Cash Flow	100,000	(11,847)	(32,569)	(16,463)	33,608	123,817

Figure (54): Net Cash Flow



There is a cash deficit in the next three years, where Qwara can get use of external funds at these points and can easily repay the fund in year four and five with its cash surplus.

Projected Balance Sheet

Table (106): Projected Balance Sheet

	FY09F	FY10F	FY11F	FY12F	FY13F
Assets					
Current Assets					
Cash	(11,847)	(32,569)	(16,463)	33,608	123,817
Inventory	28,459	46,468	50,375	53,476	56,820
Accounts Receivables	84,025	95,751	109,113	124,339	141,691
Total Current Assets	100,637	109,649	143,025	211,423	322,327
Non Current assets					
Net Book Value Fixed Assets	88,708	113,388	133,848	150,090	162,113
Total Non Current Assets	88,708	113,388	133,848	150,090	162,113
Total Assets	189,345	223,037	276,873	361,513	484,440
Liabilities					
Current Liabilities					
Accounts Payable	15,587	13,862	15,012	16,788	18,773
Short Term Finance Free of Interest	0	0	0	0	0
Total Current Liabilities	15,587	13,862	15,012	16,788	18,773
Non Current Liabilities					
Long Term Loan	0	0	0	0	0
Total Non Current Liabilities	0	0	0	0	0
Total Liabilities	15,587	13,862	15,012	16,788	18,773
Accumulated Surplus					

Figure (55): Total Assets

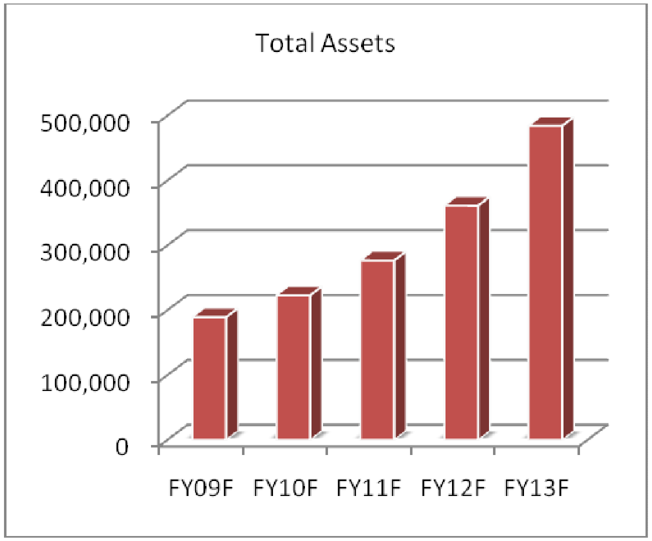
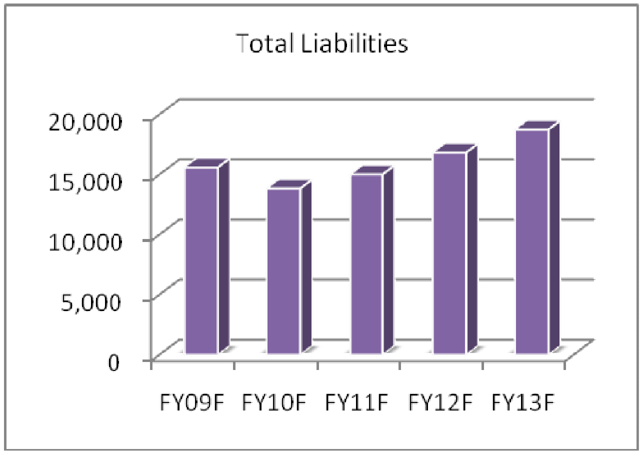


Figure (56): Total Liabilities



Retained Earnings	173,758	209,175	261,861	344,726	465,667
Total	173,758	209,175	261,861	344,726	465,667
Total Liability& Acc. Surplus	189,345	223,037	276,873	361,513	484,440

Financial Ratios Analysis

Liquidity Ratio

Table (107): Liquidity Ratio

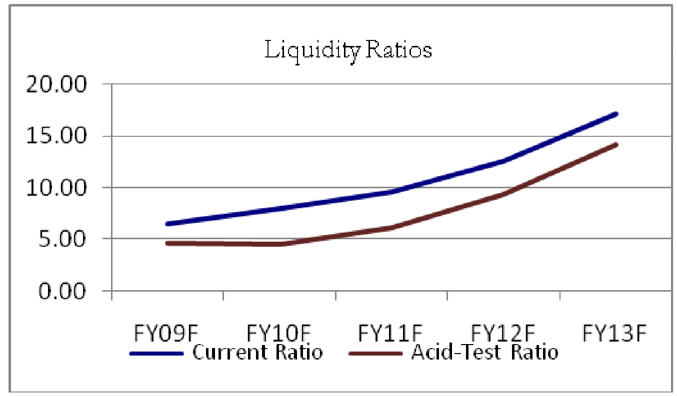
Liquidity	FY09F	FY10F	FY11F	FY12F	FY13F
Current Ratio	6.46	7.91	9.53	12.59	17.17
Acid-Test Ratio	4.63	4.56	6.17	9.41	14.14

The **Current Ratio** is a ratio that measures a company's ability to pay its short-term obligations. The current ratio can give a sense of the efficiency of a company's operating cycle or its ability to turn its products into cash.

The higher the current ratio, the more capable the company is of paying its short-term obligations.

The **Acid-Test Ratio** measures a Company's ability to meet its short-term obligations with its most liquid assets. The higher the ratio, the better the position of the Company to honor its short term cash obligations.

Figure (57): Liquidity Ratios



Leverage Ratio

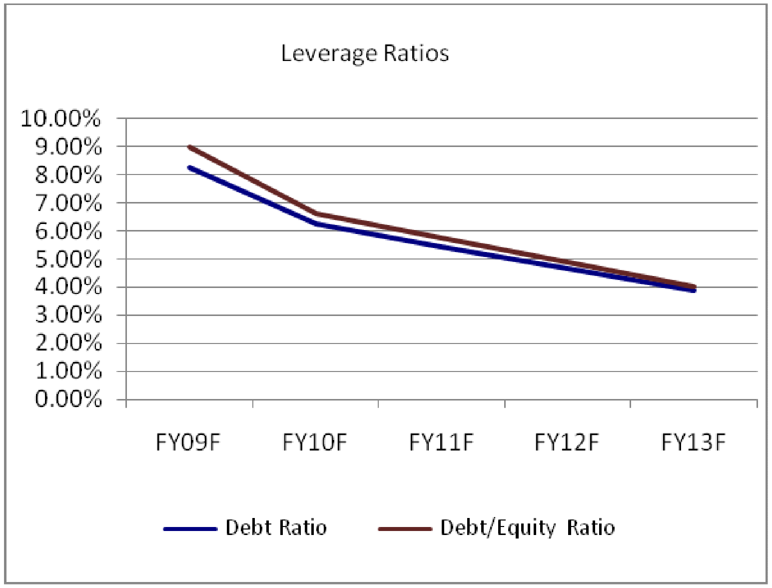
Table (108): Leverage ratios

Leverage	FY09F	FY10F	FY11F	FY12F	FY13F
Debt Ratio	8.23%	6.21%	5.42%	4.64%	3.88%
Debt/Equity Ratio	8.97%	6.63%	5.73%	4.87%	4.03%

The **Debt Ratio** shows the proportion of a company's assets, which are financed through debt. A debt ratio of greater than 1 indicates that a company has more debt than assets; Meanwhile, a debt ratio of less than 1 indicates that a company has more assets than debt. Hence, it is advisable for the company to have a reasonable level of external financing to limit excessive financial risk.

