2010
annual report

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orange™

contents

His Majesty King Abdullah II

"We need to move forward, building on what generations of Jordanians have achieved. It is the duty of all of us to develop our country and take the initiative to embrace the spirit of the times and benefit from the opportunities they offer".

letter from the Chairman

A Decade of Achievements

Dear Shareholders,

I would like to convey to you my warmest salutations as we bid farewell to an eventful decade replete with outstanding accomplishments, during which we have witnessed firsthand Jordan's unbridled development on many levels, not the least of which was the Kingdom's ICT sector. This particular sector has enjoyed tremendous progress that went beyond the Kingdom's economic growth, as the country evolved to become one of the most lucrative investment fronts in the region.

These developments placed in our hands the paramount responsibility of establishing a robust, future-proof telecommunications infrastructure that is capable of embracing Jordan's lofty vision.

Since the privatization of Jordan Telecom in 2000, this responsibility has been and remains our prime concern. Today, more than a decade later, I am proud to say that not only have we fulfilled our duty towards you and Jordan, but have in fact stepped beyond our own limits to redefine the reality of Jordan's ICT landscape.

On the landline front, the company has managed to provide fixed line communication, and all services associated with it, to all citizens, institutions and businesses throughout the Kingdom — an accomplishment we made sure was met with a commitment to continual development. Our performance in the mobile arena was more admirable, for in addition to substantially reducing prices and continually developing our rich lineup of mobile services, we have made considerable strides in bolstering mobile penetration in the Kingdom, in an endeavor that was spearheaded by the introduction of our mobile broadband service lineup as well as the countless essential improvements we have made to our services.

Of course, as we are on the topic of the internet, I am proud to announce that since the year 2000, we have managed to lead the sector in raising internet penetration in the Kingdom from less than 5 % to an impressive 34 %. This remarkable achievement was undoubtedly driven by the ambitious directives of His Majesty King Abdullah II. The launch of our 3G+ network in 2010 came as part of a national strategy that seeks to reinforce Jordan's position as a pioneer in the adoption of cutting-edge telecom technologies and their application in the daily lives of its citizens. Also, it is a part of Orange starting to adopt latest technologies and to continue leading the sector as we were the first and only operator to launch 3G+ in Jordan during 2010.

I must also underscore one very important fact: that our many accomplishments over the years, which have assisted in raising the standards of the services offered to the Jordanian community, have also raised the public's expectations of Orange Jordan on both technical and social scales.

Over the last decade, we have consistently collaborated with the Jordanian government, represented by the MoICT and the Telecommunications Regulatory Commission to realize the prime objective outlined in the vision of His Majesty: for Jordan to transform into a knowledge-based economy with sustainable clusters that reflect on the Kingdom's citizens and various organizations, in addition to becoming a hub for the region at large. The Jordanian ICT industry is a crucial element in this quest, as it constitutes the very backbone of the national economy. The industry has also shown remarkable agility in responding to various developments and challenges.

The variables we have met on both internal and external scales — despite the marked increase in competition — have contributed to our resilience in dealing with the global economic downturn. Unlike many other companies around the world, we increased our investments during 2010, both in the launch and development of our 3G+ network and in far-reaching developments in our networks and marketing strategies designed to reinforce our customer base. Our efforts culminated in an impressive distribution of cash dividends worth JD97.5 million, a testament to our ability to weather any and all circumstances.

In the arena of social responsibility, we worked hard to formulate a CSR strategy based on unprecedented parameters, with a total budget of JD3.5 million and a simple yet far-reaching objective: to improve the quality of both the personal and technical lives of the Jordanian citizen. Two projects emanated from this vision — the "Orange Villages" project and the "Orange Broadband Fund" — and despite the fact that our strategy extends over a three-year period, we are already seeing its positive effects on the local community, whether in the essential renovations we completed in the village of Rajm Al Shami in Muwaqqar, or in the initial activities of our Broadband Fund, which included a special discount offer on broadband services we launched in the Kingdom's governorates and a series of training courses on essential computer skills delivered to their residents. These activities are further underscored by our continued efforts to improve the educational environments in various public schools around the Kingdom by renovating their computer labs, providing them with free PCs and broadband internet connectivity, and collaborating with their teachers on the ways of bringing the internet into their learning process. All of these endeavors embody the true definitions of sustainable development and public-private partnership.

As we welcome the year 2011, we renew our commitment to remain at the forefront of Jordan's ICT revolution — to meet the spiraling expectations of the Jordanian public and remain on the cutting edge of technology. Our values will be the propelling forces of our progress and will help us create new vistas of possibility for creativity and innovation.

On behalf of the Board of Directors, I would like to extend my utmost gratitude to our customers for their continued loyalty and trust, and I pledge on behalf of our company to continue developing unrivaled services geared toward improving their quality of life. We will remain close to our customers needs. I would also like to thank the management of our Group and all our employees — our most treasured asset — for their unrelenting efforts and unparalleled professionalism, both of which have been key elements in our success.

Our gratitude also goes to the Jordanian government and the Telecommunications Regulatory Commission for their continued efforts to develop the ICT sector in the Kingdom. Special thanks are reserved for our shareholders for their steadfast trust in our decisions and their continued support throughout the various roadblocks we have faced over the years.

Last but not least, I would like to thank France Telecom/Orange for effectively transferring the technical know-how as well as the financial and project management skills to Orange Jordan, thus contributing amply to the development of the local ICT landscape over the past decade. Their unique understanding and support of the culture and traditions of Jordan are also highly appreciated.

Let us together embrace 2011 with both optimism and determination, welcoming a new decade of greater growth and prosperity for Jordan and for Orange Jordan.

Dr. Shabib Ammari
Chairman of the Board of Directors
Orange Jordan

letter from the CEO

Dear Shareholders,

Since the very beginning of our operations in the Jordanian telecoms arena, we set for ourselves the rather high expectation of pioneering this integral sector, adhering as both management and employees to a set of lofty performance standards that rival those defined by the world's leading telecom operators. We were certain that the road ahead was to be rife with challenges, but the message we wished to bring to the Jordanian ICT landscape compelled us to face these challenges head-on.

There is no doubt that any progress in the ICT sector relies on a variety of essential elements, the most important of which are technical know-how and the presence of high-caliber individuals who are not only capable of following the industry's accelerating developments but of adapting them to meet the demands of the local market. Our track record, which extends well over ten years, amply demonstrates our ability to rise up to our own expectations, and the last year was certainly no exception.

Despite increasing competition and the continued aftershocks of the global economic crisis, Orange Jordan has managed to lead the Jordanian telecoms market with an ever-growing client base of 3.018 million subscribers. Our revenues have reached JD402.1 million, with a net profit of JD95.1 million and a capital expenditure of JD41 million.

At Orange Jordan, we believe in group work and team spirit, which remain at the core of both our values and our operations as a provider of integrated telecom services. The launch of our 3G+ network and the phases of its expanding nationwide coverage were a clear demonstration of what we could achieve together. The result of the carefully segmented rollout was a robust wireless broadband network that covered more than half of the Kingdom as of late 2010, delivering unparalleled services that are continually being developed, marketed and sold to various consumer segments. The highly integrated process proved that our organization's unmatched ability to work as a team projects positive values that help to reinforce the foundations of the Jordanian ICT industry.

We are proud of the fact that Orange Jordan was the official partner for the government in the e-linking of the 2010 Parliamentary Elections, which was completed with remarkable success. The company managed to link 1,500 polling centers with the Ministry of Interior through a nationwide network of 4,200 computers connected to the operations center at the ministry's headquarters. Orange Jordan was also awarded the government's mobile services tender following a highly competitive bidding process that revealed our unrivaled position in both service quality and competitive pricing.

Our achievements during the year were not limited to our own borders but extended address key regional challenges as well. Our continued dedication to bolstering the quality of telecom services in the region culminated in two strategic partnerships, the first of which — the JADI Link cable system — saw Orange Jordan join forces with Saudi Telecom Company, Syria Telecommunication Establishment and Türk Telekom to establish a fiber optic link that will serve as a robust, reliable alternative route to existing Mediterranean and Red Sea cable systems for data traffic between Europe, the Middle East and Asia. This inventive endeavor was followed by another collaboration with leading mobile operators in the region and Europe to construct the Regional Cable Network (RCN) — a multi-terabit cable system extending from the UAE through Saudi Arabia, Jordan and Syria, all the way into Europe. RCN will provide robust bandwidth connectivity for the region's growing broadband community, offering infrastructural diversity for each of the participating operators, and helping them avoid the disruptions in service that commonly affect conventional undersea cable systems. Both agreements showcase our commitment to reinvent the way people communicate.

The launch of our 3G+ network in the local market had a marked influence on our array of smartphone services, culminating in our introduction of new and innovative content streams that redefined customer perception of 3G+ and wireless broadband by demonstrating their limitless applications in daily life. Our 3G+ network has managed to garner more than 165,000 subscribers in as little as 9 months, all of whom now benefit from its strong infrastructure and superior services.

The year 2010 also witnessed the launch of our new integrated CSR strategy — the largest and most far-reaching CSR effort in the history of our company. Devoid of any commercial motivations, the strategy is the culmination of our deep yearning to improve the quality of life for Jordanians everywhere.

I can confirm that we have succeeded in becoming the "operator of reference" in the Kingdom — the operator that defines the standards of the industry and sets a shining example in both performance and communal development for other operators to emulate and follow. Our distinct position in the market is precisely the reason why our journey is filled with unique challenges. We have grown confident of our ability to achieve more together, as management and employees — and as a government and civil society organizations — to help realize the vision of His Majesty King Abdullah II of transforming Jordan into a knowledge-based economy. In this context, we have made a staunch commitment to embrace all the challenges we will face in the coming stage, which include fierce competition, the ever-accelerating development of the industry and others, so as to grow closer to our customers and meet their every demand.

I would therefore like to take this opportunity to thank them — our customers — first and foremost for their unwavering loyalty and for continually driving us toward excellence and innovation. I would also like to thank the Orange Jordan family for their dedication, creativity and for their joint efforts towards communicating our message to as many consumer segments as possible. Naturally, a good measure of my gratitude goes to our shareholders and the members of our Board who have and continue to support us in all our endeavors.

Together…towards greater success and prosperity.

