

NAFITH INTERNATIONAL OVERVIEW

July 2016

Introduction

Nafith International (“Nafith”) designs, deploys, and operates trade and transport facilitation services for public and private sector customers to improve the operating efficiency, productivity, and security of land-transport freight operations. Nafith was founded in Amman, Jordan by NTELX, a U.S.-based technology company, and the company’s Jordanian partners, with support from the U.S. Trade and Development Agency.

Nafith currently has operations in Jordan and Iraq. Within Jordan, Nafith operates the Aqaba Truck Control System. Nafith provides dispatching services for Jordan Petroleum, the national oil importer, refiner, and distributor, and a dispatch system for the Ministry of Industry and Trade (MoIT) for the transport of grains from Aqaba to 12 regional silos and warehouses. Nafith also operates an eWaybill service for containers, along with other services.

In Iraq, Nafith designed, built, and now operates a system that organizes truck entry into thin Umm Qasr, Iraq’s principal seaport. Under the terms of the concession agreement with the General Company for the Ports of Iraq (“GCPI”), Nafith also will implement the system at Iraq’s smaller seaports (Khor al Zubair, Abu Floos, and Ma’qal ports), and the agreement calls for Nafith to manage access to all border crossings that allow commercial traffic. Over time, Nafith aims to introduce additional, complementary services in Iraq.

To support its expansion, Nafith received an equity investment from the International Finance Corporation (“IFC”), a member of the World Bank Group and the largest global development institution focused exclusively on the private sector, and Foursan Capital Partners, a private equity fund targeting investments in accelerated growth companies in the Levant and North Africa. These funds have been used to support Nafith’s in Iraq.

Since inception Nafith has focused on adding additional services and capabilities. Nafith believes that its offerings are industry technology leaders, unmatched in terms of technical sophistication, quality and value, and position the Company for rapid growth.

History

In 2005 NTELX¹ received support from the U.S. Trade and Development Agency (“USTDA”) to demonstrate how systems using the company’s technology could be deployed in Jordan to i)

¹ At that time FreightDesk Technologies, Inc. The company’s name was subsequently changed, but ownership and management were not affected. NTELX in separated its operations into two separate companies, placing its international assets, including its ownership of Nafith, into NTELX International (NXI). More information on NXI is on the website, www.nxintl.com

enhance efficiency, automate trade practices, and improve the security of Jordan's freight transport system; ii) position Jordan as a regional transport IT gateway; and iii) serve as a springboard for expansion to other Middle East and North Africa (“MENA”) nations.

The Ministry of Transport served as in-country project sponsor, and the focus of the USTDA project was the building of three pilot systems to demonstrate, test, and evaluate the hypothesis that NTELX could create data-driven information technology applications that materially improved operations within Jordan’s freight transport sector. From the outset, NTELX worked closely with Telaterra Software, a Jordanian IT company focused on work flow systems, as its local partner. Telaterra was led by Sameer Mubarak with Nourah Mehyar as the project leader.

The initial pilot supported by the USTDA study was the design and deployment of a Truck Control System pilot for the Aqaba Special Economic Zone Authority (“ASEZA”) to facilitate the movement of trucks through Aqaba, Jordan's sole seaport. Operational early in 2006, the impact of the system was immediate and dramatic. Chaos, congestion, and confusion fifty years in the making were tamed, and the system became indispensable for Jordan's trade and transport communities.

Given this impact, ASEZA found it desirable to continue to have NTELX operate the IT system at the end of the pilot period. NTELX continued to operate the information technology portion of the Truck Control System for ASEZA, while ASEZA ran the physical operations. In March 2008, the entire TCS operation was outsourced by ASEZA to Nafith under the terms of a ten-year Public-Private-Partnership (“PPP”) agreement.

The shareholders established Nafith both to execute the PPP agreement with ASEZA, including performing all operational and technical aspects required to operate the system, and to realize the initial vision of deploying technology-based trade and transport facilitation services across Jordan and in additional MENA nations.

Nafith Operations

Following the execution of the PPP agreement with ASEZA, Nafith became an operating company running a critical system for Jordan’s transport and trade sectors. Nafith employs more than 200 people, with the vast majority working on the Aqaba Truck Control System. Nafith also has operational employees supporting the specialized dispatch services provided by the company.

The company’s operational headquarters are in Amman. In addition to providing administrative and support services, including technical support, Nafith has a technical development team devoted to launching new service offerings, and a new business development team.

The Aqaba Truck Control System

Nafith's foundation is a breakthrough system designed and now operated by Nafith to manage truck movements to and from the historic port of Aqaba, Jordan's sole seaport. The Aqaba truck control system collects, validates, and shares information from multiple private sector and government data bases to minimize waiting times, to quickly move trucks through the ports. The system monitors capacity at the terminals and on the roads and, as needed, shunts trucks to and from waiting areas.

Using a permit as the control object, trucks are allowed into the controlled areas only after they receive a unique permit based on validated information about the driver, vehicle, authorized operation and other pertinent information. Entry to the controlled areas, access to the port terminals and other destination points, and departure are all controlled and adjusted as needed based on capacity utilization on the roads and locations in the system. The system controls trucks within a 375 km² area, with five entry points and four marshalling yards, and 39 destinations.