The **Debt to Equity Ratio** indicates what proportion of equity and debt the company is using to finance its assets. A high debt to equity ratio generally means that a company has been financing its growth with debt, and having a low ratio means that the company is financing its growth with equity. It's better for the company to have a reasonable level of leverage to reduce the risk of excess financial leverage.

Figure (58): Leverage Ratios



Efficiency Ratios

Table (109): Efficiency Ratios

Efficiency	FY09F	FY10F	FY11F	FY12F	FY13F
Inventory Turnover	8.30	7.06	7.41	7.68	16.35
Accounts Receivables Turnover	1.17	1.17	1.17	1.17	2.50
Average Collection Period	73.00	73.00	73.00	73.00	73.00
Total Asset Turnover	2.22	2.15	1.97	1.72	1.46

Inventory Turnover Ratio shows how many times a company's raw inventory is converted and replaced over a period of time. A low turnover implies high investment in inventory; a high ratio implies stronger conversion cycle and thereby quick conversion to sales. So in general terms, it is better for the company to have a high ratio.

Total asset turnover is used to determine how much revenue a company generates from its investment in assets. It is a measure of how well are the assets being used to produce revenue. So it's in favor of the company to have a higher ratio.

Receivables Turnover identifies the efficiency with which the credit sales are converted in cash and available for further investment in business. The higher the receivables turnover ratio, the higher is the management efficiency in converting receivables to cash.

Figure (59): Inventory Turnover

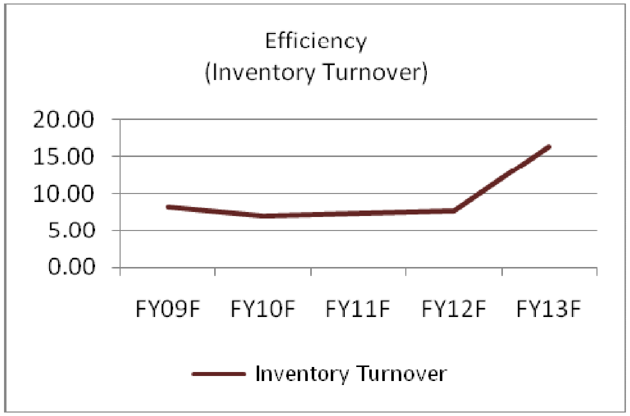


Figure (60): Accounts Receivable Turnover

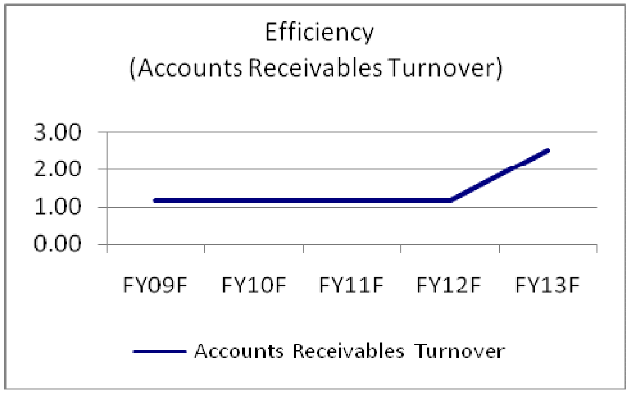


Figure (61): Average Collection Period

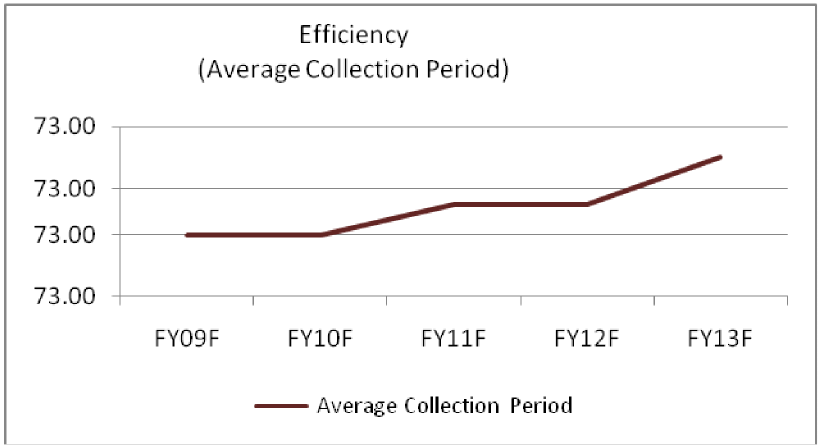
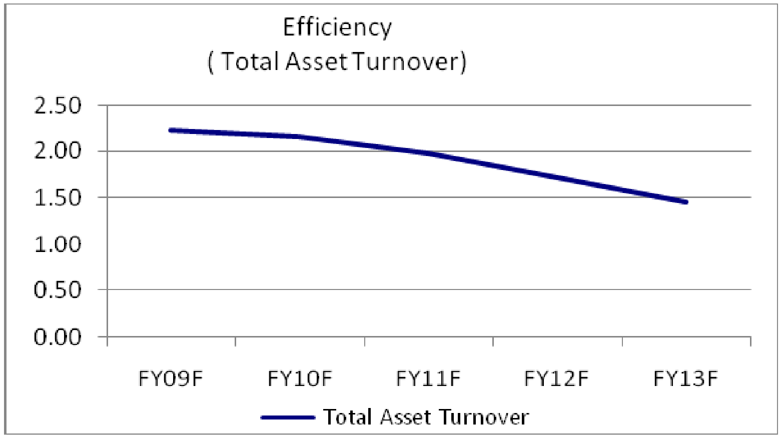


Figure (62): Total Asset Turnover



Profitability Ratios

Table (110): Profitability Ratios

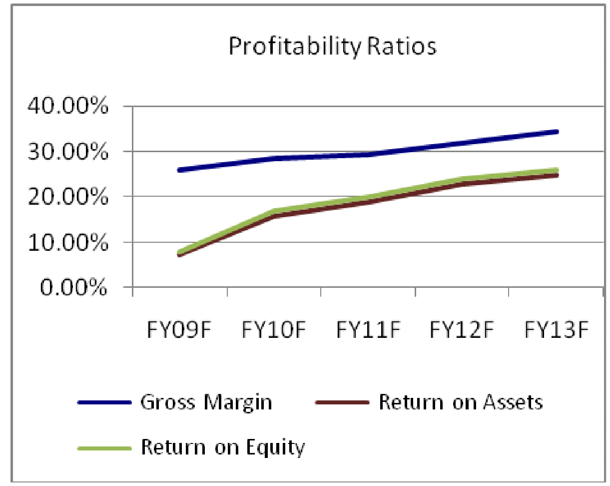
Profitability	FY09F	FY10F	FY11F	FY12F	FY13F
Gross Margin	25.97%	28.60%	29.49%	31.89%	34.45%
Return on Assets	7.37%	15.88%	19.03%	22.92%	24.97%
Return on Equity	8.03%	16.93%	20.12%	24.04%	25.97%

Gross Profit Margin is a financial metric used to assess an organization financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings for further expansion and shareholders share payment. More efficient companies will usually see higher profit margins.