Nayla Khawam
Chief Executive Officer
Orange Jordan

board of directors 2010

Dr. Shabib Ammari
Chairman of the Board of Directors
France Telecom Group

Miss Asema Doughan
Member of the Board of Directors
Jordanian Ministry of Finance

Mr. Marc Rennard
Vice Chairman of the Board of Directors
France Telecom Group

Dr. Ibrahim Saif
Member of the Board of Directors
Social Security Corporation

H.E "Mohammad Akel" Biltaji
Member of the Board of Directors
Social Security Corporation

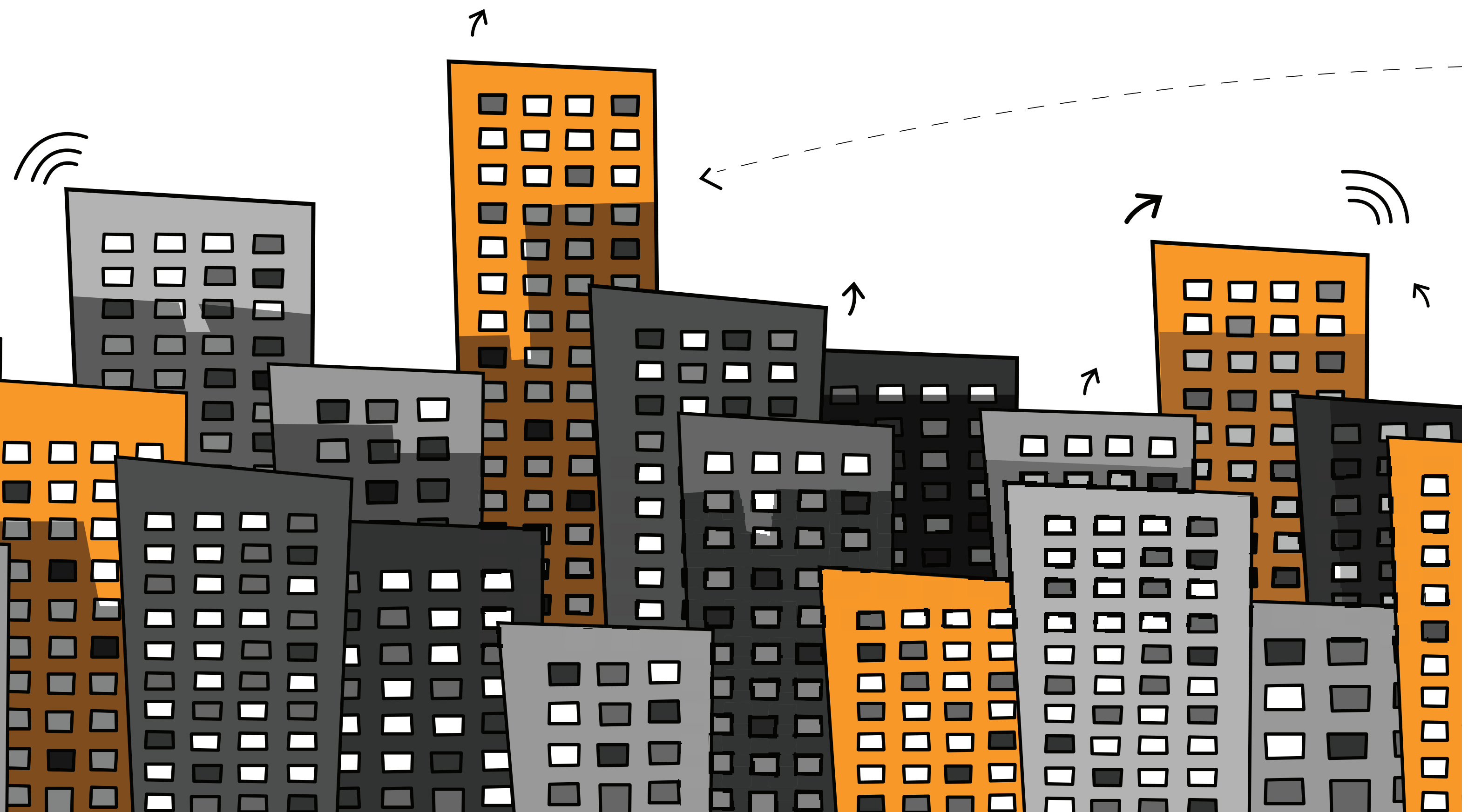
Mr. Michel Monzani
Member of the Board of Directors
France Telecom Group

Mr. Hugues de Verdalle
Member of the Board of Directors
France Telecom Group

Mrs. Nayla Khawam
Chief Executive Officer
Orange Jordan / Jordan Telecom Group

Legal Advisor: Al Najdawi Law Office
Auditors: ERNST & YOUNG

management committee (GroupCom) 2010

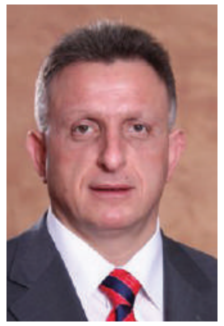


Mrs. Nayla Khawam
Chief Executive Officer
Orange Jordan /
Jordan Telecom Group

Mr. Walid Al Doulat
Vice President Orange Jordan /
Wholesale Business Unit

Mr. Raslan Deiranieh
Chief Financial Officer /
Acting Chief Human Resources Officer

Mr. Didier Lelievre
Chief Information Technology and Networks Officer



Mr. Tamouh Khauli
Chief Information Security Officer

Mr. Minh Tran
Chief Marketing and
Communication Officer

Mr. Ahmad Salah
Chief Sourcing, Logistics and Quality Officer

Dr. Ibrahim Harb
Chief Legal and Regulatory Officer

Mr. Sami Smeirat
Vice President Orange Jordan/
CEO Jordan Data Communication Company Ltd.

Mr. Bernard Perrillon
Chief Strategy Officer /
Secretary General of the Board of
Directors

Mrs. Wassila Zitoune
Chief Commercial Officer/
For Sales & Customer Service
Business Unit

2010 financial highlights

The Group managed to maintain its strong financial performance during 2010 despite the increasingly challenging telecom market in Jordan caused by aggressive competitive landscape and continuous price wars in addition to the difficult economic situation worldwide.
We are keen to maintain our strong financial results and improve our position in the market every year.

We also reaffirm our commitment to increase our shareholders value and provide our customers with the best quality of services & breakthrough products.
It gives us a great pleasure to present 2010 consolidated annual financial highlights of Jordan Telecom Group.

consolidated financial and statistical highlights

Presented below is a summary of the consolidated data for 2010, against 2009.

income statement data

(MJD)	2010	2009	change %
Revenues	402.1	400.1	0.5%
Operating Expenses			
Cost of services	(146.3)	(133.7)	9.4%
Selling and distribution expenses	(37.2)	(36.0)	3.5%
Administration expenses	(27.2)	(31.6)	(14.0)%
Government revenue share	(10.1)	(10.1)	0.0%
Brand fees	(5.0)	(5.5)	(8.8)%
Management fees	(3.3)	(3.3)	0.0%
Total Operating expenses	**(229.1)**	**(220.3)**	**4.0%**
Other Income	0.4	0.9	(58.4)%
Profit from operations (EBITDA)	173.3	180.7	(4.1)%
EBITDA margin	43.1%	45.2%	(2.1)%
Depreciation, amortization and impairment	(55.0)	(53.4)	5.8%
Net foreign exchange differences, finance costs and finance revenues,	8.2	12.2	(32.9)%
Other fees	(0.8)	(2.8)	(70.7)%
Profit before Income tax	**125.6**	**136.7**	**(8.2)%**
Income tax	(30.8)	(33.1)	(7.2)%
Profit for the year	**94.8**	**103.4**	**(8.3)%**
Attribute to:			
Equity holders of parent	95.1	104	(8.6)%
Minority interest	(0.2)	(0.6)	(60.2)%
Profit margin	23.6%	26.0%	(9.3)%
Earnings per share	0.380	0.416	(8.7)%
Weighted average number of shares (million shares)	250	250	0.0%

Calculated variance may differ from the financials due to the rounding factor.

summary of balance sheet data

(MJD)	2010	2009	change %
Assets			
Total Current Assets	370.0	391.7	(5.6)%
Property, plant and equipment	217.4	228.6	(4.9)%
Other non-current assets	69.5	71.9	(3.4)%
Total non-current assets	286.9	300.5	(4.5)%
Total assets	**656.9**	**692.2**	**(5.1)%**
Liabilities and equity			
Total current liabilities	223.0	248.8	(10.4)%
Total non-current liabilities	24.3	24.2	0.5%
Total Equity	409.6	419.3	(2.3)%
Total liabilities and equity	**656.9**	**692.2**	**(5.1)%**

Calculated variance may differ from the financials due to the rounding factor.

summary of cash flow statement

(MJD)	2010	2009	change %
Net cash from operating activities	138.3	148.5	(6.9)%
Net cash (used in) investing activities	(33.3)	(87.5)	(62.0)%
Net cash (used in) financing activities	(131.4)	(101.4)	29.6%
Net increase in cash and cash equivalent	(26.4)	(40.4)	(34.7)%
Cash and cash equivalents	**275.1**	**301.5**	**(8.8)%**

Calculated variance may differ from the financials due to the rounding factor.

financial ratio analysis

	2010	2009	change %
Profitability ratios			
Return on Total Assets	14.1%	15.20%	(7.3)%
Return on Total Equity	22.9%	24.90%	(7.9)%
Liquidity ratios			
Current Ratio	1.66	1.57	5.4%
Cash Ratio	1.23	1.21	1.8%
Leverage ratios			
Total Liabilities to Equity Ratio	60.4%	65.1%	(7.3)%
Interest – Bearing Debt ratio*	1.9%	7.6%	(75.0)%
Total Debt ratio**	37.6%	39.4%	(4.5)%
Assets Coverage ratio***	87.9%	83.7%	5.0%
Assets management ratio			
Total Assets Turnover ratio	59.6%	58.5%	1.9%
Fixed Assets Turnover ratio	180.3%	172.7%	4.4%
Total Capital Turnover ratio	96.3%	88.2%	9.2%
Growth ratios			
Dividends per Share (JD)	0.390	0.420	(7.1)%
Dividends Payout Ratio	102.5%	101.0%	1.6%
Dividends Yield Ratio	7.2%	8.1%	(10.8)%
Valuation ratios			
Book value per Share	1.64	1.68	(2.3)%
Market to Book Value ratio	3.28	3.08	6.5%
Price – Earning ratio	14.1	12.4	13.9%

*Total Debt (Total Debt + Total Equity)
** Total Liabilities/Total Assets (Capital)
*** Total Tangible Assets/Total Liabilities

revenues
Solid performance in unstable economic context and aggressive competitive landscape, the Group achieved JD402.1 million revenues in year 2010 compared with JD400.1 million in year 2009 with a growth of 0.5%.

operating expenses
The term Operating Expenses (OPEX) means the cost of services, selling and distribution expenses, administration expenses, government revenue share, brand fees and management fees.

The Group OPEX witnessed an increase of 4.0% to reach JD229.1 million in year 2010 against JD220.3 million in year 2009. This increase came mainly as a result of higher interconnection costs and launching our 3G+ network in addition to the new advertising campaigns supported our offers and innovation as well as our loyalty promotions & programs to our existing subscribers to thank them for their loyalty.

The main component of operating expenses was cost of services, which includes the interconnection fees paid to other telecommunications networks, certain license fees, technical costs such as network operating and maintenance, expenses related to technical personnel and additionally, cost of SIM cards, prepaid scratch cards and the cost of subsidized handsets.

cost of services
registered an increase by 9.4% reaching JD146.3 million in year 2010 compared with JD133.7 million in year 2009. This increase came as a result of higher interconnection costs due to the new international incoming termination rates.

selling and distribution expenses
increased by 3.5% to reach JD37.2 million in year 2010 compared to JD36.0 million in year 2009.

administration expenses
decreased by (14.0)% to reach JD27.2 million in year 2010 compared to JD31.6 million in year 2009, highlighting our constant commitment towards streamlined operations & functional synergies.

government revenue share
equals 10% of net revenue that Orange mobile is required to pay to the Telecommunications Regulatory Commission pursuant to the Mobile License Agreement.