Implemented in three months using NTELX's unique NXfolio™ software, the impact of the Aqaba truck control system was immediate and dramatic. Inland transportation costs dropped by an estimated 20%, attributable to a reduction in truck turn times and port productivity gains. Efficiency and security climbed across Jordan's trade and transport systems, while congestion, pollution, and accidents decreased. The system has increased Jordan's GNP by US\$100 million annually, according to an impact assessment analysis conducted by Nathan Associates Inc.

Widely recognized as an innovative solution to a chronic problem, the system has been showcased at World Bank and U.N. sponsored conferences, and won the 2009 award from the Intelligent Transportation Society of America for the best new product or service worldwide in surface transportation using advanced technology.

Nafith continues to improve the system. Nafith developed and deployed a practical and effective RFID² system to improve operational efficiency and provide a secure, reliable, speedy, and economical method to immediately verify a truck's credentials. Nafith has tagged over 12,000 individual trucks (including many trucks from Iraq), installed RFID antennas and readers at yard entrance and exit points, and developed software to integrate the reads from the RFID tags into the core operating system.

² Radio frequency identification (RFID) systems identify an object using radio waves. An RFID system consists of three basic components: i) a tag containing unique information encoded on an integrated circuit, ii) a stationary antenna that emits radio signals to activate the tag and read and write data to it, which is coupled with iii) a reader that decodes the data encoded in the tag. This data is then passed to the operating system

Truck volumes run approximately 4,000 per day and the system has handled over seven million trucks since its launch.

Additional Service Offerings

Nafith has added complementary services, most notably dispatch services to manage trucks operating under contracts to transport imported crude oil for the Jordanian Petroleum Refinery Company, and trucks transporting grain for the Ministry of Industry and Trade. Nafith organizes these bulk transportation processes to improve their efficiency, reduce costs, and ensure that the loads are fairly distributed among the drivers working under umbrella contracts.

Nafith also has developed and implemented an electronic waybill system, again to improve the efficiency and cut costs for Jordan's freight transport sector. The eWaybill system currently is used for all container cargo being carried inland from the port of Aqaba. This system integrates with the Aqaba Truck Control System, improving its efficiency as well.

Iraq Project Overview

Nafith executed in March 2013 a concession agreement with the General Company for the Ports of Iraq ("GCPI") to design, build, operate, manage, and maintain a system to organize truck entry and movement into Iraq's seaports and all border crossings that handle commercial traffic (the "Project"). Commercial operations began during June 2016 at Umm Qasr, Iraq's principal seaport, and the system handled over 1,000 trucks daily at the end of June.

Nafith will manage access to Umm Qasr (both the North and South Ports), Khor al Zubair, Abu Floos, and Ma'qal ports, and any ports added during the concession term, including Grand Faw. The concession agreement also calls for Nafith to manage access to all border crossings that allow commercial traffic.

The Project is based on the build-own-operate-transfer ("BOOT") concession agreement model. Nafith has built a truck marshalling yard, deployed an integrated, Internet-based information technology platform, and constructed RFID and communications networks. GCPI issued regulations that require every truck utilizing the Project's services to obtain a permit issued by Nafith. For each permit issued Nafith collects a mandatory, pre-paid fee. The permit fee is fixed for the term of the agreement at US\$10.30. At the end of the term the Project will be transferred to the Iraqi government, unless extended.

The system organizes the activities of multiple, independent stakeholders (including the port and terminals, the truckers and trucking companies, government entities, etc.) into an integrated solution that follows known rules, treats all participants in the same way, and is designed to promote efficiency, productivity, and transparency. The Project utilizes

technologies and processes developed and currently deployed by Nafith in its projects operating in Jordan.

Nafith-Iraq also will provide two complementary services:

- A system for Iraq's Ministry of Transport to build a database linking trucking companies, trucks, and drivers.
- An electronic waybill system to generate, process, and share waybills.

The system includes three primary elements:

1. **Physical Infrastructure.** Up to three truck marshalling yards, checkpoints at critical locations, an RFID system, and a communications network to monitor and control the movement of permitted trucks.
2. **Technology Platform.** An information technology application that allows authorized users to apply for permits, and then organizes and controls the movements of all trucks controlled by the system, which is fully integrated with the port's operations.
3. **Operations.** A series of re-engineered processes (i.e., work flows), capacity control measures, and checkpoints (both staffed and automated) at key locations (the marshalling yards; port, terminal and border crossing gates; governate borders) where permits are issued and validated and truck movements are monitored and controlled.

The Project is designed to improve the performance of Iraq's ports, the controlled border crossings, and the trucking sector. The Project also should act to modernize the sector and provide meaningful second-order impacts.

Port Operations: Speed ship discharge; decrease congestion at terminals and berths to increase thru-put; enforce capacity controls; and decrease the number of trucks in the ports by ensuring trucks are present only to conduct authorized operations.

Truck Operations: Streamline operations at the ports and controlled border crossings to reduce truck queues and delays; provide trucking companies advance notification of anticipated vessel discharge times; keep trucks away from Basra when they do not have a job to reduce truck idle time and thereby improve national fleet efficiency.

Foundation System: Provide the Ministry of Transport with a registrar system linking trucks, drivers and trucking companies; implement an Internet-based application to upgrade the technical sophistication of the sector; generate reliable and detailed statistics on performance for the transport sector and government.

Second-order impacts: Reduce pollution and fuel consumption; establish transparent and fair practices.