Return On Assets (ROA) is an indicator of how profitable an organization is relative to its total investment in assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings.

Return On Equity (ROE) is a measure of a corporation's profitability that reveals how much profit an organization generates with the money the shareholders have invested.

Figure (63): Profitability Ratios



One-Year Action Plan

The following action plan for Qwara Ceramic Factory forms a part of its Business Plan. The action plan explains what Qwara should achieve during year 2009 (Targets), how Qwara will achieve them (action steps), who will be responsible for implementing the action steps. The action plan also sets time lines for action steps.

The one-year action plan approach is to work inside-out, i.e. building internal systems and upgrading internal capabilities to equip Qwara factory with required resources and capabilities to achieve its targets.

Summary of Qwara Ceramic Factory Targets

Bellow is a summary of Qwara Ceramic Factory Targets for the year 2009, subtracted from its business plan.

Building Internal Capabilities

Building internal capabilities action steps were categorized according to the following targets:

1. Recruit required technical and administrative staff at the factory
2. Maintain the factory's building, furniture and machines
3. Invest in Human capacity building
4. Produce 681,115 units of ceramic items
5. Make use of professional support for developing Quality, Health and Safety, Financial, HR, and IT management systems

Building External Capabilities

Building external capabilities action steps were set to achieve the targeted revenues of approximately 420,000 JD in year 2009.

Cash

In order to avoid cash deficit, Qwara shall seek financing in the first year for an amount of 11,847 JD. Moreover, Qwara Factory shall liquidize material and items that are currently in its inventories and generate cash that was estimated to be 100,000 JD.

Action Plan Schedule

Target	Action Step	Responsibility	Start date	Completion date	Estimated Cost
Recruit required technical and administrative staff at the factory	Form a recruiting committee and start recruitment and selection cycle "1"	Recruitment committee including Qwara General Manager and member(s) from JOHUD (support of recruiting agency could be obtained if desired)	January	June	22,800 "2"
Maintain the factory building, furniture and machines "3"	Develop a Purchasing committee from Qwara management to buy required furniture and equipment.	General Manager and Purchasing committee with administrative assistant support.	January	Feb.	-
	Start repairs and maintenance for the factory building.		April	June	4,855
	Start machines and furniture maintenance and search for suppliers for equipment and machines.		January	April	21,623
	Acquired required computers and servers and establish IT network.		February	May	6,670
Fulfill Training needs	Provide workshops and on-the- job training	General Manger with coordination with section heads	March	Dec.	800

Target	Action Step	Responsibility	Start date	Completion date	Estimated Cost
Produce 68,115 units of ceramic items *"4"*	- Insure supply of required raw material considering delivery time from suppliers. -Break down the targeted production quantity by each quarter of the year, as explained in Appendix IV.	-Production Manager -Purchasing and Logistics Officer -All production staff	January	December	326,327 *"5"*
Develop Internal Management Systems *"6"*	Develop and Implement ISO Quality Management System.	Development will be with assistance of professional consultants, the implementation will be the responsibility of the Quality Assurance officer	March	May	4,000
	Implement Health and Safety System	Development will be with assistance of professional consultants. Implementation will be the responsibility of the Quality Assurance officer	May	July	2,000
	Develop Financial System	Head of Finance Section	January	March	6,000

Target	Action Step	Responsibility	Start date	Completion date	Estimated Cost
	Develop Human Resources System	HR Officer with support of professional consultants	March	May	6,000
Enhance Brand recognition for Qwara Ceramic factory Achieve sales revenues of approximately 420,000 JD by the end of year 2009	Develop a website for Qwara presenting the factory's mission and product profiles, targeting all customer segments. Also enable customers to place purchase orders online.	Marketing and Sales Manager	June	August	700
	Develop a the marketing communication plan	Marketing and Sales Manager	February	March	-
	Develop and train sales team	Marketing and Sales Manager with support of external trainers	January	April	400
	Start executing the market communication plan (Campaign)	Marketing and Sales Manager with the support of professional firm	July	September	5,000

Target	Action Step	Responsibility	Start date	Completion date	Estimated Cost
Enhance Brand recognition for Qwara Ceramic Factory Achieve sales revenues of approximately 420,000 JD by the end of year 2009	Create the style and quality of Qwara product packaging presenting Qwara's Logo	Marketing and sales manager	April	June	1,000
	Start contacting and developing alliances with: 1. Embassies, to mainly sell Bawadi line products. 2. Hotels and restaurants to mainly sell catering tableware, Bawadi line, Special orders and Promotional items; they will be targeted by personal visits. Contact 4 different hotels, and 7 restaurants per month. 3. Events organizers such as wedding and art exhibition organizers.	Marketing and Sales Manager with support of sales team.	January	December	-

Target	Action Step	Responsibility	Start date	Completion date	Estimated Cost
Enhance Brand recognition for Qwara Ceramic Factory Achieve sales revenues of approximately 420,000 JD by the end of year 2009	4. International charity organizations operating in Jordan. For example, The Lions Clubs, and the Rotary Organization. 5. Tourism agencies to accompany tourists to visit Qwara Ceramic Factory as a Jordanian producer of ceramic pottery heritage. 6. Display products in other showrooms beside Bait Al Bawadi as consigned goods mainly in Amman and Irbid as it has the highest population. 7. Display Qwara handicraft products in souvenir shops in tourist attraction areas mainly Jordan golden triangle; Aqaba, Petra, and Jerash.	Marketing and Sales Manager with support of sales team.	January	December	

Target	Action Step	Responsibility	Start date	Completion date	Estimated Cost
Seek financing in the first year for an amount of 11,847 JD	Contact JOHUD who has expertise in fund raising	General Manger	April	July	-
Liquidize material and items that are currently in Qwara's inventories and generate cash that was estimated to be 100,000 JD	- Offer discounts on stored items -Sell semi finished products to other showrooms - Offer wholesale selling - Product and Price Bundling: Qwara may offer its customers the choice of buying one or more products individually or of buying a "bundle" of two or more products at a special discount.	Marketing and Sales Manager	January	July	-

"1" Refer to appendix III for recruitment and selection cycle

"2" Refer to appendix IV for salary calculations

"3" Refer to Appendix V for calculations of building and machines maintenance and additional capital expenditure

"4" Refer to appendix VI for details of production action plan

"5" Cost of Goods Manufactured

"6" The budget for professional fees considered in the five-year business plan was 3,600JD, assuming that Qwara Factory will obtain external funds to develop internal systems.