Government revenue share reached JD10.1million in year 2010 equivalent to year 2009.

brand fees
represent 1.6% of operating revenues that Jordan Telecom Group is required to pay to Orange for using the Orange Brand in all Jordan Telecom Group subsidiaries. It was around JD5.0million in year 2010 compared to JD5.5 million in 2009.

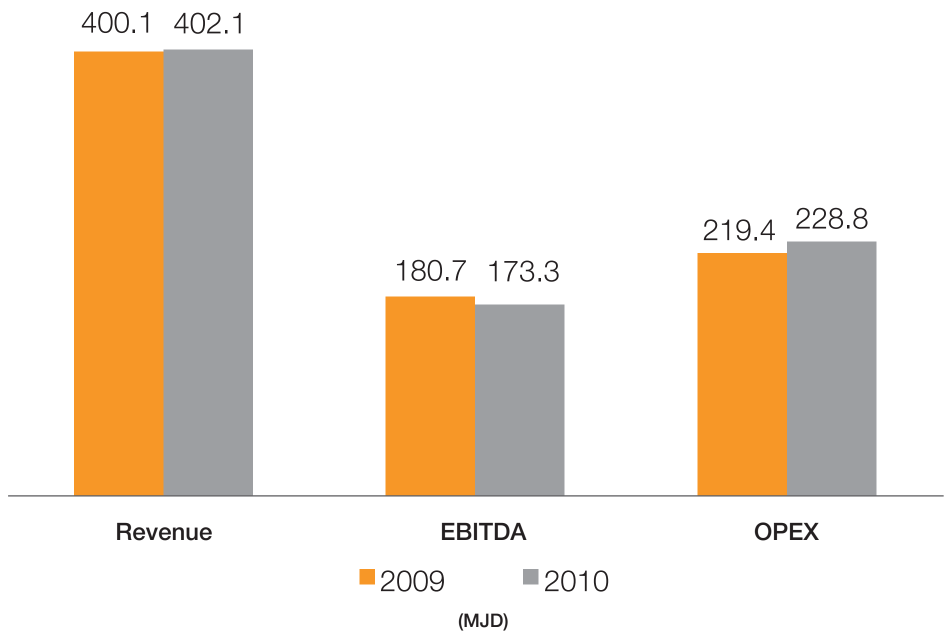
management fees
represent what the Group is required to pay to France Telecom pursuant to the business support agreement. Management fees of the Group reached JD3.3 million in year 2010 same amount as year 2009.

EBITDA

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) consist of sales of services less operating expenses.

Group EBITDA showed a decrease by (4.1)% to reach JD173.3 million in year 2010 compared with JD180.7 million in year 2009. This drop is mainly linked to the increase in the operating expenses.

The EBITDA margin for the Group decreased to reach 43.1% at year end 2010, from 45.2 % in year 2009.



depreciation, amortization and impairment
Consolidated depreciation, amortization and impairment expenses, increased by 5.8% from JD53.4 million in year 2009 to JD55.0 million in year 2010.

net foreign exchange differences
Consolidated net foreign exchange differences consist of changes in valuations of deposits and loans arising from changes in foreign exchange rates. For the year 2010, the gain from the foreign exchange differences was JD1.0 million compared to a loss by JD(0.5) million in 2009

finance costs
Consolidated finance costs consist of the interests and other charges, which is paid on the Group's financial indebtedness. Finance costs decreased by 47% to reach JD1.2 million in year 2010 down from JD2.3 million in year 2009.

finance revenues
Consolidated finance revenues consists of revenues earned on cash deposits in various currencies. Finance revenues decreased by (44.2)% reaching JD8.3 million in year 2010 from JD14.9 million in year 2009, due to lower interest rates on bank deposits.

other income
Other income consists of gains and losses on sales of fixed assets and other miscellaneous income. Other income was in 2010 around JD0.4 million gains opposed to JD0.9 million in year 2009, showing a (58.4)% decrease.

other fees
The Group's other fees for the year 2010 were JD0.8 million compared to JD2.8 million for the year 2009. This drop came since in year 2009 other fees included Jordanian universities fees, scientific research and vocational training fees and vocational and technical training fund fees while in year 2010 it only included Jordanian universities fees.

income tax
Jordan Telecom Group is subject to corporate income tax at a rate of 24% as per the new income tax law implemented in 2010 on a non consolidated basis while in 2009 used to be at a rate of 25%. In year 2010 the Group reported JD30.8 million as income tax, with a decrease of (7.2%) from year 2009 in which it was JD33.1 million.

profit for the year
Jordan Telecom Group generated JD95.1 million as net profit after tax for the year 2010, with a decrease of (8.6)% compared to JD104.0 million in year 2009. This decrease was linked mainly to the drop in our gross operating income, in addition to the reduction in finance income due to lower interest rates on bank deposits.

minority interest
Minority interest represents Lightspeed partners' share (49%) of the yearly loss or profit.
It came at JD0.2 million in year 2010 compared with JD0.6 million in year 2009.

liquidity and capital resources
The primary source of liquidity is net cash from Operating Activities. For the year 2010, our net cash from operating activities decreased by (6.9)%, to JD138.3 million as compared to JD148.5 million for the year 2009.

Net cash used in Investing Activities witnessed a decrease by (62.0)%, where it reached JD33.3 million in year 2010 from JD87.5 million in year 2009.

For the year 2010, our net cash used in Financing Activities reached JD131.4 million compared to JD101.4 million in year 2009.

free cash flow is the difference between net cash from operating activities and net cash used in investing activities. The free cash flow in year 2010 reached JD105.0 million compared to JD61.0 million in year 2009, with an increase by 72.3%.

cash and cash equivalent
Cash and cash equivalent witnessed a decrease by (8.8)% from JD301.5 million in year 2009 to JD275.1 in year 2010.

capital expenditures
CAPEX for Jordan telecom group reached 41.0MJDat the end of 2010 compared with 53MJD for 2009 noting that the group acquired a 3G license during 2009 for an amount of 50.3MJD bringing the total 2009 CAPEX to 103.3MJD.

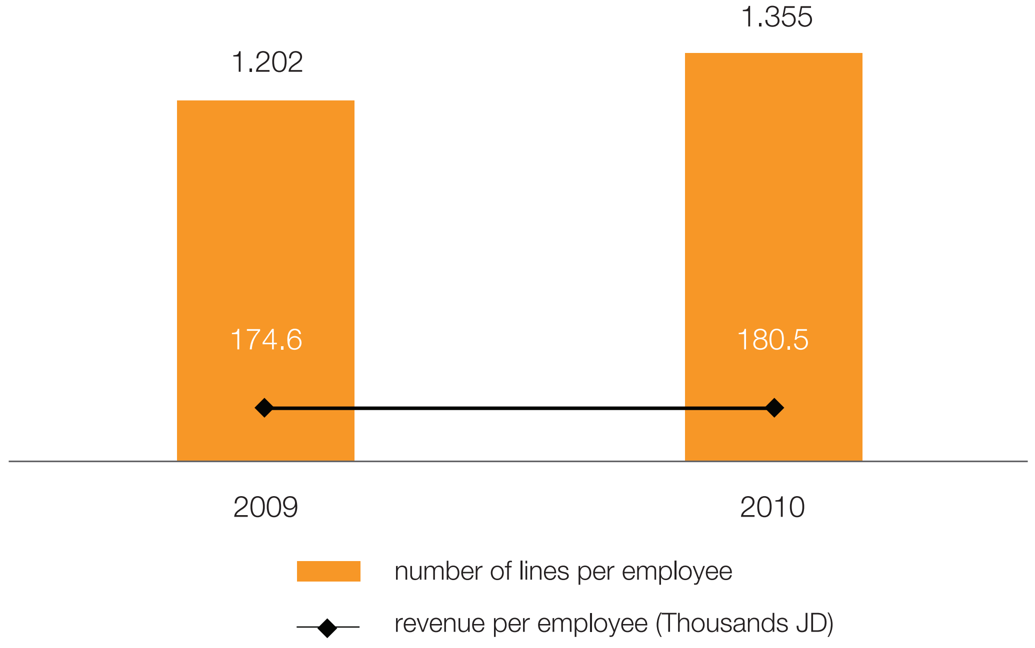
group subscribers
Jordan Telecom Group total subscribers climbed by 9.6% to reach 3,018 (K lines) in year 2010 compared to 2,754 (K lines) in year 2009. This increase is linked to our competitive offers in the market which resulted in a growth in our mobile and broadband subscriber's base

human resources
Jordan Telecom Group's number of employees dropped by (2.8)% from 2,291 in year 2009 to 2,227 in year 2010. Total number of temporary employees reached 291 in year 2010 compared with 322 in year 2009.

staff efficiency
Consequently, the Group's efficiency indicators improved positively in year 2010, as revenue per employee increased by 3.4% posting JD180.5 thousand in year 2010 over JD174.6 thousand in year 2009. This growth was generated from the increase in revenues and reduced staffing levels.

Also, the number of lines per employee jumped to 1,355 lines in year 2010 showing an increase of 12.7% against year 2009, where it reached 1,202 lines in year 2009. The boost was affected by the growth in number of lines that coincided with the drop in staff.

staff efficiency



segment analysis:

Presented below are the detailed operational results for each business segment of the Group:
- Orange fixed, Orange internet and lightspeed.
- Orange mobile.

The following table presents sales of services, operating expenses and EBITDA by business segment for the periods indicated:

income statement data

(MJD)	2010	2009	Change %
Revenues			
Orange fixed, Orange internet & lightspeed	286.0	270.8	5.6%
Mobile Communication	186.5	188.6	(1.2)%
Intercompany	(70.4)	(59.3)	18.7%
Total Revenues	402.1	400.1	0.5%
Operating Expenses			
Orange fixed, Orange internet & lightspeed	(174.5)	(156.6)	11.4%
Mobile Communication	(124.7)	(122.1)	2.1%
Intercompany	(70.4)	(59.3)	18.7%
Total Operating Expenses	(228.8)	(219.4)	4.2%
EBITDA			
Orange fixed, Orange internet & lightspeed	111.5	114.1	(2.3)%
Mobile Communication	61.8	66.6	(7.3)%
Total EBITDA	173.3	180.7	(4.1)%

Calculated variance may differ from the financials due to the rounding factor.

Orange fixed, Orange internet and lightspeed

Orange fixed service is the Group's largest business segment. six years after the opening of the market to competition, Jordan Telecom Group still holds about 98% market share, with competition on international traffic to and out of Jordan.

Orange internet is the leading internet service provider in Jordan. In 2001, the Group acquired Global One Communications (Jordan) Ltd. The Data communication segment entered into a Brand License Agreement with Orange internet Interactive, Orange internet provides various services such as prepaid and postpaid internet dial–up, the 090007000 internet dial-up service, whereby a customer connects to the internet without a subscription or a prepaid card. The charge will appear on the customer's regular PSTN line invoice by Jordan Telecom Group. Corporate internet leased lines, ADSL service for residential and corporate, web-hosting and mail-hosting solutions, internet roaming through dial-up and wireless internet (WiFi) connectivity at airports and cafes/restaurants in Jordan.
Lightspeed Communications is Bahrain's first alternative fixed line telecommunications operator, offering value added and innovative services for residential and business customers.