APPENDICES

Appendix I: Market Survey Questionnaire form

Appendix II: List of registered companies operating in ceramic ornamentals and tableware

Appendix III: Recruitment and Selection Cycle

Appendix IV: Salary Calculations

Appendix V: Calculations of Building and Machines maintenance and additional capital expenditure

Appendix VI: Production Action plan

APPENDIX I: MARKET SURVEY QUESTIONNAIRE FORM

استبانة لدارسة الشرائح السوقية لصناعة وبيع الخزف

	التاريخ:
	الإسم:
	إسم الشركة:

❖ **القطاع:**

☐ فنادق/ مطاعم　☐ سيّاح　☐ شركات　☐ أخرى

❖ **الهدف من الشراء:**

☐ أغراض الزينة (تحف)　☐ أطقم

☐ تقديم الطعام　☐ إكسسوارات لطاولات الطعام

☐ الجداريات　☐ أخرى

النوع	نعم/لا	العدد (السنة)	السعر	المزود	ملاحظات
صحون					
زبدية					
لمبات					
مزهريات					
أكواب					
أطباق صغيرة					
منفضة سجائر					
شموع					
زيت وزعتر					
جداريات					

ملاحظات	المزود	السعر	العدد (السنة)	نعم/لا	النوع
					أخرى

❖ هل أنت مستعد لدفع مبالغ إضافية لتصميم منتجات حسب الطلب ذات جودة عالية ؟ إذا كان الجواب نعم بين إلى أي مدى (نسبة)؟

❖ رتب الخدمات التالية من 1 إلى 10 تصاعديا حسب أهميتهم؟

الدرجة	العامل
	التصميم
	السعر
	المتانة
	ملائمتها للإستعمال
	التوصيل في الوقت المناسب
	الجودة
	التنوع
	القيمة التاريخية
	الإسم التجاري
	مدى توافرها

❖ صنف الأنواع التالية من المشتريات حسب حجمها ونسبتها من طلبية الشراء :

كبير (جدا) %	كبير %	متوسط %	صغير %	صغير(جدا)%	النوع
					صحون

النوع	صغير(جدا)%	صغير %	متوسط %	كبير %	كبير (جدا) %
زبدية/جاط					
لمبات					
مزهريات					
أكواب					
أطباق صغيرة					
منفضة سجائر					
شموع					
زيت وزعتر					
جداريات					
أخرى					

❖ ملاحظات:

APPENDIX II: LIST OF REGISTERED COMPANIES OPERATING IN CERAMIC ORNAMENTALS AND TABLEWARE

#	الاسم التجاري	اسم المالك	رقم الاسم التجاري	مكتب التسجيل	تاريخ التسجيل	الحالة	ونوع التسجيل	رقم السجل	الغايه
1	مؤسسة العيساويه للصناعات والحرف التقليديه	معن جميل محمد مصطفى	73018	عمان	1998/03/22	قائمه	مؤسسة فردية	102875	الاعمال اليدويه(الحرفيه والخزفيه والخشبيه والرسم على الزجاج
2	مرBة الشرق للحرف اليدويه	شركة نسيب رحال وهبه جادالله	107060	عمان	2003/09/23	قائمه	تضامن	68407	الاعمال اليدويه(الحرفيه والخزفيه والخشبيه والرسم على الزجاج
3	العقبه للمعارض	عاصم محمد محمود النصيرات	876	العقبة	2001/02/27	قائمه	مؤسسة فردية		الاعمال اليدويه(الحرفيه والخزفيه والخشبيه والرسم على الزجاج
4	البيت الاردني العربي للفنون والتراث	معن جميل محمد مصطفى	81972	عمان	2000/02/17	مفسوخه	مؤسسة فردية	126847	الاعمال اليدويه(الحرفيه والخزفيه والخشبيه والرسم على الزجاج
5	بوابة الشرق للحرف اليدويه	شركة رنده قبطي وشريكها	82046	عمان	2000/02/21	قائمه	تضامن	58841	الاعمال اليدويه(الحرفيه والخزفيه والخشبيه والرسم على الزجاج
6	الاسكندر الكبير للاعمال اليدوية والتحف	نصار يوسف نصار نفاع	103879	عمان	2003/05/18	قائمه	مؤسسة فردية	142258	الاعمال اليدويه(الحرفيه والخزفيه والخشبيه والرسم على الزجاج
7	فنون لينا	لينا اكرم مصطفى ابو زيد	130311	عمان	2006/10/12	قائمه	مؤسسة فردية	174220	الاعمال اليدويه(الحرفيه والخزفيه والخشبيه والرسم على الزجاج
8	سوق ابوشهاب التجاري	شركة الحاج عارف ابوشهاب واولاده	29790	عمان	1987/03/17	محجوزه	تضامن	17644	الحفر والكتابه على الخشبيات والخزف والشموع(حرف يدوية(
9	مصنع دانا للمعاجين	باسمه مشهور حديثه الجازي زوجه زياد عطيات	49450	عمان	1992/11/23	قائمه	مؤسسة فردية		انتاج العاب ومجسمات من المعاجين النباتيه والخزفيه للاطفال وا
10	مصنع البسمه لانتاج معاجين التشكيل	بسمه عبدالكريم الخطيب زوجه مأمون ناجي	52951	عمان	1993/09/25	قائمه	مؤسسة فردية	78242	انتاج العاب ومجسمات من المعاجين النباتيه والخزفيه للاطفال وا