On April 16, 2007, Lightspeed Communications entered into a major partnership with Jordan Telecom Group to launch innovative services in Bahrain such as bundled broadband services for the residential, small and medium enterprises and the corporate sector, as well as providing prepaid cards telephony services.

revenues

Orange fixed, internet and lightspeed revenue grew by 5.6% in year 2010, driven by the growth in Orange internet broadband revenues and the wholesale activities.

ADSL service has witnessed 35% growth in revenue, thanks to our competitive offerings and new initiatives that have been taken such as the broadband fund in governorates, Orange internet remains the leading service provider in Jordan.

Despite the fact that WIMAX competition was severe this year, ADSL subscriber's base increased and along with that Orange internet witnessed an improved speed mix.

Competition from mobile operators maintained the fixed line under heavy pressure. nevertheless, the drop in 2009 fixed traffic revenue has become a growth in year 2009 by around 2.2%.
Fixed line subscriber's base decline has been nearly stopped, thanks to the growth in ADSL service and the retention program on fixed.

operating expenses

Orange fixed, internet and lightspeed operating expenses increased by 11.4% in year 2010 to reach JD174.56 million in year 2010 up from JD156.6 million in year 2009 due to the new international incoming termination rates to Jordan.
Although the selling and administration expenses showed a decrease by (7.7)% in year 2010 over year 2009 and the brand and management fees declined by (11.0)% in year 2010 compared with year 2009, these reductions did not compensate the increase in the cost of services that showed an increase in year 2010 by 18.3% from year 2009, weighting around 76.5% from total operation expenses.

EBITDA:

By the end of 2010, Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) showed a decrease by (2.3)%, reaching JD111.5 million in year 2010 over JD114.1 million in year 2009.

EBITDA margin in 2010 decreased to reach 38.9% compared with 42.1% in year 2009.

mobile communication

step ahead with 3G+....

The Group's mobile communication segment consists of the mobile communication products and services offered by Orange mobile, which was registered first on September 1st, 1999. With an aim to build a new, highly advanced, mobile communication network to serve the Kingdom. Orange mobile began commercial operations in September 2000. It is ranked as the number two provider of mobile services in Jordan. The competition emerged with the entrance of other mobile operators resulting in renewed and intense price competition. In 2010 Orange mobile acquired the first 3G+ license in Jordan; enabling the group to focus on vision of striving to be the leading telecom operator, allowing the Group to launch new innovative services and offers during 2010.

revenues

Thanks to the launch of 3G+, and in a persistently tough competitive environment,, Orange mobile managed to maintain its revenues. Orange mobile educated the market to 3G+ services, and by Q4 was reaping the benefits in terms of subscribers and revenues. Orange mobile also focused in year 2010 on postpaid offers which showed a positive increase yoy. Orange mobile also won back the Government account, one of the major achievements in 2010.
Prepaid were affected in 2010 by the new tax regulation, price war and growing number of community offers and tariffs.

operating expenses

Mobile segment recorded JD124.7 million as operating expenses in year 2010, compared to JD122.1 million in year 2009, showing a 2.1% increase.
Selling and administration expenses showed an increase by 0.8% in year 2010 from year 2009. Brand and management fees decreased by (4.2)% this year compared with year 2009 and the government fees showed a decrease by (0.1)% in year 2010 compared with year 2009.

EBITDA

Orange mobile's EBITDA decreased by (7.3)% in 2010 to JD61.8million, implying an EBITDA margin of 33.1% in year 2010, compared to JD66.6 million in year 2009 and 35.3% as EBITDA margin.

best of 2010

best of 2010

1. Despite the continuing effects of global recession, Orange Jordan continues to lead the Kingdom's ICT revolution with an ever-growing client base of 3.018 million subscribers. In 2010, our revenues have reached JD402.1 million, with a net profit of JD95.1 million.

2. Orange Jordan redefined the telecom landscape in Jordan with the launch of our 3G+ network - the Kingdom's first 3G+ capable network. The network delivered a rich lineup of wireless broadband services. As of late 2010, Orange Jordan proudly served more than 165,000 subscribers within nine months of its deployment of its 3G+ network.

3. Orange Jordan launched the largest integrated CSR strategy for the coming 3 years, with a total budget of JD3.5 million. The strategy comprises of two prime initiatives: the "Orange Villages" and the "Orange Broadband Fund". The launched strategy is based on the conduction of stakeholders' dialogue, analysis and coming out with findings. A proposed strategy was set to tackle three major CSR pillars; internet penetration, through facilitating easy access to the internet for a large segment of the Jordanian society through the Broadband Fund. Supporting local economic development and local small businesses in the ICT sector in Jordan, as well as contributing to the sustainable development in Jordan through the deployment of "Orange Villages".

4. Orange Jordan was the official partner for the government in the e-linking of the 2010 Parliamentary Elections, which was completed with remarkable success. We managed to link 1,500 polling centers with the Ministry of Interior through a nationwide network of 4,200 computers, all connected to the operations center at the ministry's headquarters.

5. Orange Jordan was awarded the government's mobile services tender after highly competitive bidding process that revealed the company's unrivaled position in terms of service quality and added value.

6. Orange Jordan was named "Best Wireless Broadband Service Provider" during the 2010 SAMENA Awards, an event that covers the MENA region. The ceremony brought together more than 40 leading regional operators, two of which were nominated next to Orange Jordan for the same title.

7. Jordan Telecom Group joined hands with three of the region's incumbent telecom operators - Saudi Telecom, Syria Telecom and Türk Telekom - to create the JADI terrestrial fibre optic cable system, which will offer an alternative route to existing Mediterranean and Red Sea cable systems for data traffic between Europe, the Middle East and Asia.

8. Orange Jordan also partner with six other CT operators from Turkey, Syria, Saudi Arabia and the United Arab Emirates (UAE) to establish a $500 million regional cable network, codenamed the RCN Project. The cable will extend from the city of Fujairah in the UAE to Istanbul in Turkey and then to Europe, serving as an internet gateway for more than two billion people. The consortium of operators includes Etisalat (UAE), Mobily (Saudi Arabia), Jordan Telecom/Orange Jordan, Mada-Zain Partnership (Jordan), Syrian Telecommunications Establishment (Syria), and Superonline (Turkey).

9. Orange Jordan launched Conquests 2015 – a project that has several long-term objectives, including greater focus on our Group's employees, essential improvements in overall service quality and better interaction with local communities.

best of 2010

10. In 2010, the Technocenter at Orange Jordan supported emerging countries in the successful implementation of 40 launches of 11 products. An innovation roadmap has been outlined for global emerging countries in order to govern the department's day-to-day relationship with the nations within its operational network, in accordance with France Telecom Group's strategy for the region.

11. Orange Jordan launched the Quality of Service (QoS) program as part of the company's key strategic initiatives. The objective of the QoS program is to improve Orange end–to-end quality of service by improving the operational efficiency with our customers at three main customer touch points: shops, call centers and network, in order to make every contact with the customer a pleasant experience that reflects our professionalism and service quality.

12. Over the course of the year, our Competencies Development Directorate (CCD) — the right arm of our human resources operations — exceeded its proposed targets for 2010. The directorate managed to perform 12,250 man-training days, which is equivalent to an average of 4.9 man-training days per employee, as compared to the budgeted 3.5 days. The directorate took several measures in 2010 to further institutionalize the processes of training and development.

13. As part of the launch of Orange Jordan's 3G+ network, the company signed a strategic partnership agreement with the renowned Arab television network MBC, whereby several of the network's popular programs and series will be streamed exclusively through Orange 3G+ network directly to subscribers' handsets. The service is the first of its kind in the Kingdom.

14. Orange Jordan formed a strategic alliance with renowned operator Wataniya in Palestine, under which the subscribers of both operators will benefit from preferred tariffs when making or receiving roaming and long-distance calls between the two networks. The agreement is an alliance that will bring lucrative economic return to both parties and is a good example of a sustainable collaboration between operators targeting closely related markets.

15. Orange Jordan launched the Elite Program, which delivers a host of privileges to the company's VIP customers. The program offers customers a dedicated team of experts, consisting of end user experts, account managers, and customer care specialists, all dedicated to handle VIP customer accounts. The account managers meet with customers face-to-face and handle their requests professionally anywhere and at anytime.

16. Orange Jordan launched Stars, a unique program targeting the youth, mainly those with pre-paid lines, with a bundle of offers and discounts by substantial number of the company's network of commercial affiliates. Orange Stars, which is a subscription-free program launched in collaboration with Mobilera Middle East, also offers its subscribers the chance to win valuable prizes.

17. The Quality department enjoyed an equally impressive year, having successfully maintained 8 separate ISO 9001:2000 certificates — surpassing any other organization in the Middle East.

business units achievements

We further invested in our people

Orange Jordan is all about people, whether in the way we develop and market our products and services, or in the manner in which we manage our internal corporate culture. When it comes to the latter, we continually seek to implement policies that foster a healthy work environment. Our track record in effective human resources management has been nothing short of exemplary and 2010 serves as an apt demonstration of our commitment in this regard.

Over the course of the year, our Competencies Development Directorate (CCD) — the right arm of our human resources operations — exceeded its proposed targets for 2010. The directorate managed to perform 12,250 man-training days, which is equivalent to an average of 4.9 man-training days per employee, as compared to the budgeted 3.5 days. The directorate also managed to further streamline the training process by automating local and international enrollment through the Oracle Learning Management platform. Empirically speaking, the department has managed to substantially reduce the cost of the man-training day.

Moreover, the directorate took several measures in 2010 to further institutionalize the processes of training and development. In addition to finalizing the production of the employees' handbook, which provides new employees with a carefully outlined crash course on the fundamentals of working at Orange Jordan, the department prepared 1,283 trainees for the commercial launch of our 3G+ network, following an intense process of compiling and consolidating training data from various sources. The successful and seamless rollout of our 3G+ services was in large part due to their tremendous and integrated efforts.

In the arena of CSR, the CCD provided essential training and habilitation to 110 engineers through a joint venture with the Jordan Engineering Association, in addition to training 10 engineers from the Jordanian Ministry of Public Works and Housing. The directorate also welcomed 208 undergrad interns from various universities around the Kingdom.

we stood out in delivering telecom solutions that cater to all segments

The year 2010 witnessed capitalization on the marketing strategy launched earlier by Orange Jordan to segment the market. This first-of-its kind approach in the Kingdom was introduced to cater to the customized needs of each segment.

The segmentation reinforces the company's position in a highly-competitive dynamic market. It allows providing new offers and products that adapt to the customers' evolving demands.

To further highlight the concept of segmentation, Orange Jordan provides its customers with flexible payment methods, thus facilitating and making their life simpler. Orange Jordan's offers diverse and accessible payment methods that vary between post-paid, pre-paid as well as monthly and yearly programs in addition to daily; a mechanism recently introduced in the Jordanian market by Orange Jordan.

One of the major highlights of the marketing department in 2010 was the launch of a bundle of cutting-edge smartphones through cooperating with worldwide leaders in this field such as Apple and Research In Motion (RIM). The introduction of the latest smartphones was a prominent step for Orange Jordan, stressing on its leadership in offering state-of-the-art communication technologies. Moreover, this step shed light on being the sole authorized operator for iPhone in Jordan for yet another year in a row.