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		ابونوار							
11	مركز الامل للهدايا والمواد التعليميه	خالد رشيد محمد عبدالله	30127	عمان	1987/04/26	قائمه	مؤسسة فردية	93878	انتاج العاب ومجسمات من المعاجين النباتيه والخزفيه للاطفال وا
12	مصنع العاب الاطفال الاردني	حنا عيسى سعد طنوس	23906	عمان	1984/03/26	قائمه	مؤسسة فردية	66092	انتاج العاب ومجسمات من المعاجين النباتيه والخزفيه للاطفال وا
13	مؤسسه بطيبط للادوات الصحيه	محمد راتب مصطفى بطيبط	98575	عمان	2002/07/30	مفسوخه	مؤسسة فردية	136267	تجارة الاعمال الخزفيه واكسسواراتها
14	مصنع القيشاني الفلسطيني	ستراك نيشان باليان	2184	عمان	1966/04/10	مفسوخه	مؤسسة فردية		تجارة الاعمال الخزفيه واكسسواراتها
15	المؤسسه العالميه لصناعه الخزف	شركة مصطفى خليل حسين وشركاه	44606	عمان	1991/10/23	قائمه	تضامن	27378	تجارة الاعمال الخزفيه واكسسواراتها
16	ستوديو الخزف الفني	وجدي محمد علي جابر السيد	8208	عمان	1976/04/11	مفسوخه	مؤسسة فردية	15292	تجارة الاعمال الخزفيه واكسسواراتها
17	لمسات للابداع والفنون	يسري محمد مطلق المفلح زوجه نصير مفلح	59081	عمان	1995/03/08	قائمه	مؤسسة فردية	86668	تجارة الاعمال الخزفيه واكسسواراتها
18	المؤسسه المتحده الدوليه للفخار	سهى مروان رشيد الطبري	54129	عمان	1994/01/24	قائمه	مؤسسة فردية	79773	تجارة الاعمال الخزفيه واكسسواراتها
19	محلات عنود الشرق للسيراميك والخزف	شركة صلاح سليمان حمدان الزيود وشريكته	787	المفرق	2003/10/08	قائمه	تضامن	68582	تجارة التجزئة في السيراميك والخزف
20	بيبرس للسيراميك	محمد سالم سليم بيبرس	5400	اربد	2003/07/20	مفسوخه	تضامن	56421	تجارة التجزئة في السيراميك والخزف
21	الريان للسيراميك والخزف	شركة اشرف وعبداللطيف ريان	104757	عمان	2003/06/24	قائمه	تضامن	67328	تجارة التجزئة في السيراميك والخزف
22	الانباط للرخام والسيراميك والخرف ومواد البناء	شركة اسماعيل سليم وميسون الخطيب وعطاف روضان	100618	عمان	2002/11/28	قائمه	تضامن	65301	تجارة التجزئة في السيراميك والخزف

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23	ميناس قاسم جاليري للسيراميك	شركة عائده محمود وميناس قاسم	125869	عمان	2006/02/19	قائمه	تضامن	79020	تجارة التجزئة في السيراميك والخزف
24	شركة البيت الجميل للسيراميك والتدفئة	شركة علاء زكي عباس وشركاه	96022	عمان	2002/04/03	قائمه	تضامن	58759	تجارة التجزئة في السيراميك والخزف
25	بيبرس للسيراميك	محمد سالم سليم بيبرس	4925	اربد	2002/10/21	مفسوخه	مؤسسة فردية	45142	تجارة التجزئة في السيراميك والخزف
26	معرض حلى للسيراميك	شركة جمال مقدادي ورامي الفقيه	8734	الزرقاء	2007/04/26	قائمه	تضامن	85744	تجارة التجزئة في السيراميك والخزف
27	سيراميك المشيرفه	شركة عبدالرحيم ابو الرب وشركاه	133540	عمان	2007/04/04	قائمه	تضامن	85379	تجارة التجزئة في السيراميك والخزف
28	البيت المثالي للسيراميك	شركة مي ابو الشعر وشريكها	5796	اربد	2004/01/15	قائمه	تضامن	69466	تجارة التجزئة في السيراميك والخزف
29	طريق الحرير للسيراميك	شركه ارشيد والجبر	117866	عمان	2004/10/10	قائمه	تضامن	73084	تجارة التجزئة في السيراميك والخزف
30	مؤسسة الباسل العطي التجاريه	شركة باسل محمد العطي واخوانه	8256	الزرقاء	2006/05/22	مفسوخه	تضامن	81148	تجارة التجزئة في السيراميك والخزف
31	اوركيدا للسيراميك والادوات الصحية	شركة النجداوي وعميرة	130434	عمان	2006/10/29	مفسوخه	تضامن	83091	تجارة التجزئة في السيراميك والخزف
32	الحسام الماسي للسيراميك	شركة عماد واياد الصرايره	129522	عمان	2006/08/27	قائمه	تضامن	82482	تجارة التجزئة في السيراميك والخزف
33	معرض غاليه للسيراميك	خالد محمد عبدربه الزغابيه	273	الطفيله	2006/12/07	قائمه	مؤسسة فردية	1802	تجارة التجزئة في السيراميك والخزف
34	محمص الهدى	شركة عبد الله حاجبي ومعاذ المشد	95129	عمان	2002/03/04	قائمه	تضامن	62627	تجارة الجمله في السيراميك - الخزف
35	مصراطه للاستيراد والتصدير	محمد عواد و نشأت ناجي غبريال	2456	العقبة	2005/10/30	قائمه	تضامن	78002	تجارة الجمله في السيراميك - الخزف
36	الريف الايطالي للمفروشات والاثاث	شركة باسم الهنيني وعبدالله النابلسي	101946	عمان	2003/02/18	قائمه	توصية بسيطة	66005	تجارة الجمله في السيراميك - الخزف
37	مصنع الخزاف	شركة الياس سلامه	64331	عمان	1996/05/11	قائمه	مؤسسة	93727	تجاره الخزف

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	للتحف الشرقيه	وشريكته					فردية		
38	مؤسسة عالم الخزف	خليل داود خليل الحوساني	68645	عمان	1997/03/29	قائمه	مؤسسة فردية	98901	تجاره الخزف
39	بين الماضي والحاضر للخزف والسيراميك	اريج محمد حسن ابوالسمن	70585	عمان	1997/08/24	قائمه	مؤسسة فردية	110101	تجاره الخزف
40	المركز العربي لتعليم المهن اليدويه	صلاح الدين فريز محمد جرار	34362	عمان	1989/01/11	قائمه	مؤسسة فردية	52609	تجاره الخزف
41	مؤسسة الابرار للخزف والادوات الصحيه	شركة عبدالرزاق عايد عبدالرحمن وشريكه	38179	عمان	1990/03/31	مفسوخه	تضامن	23324	تجاره الخزف
42	مؤسسة الابرار للادوات الصحيه	عايد عبدالرحمن مصلح خزيميه	40663	عمان	1991/01/09	قائمه	مؤسسة فردية	61062	تجاره الخزف
43	محل خزف الاراضي المقديه	شركة كوز والايوب	39577	عمان	1990/08/13	مفسوخه	تضامن	24026	تجاره الخزف
44	الدار العربيه للفنون	شركة اسحق نحله وخالدحسن وايمان ابوالرب	45636	عمان	1992/01/22	قائمه	تضامن	27889	تجاره الخزف
45	مؤسسة اربد - للسيراميك	محمد طلعت احمد عساف	1402	اربد	1995/07/18	قائمه	تضامن	34180	تجاره الخزف
46	مؤسسة اصداف للسيراميك واطقم الحمامات	شركة نضال الخزامي وعبدالرؤوف صلاح	47731	عمان	1992/06/28	قائمه	تضامن	29462	تجاره الخزف
47	مؤسسة مرام للاقمشه	زيد يوسف عيد هندي	1835	الزرقا ء	1995/06/03	قائمه	مؤسسة فردية		تجاره الخزف
48	المؤسسه العلميه للاتصال والتجاره	ماهر احمد اسماعيل ابوعماره	47689	عمان	1992/06/24	مفسوخه	مؤسسة فردية	70620	تجاره الخزف
49	بيت البوادي	الصندوق الاردني الهاشمي للتنمية البشرية	82305	عمان	2000/03/08	قائمه	مؤسسة فردية		تجاره الخزف