At Orange Jordan, we were fully aware of the rising importance and growth in the demand for advanced mobile devices, complementing our launch of the 3G+ services in Jordan. The smartphone is an all in one device perceived as a miniature computer that functions as a cell phone as well.

In the internet arena and through the "Orange Broadband" Fund, we worked in-line with our commitment to spread the internet culture in the Kingdom complying with His Majesty King Abdullah II's vision in achieving 50% internet penetration by 2012. We continued reaching out to the Kingdom's governorates to provide its locals with the opportunity to access the internet through offering the service at reduced prices that match their financial capabilities. Therefore, we launched in November 2010, JD5 monthly waiver on broadband subscriptions to residents of the Kingdom's governorates; the initiative witnessed high demand registering a remarkable increase in the ADSL subscription base.

In May 2010, Orange Jordan launched a new electronic payment system, through which subscribers are able to pay their bills and top-up their prepaid accounts in a fully automated manner. The unprecedented event was successfully carried out in partnership with Global Express Pay; the provider of the ATM machines. The new electronic payment devices save Orange subscribers both time and effort as, instead of spending ample amounts of time waiting in queues to make payments, both prepaid and postpaid subscribers can pay their fixed, mobile and broadband bills using an intuitive, efficient, and fully automated payment interface.

Furthermore, the marketing department played a significant role in the successful launch of the revolutionary 3G+ services in Jordan, sparing no effort to introduce this new service in the Kingdom according to the set timeline. Being the first to launch this service, Orange Jordan had a pre-set plan to cover the populated areas in the Kingdom with this service carrying it out in phases to ensure optimal coverage.

In the second half of 2010 we launched a new communication campaign targeting small and medium companies as well as professionals to better meet all their telecom needs under one Umbrella. The campaign introduced a variety of new offers in addition to enhancements made to existing ones to fulfill the needs of each sub segment. These enhancements included offering small and medium enterprises (SMEs) free mobile calls within their network of employees, double speed ADSL packages with more download capacity and unlimited local and national calls through their fixed lines.

We have also established dedicated sales channels to maximize the services provided to this segment directly in their premises.

Another key achievement that took place in the fourth quarter of this year was the launch of Orange Stars, a program that targets the youth, mainly those with prepaid GSM lines, with a host of special offers and discounts provided by a number of the company's affiliates, in addition to offering subscribers the opportunity to win a variety of valuable prizes. The program, which entails no subscription fees, is organized in collaboration with Mobilera Middle East.

we redefined the concept of innovation on a regional scale

In March 2008, Orange Jordan joined hands with France Telecom/ Orange to establish the Group's first Technocentre site outside Europe. The uniquely positioned innovation department was conceived to serve as a principal access point for all France Telecom/ Orange affiliates in Africa, Middle East and Asia (AMEA) who wish to acquire dedicated service streams, which include voice, portal and multimedia services, in addition to broadband and networking services for Small Office/Home Office (Soho) and SMEs.

Since then, and with a team of 27 high caliber employees, the department has allowed the Group to realize many of its strategic objectives in the region, serving as an effective catalyst for France Telecom/Orange exclusive offers and substantially expediting the process of introducing different added value services in the region.

In 2010, the Technocenter supported emerging countries in the successful implementation of 40 launches of 11 products, including RBT, Yield/Bonus Zone, Pay 4 Me, BlackBerry pre and postpaid offers, Mail by SMS, Fleet Management, Domino, Keep in Touch, Village Phone, Orange SIM and Mobile Advertising. Additionally, the Village Phone Project, previously launched by the department, received the AfricaCom award in the Rural Services category.

Moreover, an innovation roadmap has been outlined for global emerging countries in order to govern the department's day-to-day relationship with the nations within its operational network, in accordance with France Telecom/Orange strategy for the region. This roadmap will help the department place its objectives over the coming years in perspective, effectively collaborating with key affiliates in the region to empower the Orange brand in multiple product and service tiers.

Ever since the establishment of the Technocenter, France Telecom/ Orange has and will continue investing tremendously in this successful partnership that brought it together with Orange Jordan. We see this initiative as an important contribution to achieving His Majesty King Abdullah II's vision in transforming Jordan into a knowledge-based economy.

the Wholesale Unit embarks on new successes

The achievements of the Wholesale Unit in 2010 were crowned with a series of prominent projects, new interconnections and partnerships. New high capacity projects saw the light with the goal of bridging the Asian and the European continents via Jordan as well as establishing an alternative route to all existing submarine systems passing from the Red Sea to the Mediterranean Sea of which we mention JADI link cable system and Regional Cable Network (RCN).

JADI represents a strategic partnership that brought together regional telecom leaders; Orange Jordan, Saudi Telecom Company (STC), Syria Telecommunication Establishment (STE) and Türk Telekom (TT) to establish a fiber optic link connecting Jeddah, Amman, Damascus and Istanbul. The agreement was signed in March 2010 and the cable started operating in the 3rd quarter of 2010. Meanwhile, the RCN agreement aims at establishing a multi-terabit redundant cable system extending from the UAE through Saudi Arabia, Jordan and Syria, all the way to Europe with initial capacity 2.4 terabit per second. The agreement was signed end of 2010 with the expected service to commence in the 4th quarter of 2011.

On the interconnection front, Orange Jordan signed a number of interconnections with international operators such as and Janacom in London. In addition, the company signed new interconnection agreements with national licensees such as Mozen, Golden link, Cross Border and Al Saleem.

Furthermore, 2010 witnessed the establishment of new connections of which we mention Epsilon POP in London, which extends to almost 50 data centers across Western Europe, America and Asia serving around 250 operator and having access to over than 1,000 operators.

Also, Orange Jordan signed new partnerships with national operators for selling and buying. Moreover, the company established a PoPs in Amman with Verizon to have the international data connectivity either terminated in Jordan or crossing via Jordan.

we excelled, yet again, in the ever-competitive enterprise business arena

We excelled, yet again, in the ever-competitive enterprise business arena.

Orange Jordan always seeks to exceed customer expectations, which is why we consistently devise new and innovative products and services to cater to the changing needs of our customers. We are also constantly looking for more ways to understand market dynamics in order to fulfil the ever changing needs of our customers throughout the Kingdom.

One of our key target segments is enterprise customers, for whom we continually develop products and services tailored to meet their varying needs. In 2010, our Enterprise Business Unit (EBU) developed and revamped a plethora of services designed to take the enterprise customer experience to an entirely new level. Our modified hosting packages, for example, enable businesses to their websites over a robust ASP.net server, through a state-of-the-art platform that guarantees stability, reliability and availability. The packages come with an array of powerful hosting tools, a Sun One Java System on MySQL and a remote content management system.

As part of our 3G+ launch, we also introduced Business Everywhere, which offered tailor-made mobile broadband packages to help savvy entrepreneurs manage their operations on the go. The unit also launched the 3G+ "Value Bundle," which essentially redefines the concept of a bundle by giving it a transparent, predictable, money value. In addition to delivering budget predictability on post-paid basis, the Value bundle includes voice and video calling services, SMS, high speed data connectivity and BlackBerry service.

EBU also enjoyed a rather eventful year, participating in and supporting a number of key national events. The unit participated in the Special Operations Forces Exhibition and Conference (SOFEX) — the largest special forces exhibition in the world, organized under the patronage of His Majesty King Abdullah II — offering essential services like WiFi, leased lines, faxes, printers, laptops, desktops, a 3G+ mobile vehicle and fixed phone lines. Orange Jordan also provided e-linking services during the 2010 Parliamentary Elections, connecting 1520 polling centers located in all governorates throughout the Kingdom through a network of 4300 computers that were in turn linked to the main operations center at the Ministry of Interior in Amman. Moreover, we signed an agreement with the Samara Dead Sea residential apartment project, which is organized by renowned real estate giant Emaar, to become its exclusive telecom operator.

The year 2010 saw the EBU customer base grow considerably. The unit signed integrated service agreements covering mobile, internet, and fixed line services with a variety of blue-chip clients, including the Arab Potash Company, Al-Baddad Group, Marriott Hotels, Smart Buy Company, Hotel InterContinental Jordan, KIG, Al-Alami Group. In the arena of mobile, Orange Jordan was awarded the government's mobile services tender, achieving competitive advantage to its robust 3G+ network and attractive pricing structure. The unit also signed mobile and BlackBerry agreements with several notable organizations, including the Jordan Dubai Islamic Bank, Pharmacare, Hijazi & Ghosheh and the Aqaba Railway Project. Last but not least, we signed a strategic agreement with the Royal Medical Services that extends for 10 years.

disclosure schedule report pursuant to Jordan securities commission instructions for the year 2010

1. the services rendered by Jordan Telecom Group

- Fixed telephone service
- Mobile Services (voice + data)
- 3G+ Services
- Wholesale services
- ADSL service
- Call free service
- Leased line service
- Telex and telegraph services
- Video conferencing
- Directory services
- IP connectivity service
- Bundled services (voice + data)
- Frame relay
- International calls
- Contact center services
- Supplementary services
- Blackberry Services

Company's locations and number of employees of each location:
Headquarter offices, Jabal Amman, First Circle, City Center Building, P.O. Box 1689, Amman 11118 Jordan.

Governorate	No. of location	No. of employees
Headquarters	1	520
Amman	66	1126
Ajloun	12	7
Irbid	58	118
Jarash	14	9
Al-Mafraq	36	20
Al-Balq'a	25	30
Madaba	10	15
Al-Zaraqa	18	52
Al-Aqaba	15	29
Al-Karak	39	46
Ma'an	24	19
Al-Tafilah	18	12
Total	336	2003

- the amount of capital investment in 2010 for Jordan Telecom was (20,279,412) and for Jordan Telecom Group was (JD40,961,977)

2. subsidiaries

All Subsidiaries Headquarter offices, Jabal Amman 1st Circle, City Center, Building, P.O.Box 1689 Amman 11118 Jordan, except Headquarters offices for Lightspeed Communication W.L.L Manama, Kingdom of Bahrain P.O.Box 18681.

Name of the subsidiary	Nature of business	Capital JD	Equity %	No. of Emp.
Petra Jordanian Mobile Telecommunication Co. Ltd. (Orange mobile)	GSM operator	70,000,000	100%	439
Jordan Data Communication Co, Ltd. (Orange Internet)	ISP	750,000	100%	39
Dimension Company for Digital Development of Data Ltd (e-dimension).	Content	1,000,000	100%	*
Lightspeed Communication W.L.L	Telecom & Internet	5,076,000	51%	37

* e-dimension employees became part of Jordan Telecommunications Company staff

3. a. members of the Board of Directors

Dr. Shabib Ammari (Chairman of the Board of Directors)
Dr. Shabib Ammari is the Chairman of the Board of Directors of Jordan Telecom Group (Orange Jordan). He has held this position since January 2000, originally representing the Government of Jordan. Dr. Ammari was re-elected as the Chairman of the Board of Directors in June 2006, representing France Telecom Group.

Dr. Ammari is a member of the Privatization Council, the Board of Trustees of King Hussein Bin Talal University and the Advisory Board of the German Jordanian University. He is a Board Member at the Arab Jordan Investment Bank and at Darat Holdings (PLC).

Dr. Ammari holds a PhD in Economics (1980) from the University of Southern California (USA), where he worked as a Senior Lecturer until (1985).