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50	فينا للسيراميك والوكالات التجاريه	سميح احمد عبدالهادي البراري	84722	عمان	2000/07/30	قائمه	مؤسسة فردية	121290	تجاره الخزف
51	مؤسسة الفن الاردني للخزف والسيراميك	جوزيف هايك خورين هايرابديان	85119	عمان	2000/08/22	مفسوخه	مؤسسة فردية	120598	تجاره الخزف
52	مؤسسة الاصيل للخزف	سامر عيد خليل الحدادين	322	مادبا	2002/02/28	قائمه	مؤسسة فردية	2507	تجاره الخزف
53	تصميم السفرة	رائد امين حسن عياد	99159	عمان	2002/08/28	قائمه	مؤسسة فردية	136877	تجاره الخزف
54	السهل للسيراميك	شركة فادي محمود ابوعلي وشركاه	118086	عمان	2004/10/25	قائمه	توصية بسيطة	10953	تجاره الخزف
55	مؤسسة الرياطي للسيراميك	حسن عبدالله حسن الرياطي	2155	العقبة	2005/02/21	مفسوخه	مؤسسة فردية	3791	تجاره الخزف
56	مؤسسة الرياطي للسيراميك	عبدالرحمن عبدالله حسن الرياطي	2285	العقبة	2005/05/19	قائمه	مؤسسة فردية	3930	تجاره الخزف
57	حرف وخزف	نهى رستم داوود ابو غزاله	130223	عمان	2006/10/08	قائمه	مؤسسة فردية	174111	تجاره الخزف
58	اجيال للسيراميك	ياسر سلامه سالم ابو خرمه	8713	الزرقا ء	2007/04/15	قائمه	مؤسسة فردية	51150	تجاره الخزف
59	المنزل للمفروشات والتجاره	شركة حسام اسماعيل واولاده	49058	عمان	1992/10/13	قائمه	تضامن	4663	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
60	محلات اضواء سامر التجاريه	نادر زيد نمر	7893	عمان	1976/02/29	مفسوخه	مؤسسة فردية	15115	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
61	معرض القصر الذهبي للثريات	نبيل رزق بديع مطر	34093	عمان	1988/11/22	قائمه	مؤسسة فردية	52201	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
62	البرقان للحرف اليدويه	لينا فرنسيس ميخائيل الاعمى	55224	عمان	1994/04/14	محجوزه	مؤسسة فردية	81271	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه

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									والشمعيات
63	مؤسسة زريقات الصناعيه	لطفي سلامه سلمان زريقات	24659	عمان	1984/09/10	مفسوخه	مؤسسة فردية	35949	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
64	معرض بيبلوس الجديدللالبسه والهدايا	شركة ملك ورنده صلاح الناظر	45206	عمان	1991/12/24	قائمه	مؤسسة فردية	67226	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
65	مؤسسة برجاوي للهدايا	محمود فوزي قاسم برجاوي	31398	عمان	1987/11/16	قائمه	مؤسسة فردية	48326	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
66	مؤسسة المختارات العالميه	شركة يوسف سليم هلسه واخوانه	24242	عمان	1984/07/03	قائمه	تضامن		تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
67	محل احمد عثمان مرشد اليماني	احمد عثمان مرشد اليماني	15474	عمان	1997/02/19	مفسوخه	مؤسسة فردية	11042	تجاره المنتوجات النحاسيه والزجاجيه والخزفيه والشمعيات
68	مؤسسة الفن الاردني للخزف والسيراميك	جوزيف هايك خورين هايرابديان	85119	عمان	2000/08/22	مفسوخه	مؤسسة فردية	120598	رسم على الخزف
69	الاقصى للخزف	خالد علي عبدالقادر الكسابره	73686	عمان	1998/05/18	قائمه	مؤسسة فردية	105306	رسم على الخزف
70	مؤسسة زكارنه للصناعه	حسين غازي احمد زكارنه	50924	عمان	1993/04/01	قائمه	مؤسسة فردية	75027	صناعة ادوات صحية من الخزف
71	بابل للصناعات الخزفيه	عبله محمود عبدالعزيز مبروك	84528	عمان	2000/07/18	قائمه	مؤسسة فردية	119887	صناعة ادوات صحية من الخزف
72	بابل للصناعات الخزفيه	عبله محمود عبدالعزيز مبروك	84528	عمان	2000/07/18	قائمه	مؤسسة فردية	119887	صناعة الادوات الفخارية الخزفية
73	بيت الفن للخزفيات	عصام سالم عايد الصويصات	573	مادبا	2004/03/25	قائمه	مؤسسة فردية	3646	صناعة الادوات الفخارية الخزفية
74	معمل زكي عبدربه للادوات الزجاجيه	زكي احمد عبدربه العالول	16979	عمان	1979/10/24	محجوزه	مؤسسة فردية	1497	صناعة اواني الخزف وتحفيات شرقيه من الزجاج

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75	مؤسسة فيلادلفيا للزجاج الشرقي	شركة عمر جرار وفايز عقرباوي	39280	عمان	1990/07/16	قائمه	تضامن	23729	صناعة اواني الخزف وتحفيات شرقيه من الزجاج
76	مصنع الخزف الشرقي	شركة فايز ابوعمر ورامي ابوعمر وشريكتهما	80149	عمان	1999/09/09	مفسوخه	تضامن	53861	صناعة اواني الخزف وتحفيات شرقيه من الزجاج
77	المصنع الاردني لصناعه الاواني والادوات الزجاجيه	فايز محمود عبدالقادر الفايز	34374	عمان	1989/01/12	قائمه	مؤسسة فردية	52627	صناعة اواني الخزف وتحفيات شرقيه من الزجاج
78	مؤسسة زكارنه للصناعه	حسين غازي احمد زكارنه	50924	عمان	1993/04/01	قائمه	مؤسسة فردية	75027	صناعة مواد الطلاء للمنتجات الخزفيه
79	مصنع الخزف المقدسى - كراكشيان اخوان	مصنع الخزف المقدسي كركشيان اخوان	2083	عمان	1964/08/22	مفسوخه	تضامن	684	صناعه تحفيات الخزفيه
80	شركة ناهض حداد وشركاه	مصنع هواره للخزف	67521	عمان	1997/01/13	قائمه	تضامن	45124	صناعه تحفيات الخزفيه
81	مؤسسة السعدات للخزفيات والفنون	شركة مدانات وكواحله وشركاهم	33518	عمان	1988/09/01	قائمه	مؤسسة فردية		صناعه تحفيات الخزفيه
82	مؤسسة صلصال للخزف	شركة رولى وريم عطاالله	36423	عمان	1989/09/27	مفسوخه	مؤسسة فردية		صناعه تحفيات الخزفيه
83	لورنس الصناعيه	فراس توفيق خليل هلسه	478	مادبا	2003/05/04	قائمه	مؤسسة فردية	3200	صناعه تحفيات الخزفيه
84	بازار حقل الرعاه للتحف الشرقيه	ربيع حنا ابراهيم كربوراني	36122	عمان	1989/08/19	قائمه	مؤسسة فردية		صناعه تحفيات الخزفيه
85	مركز الخزف الوطني	صندوق الملكيه علياء للعمل الاجتماعي التطوعي الاردني	35752	عمان	1989/06/26	قائمه	مؤسسة فردية		صناعه تحفيات الخزفيه
86	مصنع القدس للسيراميك	شركة القيسي والعيه وشركاهم	42829	عمان	1991/07/02	مفسوخه	تضامن	20970	صناعه تحفيات الخزفيه
87	الرونق لصناعه التحف الخزفيه	شركة مهند شمس الدين عابدين	70029	عمان	1997/07/08	قائمه	تضامن	7423	صناعه تحفيات الخزفيه