Mr. Marc Rennard (Vice Chairman of the Board of Directors)
Mr. Marc Rennard joined the France Telecom/Orange Group Executive Committee in May 2010. He has been the Executive Vice President International of France Telecom/Orange Group in charge of Africa, Middle East and Asia Region.

In 2004, Mr. Rennard was appointed Vice President - International of France Telecom/Orange, where he resided as Chairman of and/or Board Member at several International Fixed-Line, Mobile and Internet Subsidiaries.

Prior to that, Mr. Rennard was chosen in 2003 to become Chairman and Chief Executive Officer of UNI2, a telecommunications operator and a France Telecom subsidiary in Spain.

Mr. Rennard served as Deputy Managing Director of TDF and Chairman of TDF Video Service (1996 - 2002). He held both positions as Chairman and Commercial Director of TDF (1992 - 1996).

He held the position of Managing Director of "Société des Montagnes de l'Arc", "Groupe Caisse des Dépôts" (1989 - 1992).

Mr. Rennard began his career in 1979 as a Surveys Manager at ISEOR. In 1982, he became a Consultant of CEREP Communication, then Agency Director in 1984, and Managing Director in 1986.

Mr. Rennard is a graduate of EM Lyon, and holds a post graduate diploma in Management Science.

Mr. Hugues de Verdalle (Member of the Board of Directors)
Mr. Hugues de Verdalle is a member of the Board of Directors of Jordan Telecom Group. He has held this position since 2006. He is also a Senior Manager in the International Financing and Equity Capital Markets Department at France Telecom/Orange. He held several positions at France Telecom including Group Financing and Financial Control. Prior to that, Mr. de Verdalle worked between (1990 -1995) at Sofinasia, a consulting and Investment Company, before becoming an Investment Manager at DEG, a German Investment and Development Bank. Mr. de Verdalle graduated from Sciences Po. Paris and holds a Master's Degree in Political Science from La Sorbonne Paris (France) and an MBA from HEC Group (France).

Miss Asema Doughan (Member of the Board of Directors)
Miss Asema Doughan is a member of the Board of Directors of Jordan Telecom Group. She has held this position since January 2008 representing the Government of Jordan. She is currently the Director of Public Treasury Directorate at the Ministry of Finance. Previously, Miss Doughan was Chairman of many internal and external committees at the Ministry of Finance and worked with donor commissions. She also participated in all Financial Management Reform Projects at the Government of Jordan. Miss Doughan held many positions in the Ministry of Finance.
Miss Doughan obtained her BSc in Economics and Political Science from the University of Jordan.

Mr. Michel Monzani (Member of the Board of Directors)
Mr. Michel Monzani is a member of the Board of Directors of Jordan Telecom Group, and the Senior Vice President within France Telecom/Orange Africa, Middle East and Asia Division, leading the Middle East & North Africa geographic zone. Mr. Monzani was formerly the Senior Vice-President in charge of Poland at France Telecom. Prior to that, he was appointed Head of the Strategy Department within the International Division with a world-wide responsibility for the corporate development of France Telecom Group.

In 2002, Mr. Monzani was seconded to Poland to assist TP management in restructuring the domestic consumer sales network. Previously, he held the position of Senior Vice-President in charge of the Sales and Services Division for the French territory. Mr. Monzani was appointed Senior Vice-President in charge of the Consumer Division in 1996. In 1991, he served as the Regional Director of France Telecom/Orange, covering the north of France. Earlier, he held various responsibilities in the fields of IT, consumer and business sales. He was also a Board Member of various telecommunications companies. Mr. Monzani graduated from HEC School of Management, Paris. He is a Chevalier de l'Ordre National du Merite.

H.E. Mr. "Mohammad Akel" Biltaji (Member of the Board of Directors)
H.E. Mr. "Mohammad Akel" Biltaji is a member of the Board of Directors of Jordan Telecom Group. He has held this position since 2008. He is currently a member of the Jordanian Senate, Chairman of the Tourism and Heritage Committee. H.E. Biltaji was formerly His Majesty King Abdullah II's Advisor for Tourism and Foreign Investment Promotion. Prior to that, he was the Chief Commissioner for the Aqaba Special Economic Zone Authority, and had previously served as Minister of Tourism and Antiquities (1997 - 2001). H.E. Biltaji was also the Chairman of the Jordan Tourism Board, and also held the position of Senior Vice President at the Royal Jordanian Airlines (1996 - 1997), after serving as President of Arab Wings. He earlier held different positions at Jordan TV and Aramco Saudi Arabia. H.E. Biltaji serves on the Board of several local, regional and international organizations.

H.E. Biltaji is decorated with the Jordanian Al Kawkab Order- first and second class, and the Hussein Order of Merit and Distinction - first class, and is also decorated with the Independence Order - third class. H.E. Biltaji is Commander of the French Legion d'Honneur and National Merit Order as well as first class National Orders from Spain, Germany, Norway, Chile, Japan and Austria. H.E. Biltaji holds a teaching diploma from Earlham College/USA, and the American Friends Schools.

Dr. Ibrahim Saif (Member of the Board of Directors)
Dr. Ibrahim Saif is a member of the Board of Directors of Jordan Telecom Group. He has held this position since 2010. He currently holds the position of Secretary General of the Economic and Social Council. Dr. Saif served as a Director of the Center for Strategic Studies at the University of Jordan and worked as a Resident Scholar at Carnegie Middle East Center in Beirut. He is an economist, and a fellow with the Economic Research Forum and a member at the Global Development Network.

Dr. Saif obtained his PhD in Economics from the School of Oriental and African Studies (SOAS) – University of London.

3. b. top management (executives):

The management is in charge of managing the day to day
Work of Jordan Telecom Group and its subsidiaries.

Mrs. Nayla Khawam (Chief Executive Officer)
Mrs. Nayla Khawam is the Chief Executive Officer of Orange Jordan. She has held this position since July 2009. Before that, she was the Territorial Director for Ile de France (Paris region) in charge of commercial and technical departments for mass market and business clients. Before that, Mrs. Khawam was Head of Customer Services for landline, mobile and internet for the whole France Telecom Group in France. Earlier, Mrs. Khawam was a member of the Executive Board in Orange France and Head of Customer Services for mobile phones. Previously, she was the Senior Vice President in charge of the reseller's distribution network for the French territory at France Telecom, and prior to that she held the positions of Human Resources Director for the Paris Region and Regional Director for the North of France.

Mrs. Khawam also worked as a Forecast Manager in charge of building econometric models for the telecom industry, as a Consultant in BIPE (Bureau d'Informations et de Prévisions Economiques) and as a Product Manager in the Peugeot marketing department. She actively took part in negotiations which led to the signature of "The Contract de Plan" with the French Government in 1994. Mrs. Khawam holds a degree in Statistics and Economics from ENSAE in Paris (National Institute of Statistics and Economic Administration), and in Mathematics from the Université de Paris VI. She is a Chevalier de l'Ordre National de Merite.

Mr. Raslan Deiranieh (Chief Financial Officer) (Acting Chief Human Resources Officer)
Mr. Raslan Deiranieh is the Chief Financial Officer of Orange Jordan. He has held this position since May 2001. He joined Jordan Telecom Company in 1998 as a Manager of the Treasury Department. Before that, Mr. Deiranieh served as Foreign Investment Section Head at the Central Bank of Jordan. Mr. Deiranieh was a Board Member of Jordan Data Communication Company, and e-dimension Company for Digital Development of Data Ltd. He previously represented the Social Security Corporation in Jordan Press Foundation (Al-Rai Newspaper). Currently, Mr. Deiranieh is on the Board of Jordan Steel Company, the Chairman of Lightspeed Communication W.L.L based in Bahrain, and a Board Member in Jordan-Dubai Islamic Bank. Mr. Deiranieh is also the Vice Chairman of JAMA (Jordan Association of Management Accountants).

Mr. Deiranieh holds a B.A in Accounting and Computer Science with honors from Al-Yarmouk University (1985) as well as the award of Scientific Excellence from the same university. Mr. Deiranieh holds a Master's Degree in Accounting from the University of Jordan and has a certificate from Orange Finance and Controlling and European School of Management ESCP.

Mr. Tamouh Khauli (Chief Information Security Officer)
Mr. Khauli is the Chief Information Security Officer. He joined Orange Jordan in 2002 as Chief Executive Officer for e-Dimension subsidiary. Mr. Khauli was the Senior Vice President of Operations at Novell USA, and topped his career achievements with several years working at the USDOD (United States Department of Defense) with concentration on the development of the Class 3 Public Key Infrastructure (PKI) military security encryption. During his career, Mr. Khauli led several research teams from various foremost companies and universities in the US including MIT (Massachusetts Institute of Technology - USA). His research included telecommunication network infrastructure, communication platform security, cryptography and encryption technologies, IMS (IP Multimedia Subsystems), hacking protection, forensics techniques, and other related topics. Mr. Khauli represented The Hashemite Kingdom of Jordan at the CND (Computer Networks Defense Symposium II). He was awarded several medals of excellence when he represented Orange Jordan in several international conferences and technical workshops as Keynote Speaker. In addition to his BSc in Business Administration and Computer Science from Oxford University-England, and Master's Degree from New York University - USA, Mr. Khauli was certified by Novell as CNE (Certified Network Engineer) in 1990 and in 1994 he received his Microsoft CNE certification, where he combined it with a third certification from Lucent USA as PSE (Technical Platforms Security Engineer).

Mr. Ahmed Salah (Chief Sourcing, Logistics and Quality Officer)
Mr. Ahmed Salah is the Chief Sourcing, Logistics and Quality Officer of Orange Jordan. He has held this position since July 2008. His previous appointment of Chief Quality Assurance and Processes Officer commenced in January 2006. Prior to that, he served as the Chief Quality Assurance and Processes Officer of Petra Jordanian Mobile Telecommunication Ltd (PJMC) since 2003. During his tenure with Jordan Telecom Group, he acted as the Chief Sales Officer, as well as the Chief Human Resources Officer for both MobileCom and Jordan Telecom. Mr. Salah studied, lived and worked in the UK for 32 years. He worked for British Telecommunication where he held various senior technical, managerial and commercial positions for 16 years.

Mr. Salah also acted as a Senior Consultant to the International Telecommunications Union and the Commonwealth Telecommunication Organization. He holds a BSc in Computer Science.

Mr. Sami Smeirat (Vice President of Orange Jordan / CEO Jordan Data Communication Company Ltd. (JDC).)
Mr.Smeirat is the Vice President of Orange Jordan and CEO Jordan Data Communication Company Ltd. (JDC). He has held this position since 2007. In 2003, he was the Chief Executive Officer of Wanadoo until it was re-branded to Orange internet. He also led the exclusive partnership with Equant as their distributor in Jordan, and the re-branding of Global One to Wanadoo. Prior to that, he was the co-founder of Cyberia Jordan in 2001, in which he worked as the deputy CEO and Chief Commercial Officer and the Corporate Sales Manager at Global One, before managing Consumer and Corporate Sales since 1999; and Teaching and Research Assistant at the University of Jordan for two years. Mr. Smeirat holds a BSc in Electrical Engineering from the University of Jordan and Master's Degree in Communications Engineering as well as an MBA in Business Administration from NYIT.

Mrs. Wassila Zitoune (Chief Commercial Officer / For Sales & Customer Service Business Unit)
Mrs. Wassila Zitoune is the Chief Commercial Officer of Orange Jordan (Mass Market) since July 2010, responsible for the Retail Sales (Direct and Indirect) along with the proactive Small & Medium Enterprise Sales, the Telemarketing activities, the Customer Services, the Operational Marketing & the Elite program.
She was formally the Vice President of Orange Jordan (Fixed and Internet) back in July 2007. Mrs. Wassila Zitoune started her career in Orange Group in 1993 in Strategic Marketing Directorate responsible for Marketing Intelligence and Strategic segmentation, and then moved to Senior Product Manager position in GSM and Paging activities from 1995 to 1998, then as Sales Director in Paris. She was appointed in 2001 as Web Director until 2004, responsible for www.francetelecom.com, e-commerce and e-care, before implementing and leading the Operational marketing activities (2004 - 2006) for Orange France. She joined AMEA Division early 2006 as a Senior Project Manager for International Business Development. Mrs. Wassila Zitoune is a Civil Engineer and holds an MBA in Marketing from HEC Business School-France.

Mr. Walid Al Doulat (Vice President of Orange Jordan/ Wholesale Business Unit)
Mr. Walid Al Doulat holds the position of Vice President for the Wholesale Business Unit at Orange Jordan. He has held this position since January 2010. In 1992, he joined the Jordan Telecom Orange Jordan as an Operation and Maintenance Transmission Engineer where he worked his way up reaching to his current position.

Mr. Al Doulat received his BSc degree in Electrical Engineering/ Telecommunications from the Jordan University of Science and Technology (JUST) in 1989. Following his graduation he worked at the same University as a Teacher Assistant till end of 1991.

Mr. Didier Lelievre (Chief Information Technology and Networks Officer)
Mr. Didier Lelievre is the Chief Information Technology and Networks Officer of Orange Jordan. He has held this position since August 2009. Early 80's, Mr. Lelievre held various positions within France Telecom Group, primarily in the domains of networks and quality and as Chief Technical Officer of Telecom Argentina the Argentine subsidiary of France Telecom/Orange (1994 - 2000). Before joining Orange Jordan, he worked as Vice President for Customer Service for France Telecom/ Orange, first for France and then for rest of the European countries where Orange is present.

Mr. Lelievre also acted as a Senior Consultant for the International Quality Organization. Mr. Lelievre graduated from Sup Telecom (Paris) and holds a MSc in Network and IS, and attended leadership and business programs at IMD (Lausanne).

Mr. Minh Tran (Chief Marketing and Communication Officer)
Mr. Minh Tran joined Orange Jordan as Chief Marketing and Communication Officer in August 2010, following an extensive track record with France Telecom Group that spans well over 15 years, during which he held various managerial positions in the Group. His previous designation was Senior Vice President – Strategic Plan & Marketing at SONATEL Group in Dakar, Senegal, where he worked there for 4 years (2006 - 2010). Prior to that, he worked as Director of Operations of the R&D Center for Corporate Services for a period of 2 years (2004 – 2006). He has an executive and commercial experience in corporate, SME market, mass market as well as call center that extended (1995 - 2004). Mr. Tran also enjoys a strong technical background, which he acquired from various high profile organizations, including IBM R&D center.
Mr. Tran holds a post secondary diploma in Quality and Methods Engineering from Ecole Superieure des Sciences et Technologies de l'Ingenieur de Nancy - ESSTIN, and a postgraduate degree in Human Sciences (Interpersonal Communication) from the University of Nice.

Mr. Tran is heavily involved in and an active hobbyist of sailing. He was an instructor at the French Sailing Federation with 2 selections at the Hobie Cat 16 World Championship and 3rd place French participant at the European Championship in 1998 in Italy.

Dr. Ibrahim Harb (Chief Legal and Regulatory Officer)
Dr. Ibrahim Harb is the Chief Legal and Regulatory Officer of Orange Jordan. He has held this position since May 2010.

Prior to that, Dr. Harb was the Legal and Regulatory Director of Orange Jordan (2005 - May 2010). Before that he held, in year 2004 , the position of Acting Human Resources Officer at Jordan Telecom Company from, he was the training manager and the Training Center Manager (1999 - 2004) at Jordan Telecom Company.

Dr. Ibrahim holds a PhD in Communications Engineering.

Mr. Bernard Perrillon (Chief Strategy Officer / Secretary General of the Board of Directors)
Mr. Bernard Perrillon is the Chief Strategy Officer / Secretary General of Orange Jordan and has a longstanding experience in the global telecommunications industry that spans three decades. Prior to assuming his current position at Orange Jordan in July 2010, he worked as Sales Director of the Wholesale Business Unit at France Telecom's Operators' Division, where he oversaw the department's dealings with the company's key clients. Prior to that, he assumed several positions at Orange Business and Outsourcing Services department, the last being Deputy Director, where he managed the company's contracts with major private and governmental entities.
Between (1997 - 2000), Mr. Perrillon worked as Managing Director in charge of finance and mobile services at France Câbles et Radio Mexico, where he provided consultation services and expertise Telmex and Telcel. He previously worked as a Financial Controller at the Regional Division of France Telecom – a position he held for 2 years. In the early 90's, he worked as Managing Director at Interpac Italia – a subsidiary of Transpac International that provides Infonet services– during which time he initiated the company's regional operations in Italy. Prior to that and between (1982 - 1991) he enjoyed a steady career journey at France Telecom, where he assumed several positions at the mobile Networks and procurement divisions of the company.

Mr. Perrillon holds a BSc in Telecommunications and is a graduate of ENA, he also holds a degree in Accountancy and Finance and an Executive MBA degree from INSEAD.

4. the names of shareholders who own 5% or more of the capital as of 31/12/2009 - 31/12/2010:

Shareholders	No. of shares 31/12/2010	Shareholding % (2010)	No. of shares 31/12/2009	Shareholding % (2009)
Joint Investment Telecommunications Co.	127,499,999	51%	127,499,999	51%
Social Security Corporation	72,200,000	28.8%	72,250,000	28.9%
Noor Telecommunications Holding Company Limited	25,000,000	10%	250,000,000	10%
Total	224,699,999	89.8%	224,749,999	89.9%

5. the competitive situation of the company:

- After the exclusive rights termination in 1/1/2005, the TRC issued individual and class licenses for fixed line services to several companies. Additionally, the mobile telecommunication service has affected the company's market share in the local market.

- The Company's share of the total domestic market:

Orange Fixed	99%
Orange Mobile	(31%-33%)
Orange Internet	58%

6. the degree of dependence on specific resources:

Jordan Telecom purchased 12% of it's total purchases from Al-Catel.

7. the privileges enjoyed by the company:

Jordan Telecom does not enjoy any privileges and does not hold any patent. On the other hand, Jordan Telecom has the right to use the brand name of "Orange".

Orange Mobile has exclusivity of providing 3G+ service till 13/02/2011

8. There are no decisions issued by the Government or international organizations or others, which have material effect on the group's business, products or competitive ability.

Pursuant to the license issued to it, the group complies with international quality standards and applies the following Quality standards:

- ISO 9001:2008 standards (Quality Management Systems)
- BSI 25999 standards (Business Continuity)
- COBIT (IT standard)

9.a the organizational structure of Jordan Telecom Group:

9.b. number of employees and type of qualifications:

Qualification	Mother Company JT (Orange Fixed)	Petra Jordanian Mobile Tel. Com. (Orange Mobile)	Jordan Data Communication Co. (Orange Internet)	Lightspeed
Doctorate (PHD)	3	0	0	0
Master's	73	15	4	4
High Diploma	8	1	0	0
BA	1075	363	29	21
Diploma	390	29	1	9
Tawjihi	203	18	2	3
Below Tawjihi	251	13	3	0
Total	2003	439	39	37

9.c training programs during 2010:

No.	Description	Number of trainees
1.	Financial Courses	27
2.	Management Courses	1795
3.	Marketing Courses	20
4.	Quality Courses	35
5.	Sales Courses	1051
6.	Technical Courses	370
7.	Computers Courses	840
8.	Language Courses	41
9.	Orange Ambassadors Courses	1382

10. the risks to which Jordan Telecom Group is exposed to:

Jordan Telecom Group faces risks of competition from mobile telecommunications and other telecom companies who serve fixed line services. However, its performance in 2010 was impressive as mentioned in the consolidated financial statements.

11. the achievements realized by the company:

The achievements were mentioned in Jordan Telecom Group results.

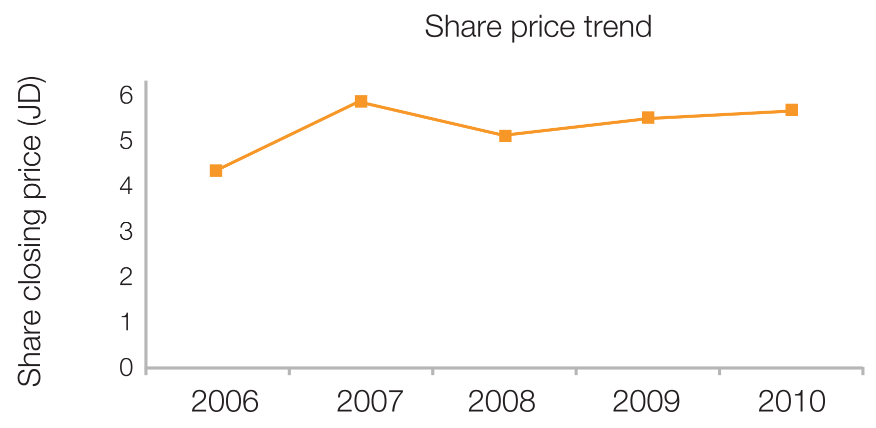
12. the operations of infrequent nature during 2010:

There is no any financial impact for non recurring transaction that occurred during the fiscal year and irrelated to the core activity of the company.

13. the time series of profits, distributed dividends, shareholders' equity and shares prices issued by the company for five years:

Description	2006	2007	2008	2009	2010
Profits in (JD)	86,986,351	94,500,428	100,298,024	104,029,766	95,082,809
Distributed dividends (JD)	85,000,000	95,000,000	100,000,000	105,000,000	97,500,000*
Dividends %	34%	38%	40%	42%	39%
Shareholders equity in (JD)	401,703,981	411,204,409	416,502,433	420,532,199	410,615,008
Shares prices (JD)	4,12	5,62	4,82	5,17	5,38

*Proposed dividend in 2010. The difference between the distributed dividends and profits totaling JD(2,417,191) will be covered from retained earnings



14. the analysis of the financial position of Jordan Telecom Group:

The financial analysis was included in the consolidated financial and statistical highlights.

15. future outlook

This part is mentioned in "The future vision of the Group" (page 75).

16.The remuneration of the external auditor of the company and its subsidiaries during 2010:

The Company	Auditing remunerations (JD)	Other remunerations (JD)
Jordan Telecommunications Co, (Orange Fixed)	41,500	17,000
Petra Jordanian Mobile Telecommunication Co, ltd, (Orange Mobile)	44,000	11,000
Jordan Data Communication Co, Ltd, (Orange Internet)	7,000	5,500
Dimension Company for Digital Development of Data Ltd, (e-Dimension)	1,000	0
Lightspeed Communication W.L.L	14,664	0

17. the shares owned by the members of the Board of Directors and top management:

No shares are owned by any of the members of the Board of Directors, nor by any of the top management members and their relatives nor by any company controlled by them.