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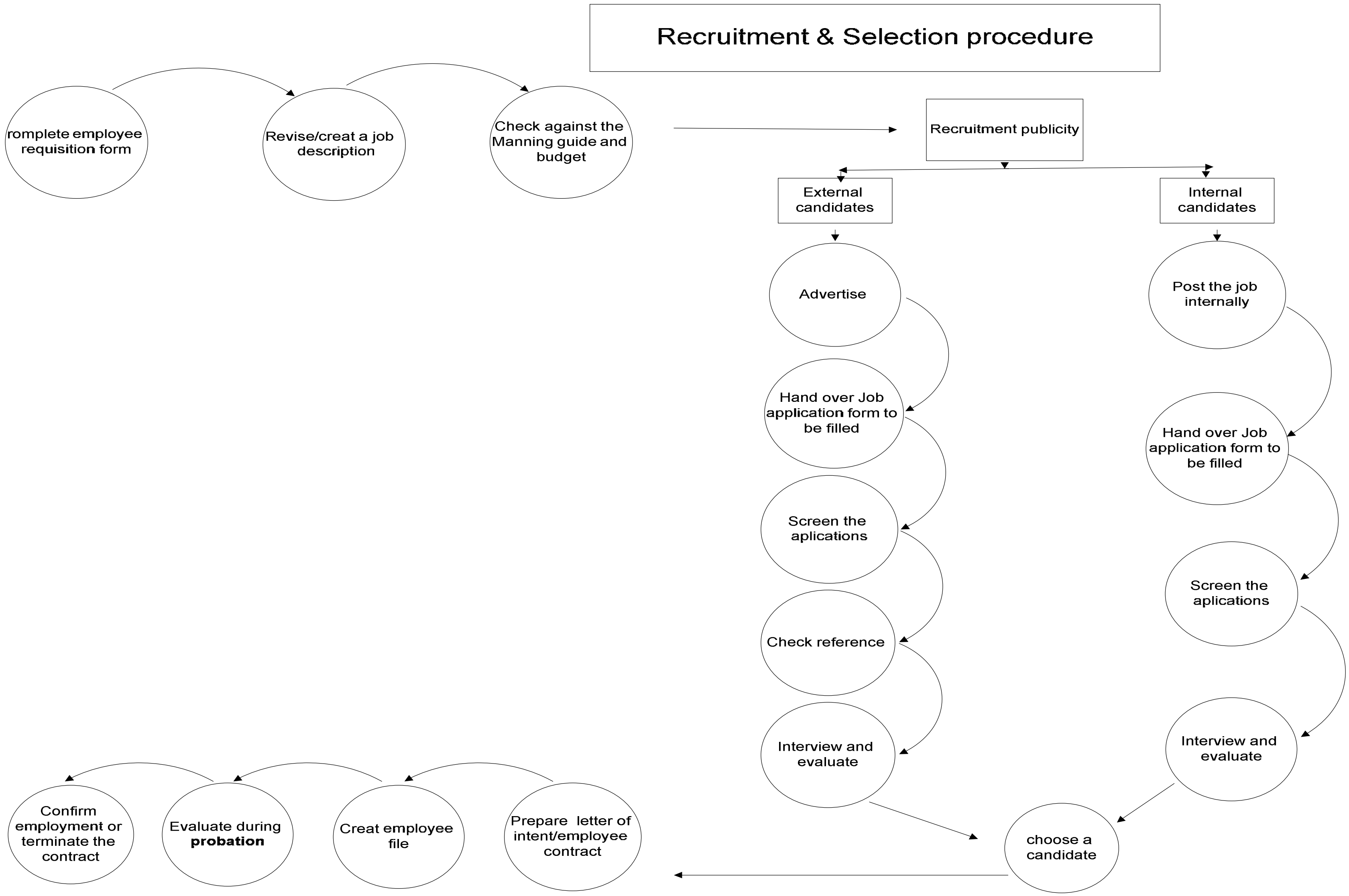
		وشركاه							
88	المؤسسه الوطنيه للسيراميك	المؤسسه الوطنيه للسيراميك	43437	عمان	1991/08/04	قائمه	تضامن	18635	صناعه تحفيات الخزفيه
89	مؤسسة جرش للخزفيات	شركة حنا البقاعين وغسان المرشد	218	اربد	1991/10/06	قائمه	تضامن	27202	صناعه تحفيات الخزفيه
90	مصانع بترا للسيراميك	شركة مصطفى خليل خليل حسين وشركاه	49588	عمان	1992/12/14	قائمه	تضامن	27378	صناعه تحفيات الخزفيه
91	مصنع عالم الروائع للخزفيات	اسماعيل احمد عبدالفتاح	2416	الزرقاء	1996/08/07	قائمه	مؤسسة فردية	24767	صناعه تحفيات الخزفيه
92	مصنع روائع الفن للتحف الخزفيه	شركة اسماعيل عبدالفتاح واحمد بشر	2506	الزرقاء	1996/10/08	قائمه	مؤسسة فردية	25127	صناعه تحفيات الخزفيه
93	شرقيات للخزف	شركة صادق المفلح والمومني	1231	اربد	1995/01/11	قائمه	تضامن	26898	صناعه تحفيات الخزفيه
94	مصنع اسلاميات للخزف	شركة الصادق والمفلح والمومني	194	اربد	1991/09/17	قائمه	تضامن	26898	صناعه تحفيات الخزفيه
95	مشغل تحف شرقيه كراجه	وداد ابراهيم العاروري زوجه محمد عبداللطيف كراجه	25729	عمان	1985/03/14	قائمه	مؤسسة فردية		صناعه تحفيات الخزفيه
96	مشغل فنون الاردن للخزف	شركة عصام الصويصات وشركاه	77072	عمان	1999/02/20	قائمه	تضامن	51605	صناعه تحفيات الخزفيه
97	مجموعة الكوثرالعالميه للصناعات المتعدده	شركة احمد ظاهر العليمات وشركاه	82608	عمان	2000/03/29	محجوزه	تضامن	54828	صناعه تحفيات الخزفيه
98	البعد الثلاثي للاستيراد والتصدير وتصنيع الخزف	شركة نخو ولطفي	79583	عمان	1999/07/31	قائمه	تضامن	53547	صناعه تحفيات الخزفيه
99	معمل خزف	موسى محمد فرحان	79500	عمان	1999/07/25	قائمه	مؤسسة	112923	صناعه تحفيات الخزفيه

#	الاسم التجاري	اسم المالك	رقم الاسم التجاري	مكتب التسجيل	تاريخ التسجيل	الحالة	ونوع التسجيل	رقم السجل	الغايه
	العامريه	العدوان					فردية		
100	المؤسسه الوطنيه للسيراميك	شركة ياسين وشيخ	34028	عمان	1988/11/06	قائمه	تضامن	18635	صناعه تحفيات الخزفيه
101	مؤسسة الخليج للصناعه والتجاره	محمد عبدالفتاح عبدالحميد السكافي	24677	عمان	1984/09/13	قائمه	مؤسسة فردية	36121	صناعه تحفيات الخزفيه
102	ارابيسك للخزف والفسيفساء	شركة رائد البدري وشريكه	59659	عمان	1995/04/12	قائمه	توصية بسيطة	8889	صناعه تحفيات الخزفيه
103	المشغل الفني للطباعه علي الخزفيات	علي محمد عبدالمهدي علاوي	65087	عمان	1996/07/08	قائمه	مؤسسة فردية	94727	صناعه تحفيات الخزفيه
104	المؤسسه الاردنيه للحرف اليدويه	كيفورك اركاقربيت خولمنيان	68757	عمان	1997/04/02	مفسوخه	مؤسسة فردية	99060	صناعه تحفيات الخزفيه
105	للخزف	سمراء كاشف و شريكه	60443	عمان	1995/06/19	قائمه	تضامن		طباعة المنتجات الفنيه والزينه من الخزف والصيني
106	التراث للفنون المعماريه	شركة احسان الدباس وصونيا الطوال	69090	عمان	1997/05/03	قائمه	تضامن	46119	مشغل تحف شرقيه من الخزف والفسيفساء
107	مشغل بيت الفنانين للتحف الشرقيه	سالم عايد عيسى الصويصات	301	مادبا	2001/11/12	مفسوخه	مؤسسة فردية	2403	مشغل تحف شرقيه من الخزف والفسيفساء
108	المدن العشرة للفسيفساء	شركة محمد مسلم عبده وشركاه	123984	عمان	2005/10/05	قائمه	تضامن	77809	مشغل تحف شرقيه من الخزف والفسيفساء
109	روزان ديزيديريو لفن الفسيفساء الحجري	شركة معتصم داود وشريكته	116977	عمان	2004/09/02	قائمه	تضامن	72625	مشغل تحف شرقيه من الخزف والفسيفساء
110	مشغل مزاهر للخزفيات	شركه صدقة ومرعي وابو صبيح	118322	عمان	2004/11/22	قائمه	تضامن	73352	مشغل تحف شرقيه من الخزف والفسيفساء
111	مفيده فن الفسيفساء	مناف وليد احمد ملكاوي	109010	عمان	2004/01/06	قائمه	مؤسسة فردية	147466	مشغل تحف شرقيه من الخزف والفسيفساء

Source: Ministry of Industry and Trade

APPENDIX III: RECRUITMENT AND SELECTION CYCLE



APPENDIX IV: SALARY CALCULATIONS

Recruitment and selection cycle usually takes three to six months depending on the required qualifications and availability of candidates in the labor market. At Qwara, all required hiring appointments are assumed to be completed by June, 2009. It should be noted that some positions may be filled during the first quarter of the year, and some positions may be filled during the third quarter or even in the second year. One can not predict the exact month of hiring therefore salaries are calculated based on an assumption of six-month payment starting July 2009 till end of the Year as illustrated in the table below:

Positions to be filled	Number	Salary/month (JD)	Salary/Year (JD)
Senior Accountant	1	600	7,800
Marketing and Sales manager	1	700	9,100
Purchasing and Logistics Officer	1	450	5,850
Maintenance Technicians	2	300	7,800
HR and Admin Officer	1	350	4,550
Designer	2	300	7,800
Packaging Officer	1	200	2,600
Quality Assurance Officer	1	300	3,900
Total	10	3,800	49,400

Total salaries paid for new hires in the second and forth quarter of the year (Six Months) are around **22,800** JD.

APPENDIX V: CALCULATIONS OF BUILDING AND MACHINES MAINTENANCE AND ADDITIONAL CAPITAL EXPENDITURE

The capital expenditure presented in Qwara five-year business plan includes Building and machines maintenance, acquiring new furniture and establishing management information system (Hardware and software).

Capital Expenditures Additions"1"	Quantity	Cost / Unit	Total	Category
Building Maintenance	1	24,277	24,277	Buildings
Machines Maintenance	1	27,650	27,650	Equipment
Furnaces Maintenance	1	5,350	5,350	Equipment
Additional Upgrading Maintenance	1	12,723	12,723	Equipment
Server	1	6,000	6,000	Computers
Air conditions	1	500	500	Furniture
Computers	13	450	5,850	Computers
ERP System	1	20,000	20,000	Computers
IT Network	30	50	1,500	Computers
Telephones	2	25	50	Furniture
Office Desks	11	80	880	Furniture
Chairs	9	40	360	Furniture
Cupboards	6	100	600	Furniture
Furnaces	1	60,000	60,000	Equipment
Cars	2	12,000	24,000	Autos
Total	81	169,245	189,740	-

The above capital expenditure is distributed for the next five years, the expenditure for the first year is calculated as follows:

Category	Cost JD
Buildings	4,855
Equipment & Furniture	21,623
Autos	4,800
Computers	6,480

APPENDIX VI: PRODUCTION ACTION PLAN

The following table illustrates the units to be produces from each product line:

Production Mix (Units)		*FY09F*
WA		*30*
	% of Total Units	*0.04%*
BW		*4,657*
	% of Total Units	*6.84%*
HY		*33,993*
	% of Total Units	*49.90%*
PI		*25,919*
	% of Total Units	*38.05%*
SO		*3,517*
	% of Total Units	*5.16%*
	Total	*68,115*

The table below illustrates the forecasted sales, production, and clay purchases during the year 2009. It was assumed the related total targeted figures of the next year will be achieved gradually and amounts of production, sales, and purchases will be distributed as indicated in the second raw of the table bellow:

Quarter of the year **Targets**	**2009**	**January-March**	**April-June**	**July-September**	**October-December**	**Total**
Total production distribution (Percentage of target achievement)		15%	20%	30%	35%	100%
Expected Sales (Units)	65,041	9,756	13,008	19,512	22,764	65,041
Targeted Amount of production during year 2009 (Units)	68,115	10,217	13,623	20,435	23,840	68,115
Clay to be Purchased KG	95,921	47,960	0	47,960	0	95,921
Clay to be Purchased JD	62,348	31,174	0	31,174	0	62,348
Cash paid for purchased Clay *"1"*	46,761	17,535	5,845	17,535	5,845	46,761

"1" Assuming 75% is paid in the same quarter and 25% in the second quarter

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