18. the remunerations and rewards in 2010 for the members of the board of directors were JD178,290 and for the top management members were JD1,343,923.

19. donations and grants:

No.	Donations to	Amount (JD)
1	Al-Salt Charity Society	500
2	General Trade Union of Workers in Public Services & Free Occupations	37,500
3	Families & Friends Society of Persons with Disabilities	4,000
4	Al-Feker Al-Sami	2,000
5	Jordan Armed Forces	30,000
6	Jordan Association of Management Accountants	3,000
7	World Affairs Council	3,500
8	Islamic Association Center	145
Total		80,645

20. the contracts concluded by the company with subsidiary, sister and affilated companies.

the company renewed the management contract between Jordan Telecom Group and France Telecom on May 23rd 2008, for a period of three years.

21. the company's key contributions in the areas of environmental preservation and community service:

we made a difference

At Orange Jordan, we have a passion for giving. Our commitment to the community is part of our internal culture and manifests in a multitude of initiatives geared toward delivering lasting positive changes in the lives of Jordanians everywhere. Over the last decade, we have built our reputation on being pioneers in the field of sustainable development, collaborating with prominent civil society organizations and public welfare initiatives to organize some of the most effective campaigns and programs in this regard. Our endeavors have brought relief to countless citizens around the Kingdom and have revealed the importance of private sector participation in the development process.

In 2010, we launched our most ambitious corporate social responsibility (CSR) strategy to date, with a scope of work that will redefine the very notion of public-private partnership. Extending over the coming three years and with a total investment value of JD3.5 million, the new CSR strategy draws on Orange Jordan's longstanding experience in sustainable development to deliver two remarkable projects: "Orange Villages" and the "Orange Broadband Fund".

With the launch of this strategy, we have managed to reinvent the concept of sustainable development, launching the first and only fully institutionalized CSR strategy in the Kingdom implemented by a private sector organization. Our prime objective is to serve as an active ingredient in Jordan's transition to a knowledge-based economy, in line with the vision of His Majesty King Abdullah II. The launch of our strategy is a clear indication that this vision is quickly becoming a reality.

Orange Broadband Fund

The "Orange Broadband Fund" takes a grassroots approach to sustainable development, focusing on yet another important pillar: internet penetration. Geared primarily toward the residents of the Kingdom's governorates, the fund has three prime objectives: to bolster their awareness on the importance of the internet as a powerful learning and productivity tool, to help them acquire internet access, and to make the internet an integral element in their education.

In addition to delivering much-needed capacity development workshops to more than 24,000 on essential internet skills, the fund is working on furnishing 500 schools with ADSL connections from Orange, including all the needed infrastructure and equipment. Select teachers are assigned as "Orange Ambassadors" and provided with laptops to undertake their accorded responsibilities. They are also given free internet subscriptions and training on the effective integration of online tools in the education process.

The "Orange Broadband Fund" takes us one step closer toward realizing the royal vision of spreading the internet culture in the Kingdom by increasing internet penetration in areas beyond the Capital. The initiative also helps us lay the foundations of a society that embraces technology and effectively utilizes it as a catalyst for development and self-actualization.

Orange Villages Project

The "Orange Villages" project is a continuation of the legacy we initiated in the village of Rasoun in Ajloun, which has been a shining example of communal collaboration and effective CSR planning. Our efforts in Rasoun breathed new life into a community that had long struggled under the weight of poverty, unemployment and a wavering social structure. The initiative brought a number of vital projects to the impoverished village, including a much-needed bakery, a public transportation bus connecting the village to two primary urban centers in the Kingdom, a nursery at the village's school, and a dynamic youth center. The initiative also provided capacity building and training workshops to local residents, helping them establish and manage their own sustainable, income-generating projects.

The "Orange Villages" project builds on this success to bring similar development projects to other rural poverty pockets around the Kingdom, with the village of Rajm Al Shami in Mowaqqar selected as the initial target. Like Rasoun, the initiative is also tackling the socioeconomic infrastructure of Rajm Al Shami with a host of reformation programs that will make a significant difference in the lives of its residents. Two schools in the village have already been adopted, in which the company has established football fields to be utilized by students and their families, in addition to a public library in one of the schools. In the arena of technology, a computer lab has been established with free internet access for the benefit of the village's students, and the company is also organizing a series of training courses to build the capacities of the village's residents in this regard.

The "Orange Villages" project is a novel initiative that is bound to make a substantial difference in the lives of many. It is also further proof that Orange Jordan stands at the forefront of sustainable development in the Kingdom, playing an active role in the positive reformation of our community.

commitment to sustainable community growth and development

▪ The adoption of three new schools in Southern Jordan as part of our support for "Madrasati Initiative"

In continuation of our commitment to the Madrasati Initiative, which was launched by Her Majesty Queen Rania with the objective of improving the educational environment in public schools nationwide, Orange Jordan adopted three new schools in Southern Jordan: The Tweiseh School in Aqaba, Wadi Musa Primary School in Petra, and Noq'u Secondary School for Girls in Ghor al Safi. With this the total number of schools adopted by Orange within the Madrasati Initiative reaches to nine.

▪ The launch of "A Library in Every School" campaign

We launched "A Library in Every School" campaign in cooperation with the Family International Community Service – an organization specialized in the creation of educational and cultural libraries. The project will target the schools adopted by Orange under the Madrasati Initiative, with libraries already established in three schools around the Kingdom: the Queen Alia School for the Hearing Impaired in Rsaifeh, Al-Haddada Secondary School for Girls in Jerash and Rajm Al Shami Elementary School in Central Badia.

▪ The Launch of "The Schoolbags" campaign

Another initiative targeting various schools around the Kingdom, through which we distributed more than 4,000 schoolbags to public school students nationwide.

▪ The distribution of charity packages to various poverty pockets around the Kingdom, including 6,000 meals during Ramadan

As part of our ongoing support for the underprivileged, Orange Jordan distributed food packages in various poverty pockets around the Kingdom, in addition to distributing 6,000 Iftar meals during the Holy Month of Ramadan, in collaboration with Tkiyet Um Ali.

▪ Funding 41 productivity projects in Rasoun Village, Ajloun

In an effort to effect lasting positive changes in the lives of the residents of Rasoun, the Orange Rotating Loan Fund backed 41 productivity projects in the village, which have in turn secured employment opportunities and stable incomes for many families residing in the village.

▪ Launching the play area at the King Abdullah II park in Ma'an

With the objective of providing a recreational area for the children and families in Ma'an governorate, we launched a play area at the King Abdullah II park in Ma'an in cooperation with the Ma'an Development Company.

▪ Orange Jordan supports Al-Masar School for Child Development

As part of our ongoing efforts to support civil society organizations around the Kingdom, Orange Jordan signed a sponsorship agreement with Al-Masar School for Child Development, under which the company will partially cover the school year expenses for six of the school's students. The initiative was organized in cooperation with the Orange Foundation – France Telecom's arm for social works.

belief in partnership and empowering the local community

▪ Sponsoring Jordan Youth Club for the 8th year in a row

As part of our commitment to promoting physical fitness and supporting the talents of the Kingdom's youth, Orange Jordan continued its support of the Jordan Youth Club for Football for the 8th year in a row.

▪ Orange Jordan's employees participate in the Amman International Ultra Marathon

More than 100 employees from Orange Jordan participated in the Amman International Ultra Marathon, which was held under the patronage of HRH Prince Firas Bin Ra'ad. The event brought together runners from Jordan and the Arab World, whereas all proceeds were allocated to support the King Hussein Cancer Foundation.

▪ Collaborating with the Public Safety Department to support the awareness campaigns on World Traffic Day and Jordanian Traffic Week

In an endeavor to raise public awareness on the dangers of traffic accidents and the devastating repercussions they have on the community at large, Orange Jordan joined hands with the Public Safety Department to support the World Traffic Day and Jordanian Traffic Week by printing ads and flyers that provide basic information to drivers on inappropriate traffic conduct and traffic priorities. This initiative came as part of a national strategy seeking to alleviate the number of fatalities resulting from traffic accidents in the Kingdom.

▪ Sponsoring the 13th Amman International Book Exhibition 2010

Cultural initiatives and events are of great importance to Orange Jordan as they serve as portals to our community's rich heritage. We supported the 13th International Book Exhibition in Amman, which took place at the Amman International Motor Show by providing a van containing ten computers to be used by the event's participants and visitors, in addition to providing free wireless internet connectivity.

▪ Sponsoring an Exhibition for Circassian paintings and artworks

Orange Jordan sponsored an exhibition of Circassian paintings and artworks organized by the Circassian Tribal Committee at the Royal Cultural Center.

Collaborating with the Royal Film Commission in collaboration with the Royal Film Commission, Orange Jordan organized the "Film Van" with the objective of exposing underprivileged children and youth in the Kingdom to some of the finest works of the world's filmmaking landscape. A variety of films were screened, all of which tackled key issues affecting the lives of younger generations while instilling positive messages.

Sponsoring the MENA ICT Forum 2010

Orange Jordan sponsored the MENA ICT Forum 2010, which was held under the patronage of His Majesty King Abdullah II. The company provided a host of integrated communication and internet services to the event's participants, in addition to establishing a fully integrated media center equipped with late-model computers, printers, faxes, landlines and wireless internet connectivity. The services were made available to media representatives as well as local and foreign participants to facilitate the event's proceedings.

Supporting the 7th Annual Media and Telecommunications Convergence Conference 2010

Orange Jordan sponsored and supported the 7th Annual Media and Telecommunications Convergence Conference 2010, which was held under the patronage of HRH Princess Sumaya Bint Al Hassan and organized by the Arab Advisors Group. The event enjoyed the participation of more than 450 individuals representing various regional and international media and telecom companies. During the conference, Orange Jordan showcased its Video Bridging Service, as well as several of its 3G+ services. The company also provided wireless internet services to all participants.

Supporting the Project Near East 2010 Exhibition

Orange Jordan supported Project Near East 2010 exhibition for construction and public works, providing free wireless internet services to all participants and visitors, in addition to showcasing the company's lineup of 3G+ services throughout the event.

Participating in the SOFEX 2010 Exhibition

Orange Jordan supported the 8th round of the Special Operations Forces Exhibition and Conference (SOFEX), which was held under the patronage of His Majesty King Abdullah II at the Royal Air Force Base in Marka. The exhibition enjoyed the participation of more than 350 companies from 34 countries, in addition to 330 delegations from 85 countries. More than 15,000 participants and visitors were present throughout the event.

confirmation

1.the Board of Directors confirms that there are no substantial matters which may affect the continuation of the company in the next fiscal year.

2.the Board of Directors confirms its responsibility for the preparation of the financial statements and the provision of an effective control system in the company.

chairman of the board	vice chairman	member of the board
Dr. Shabib Ammari	Mr. Marc Rennard	Mr. Michel Monzani

member of the board	member of the board	member of the board
Mr. Hugues de Verdalle	Miss Asima Doghan	Dr. Ibrahim Saif

member of the board
H.E. Akel Biltaji

3.we, the undersigned below, confirm the accuracy and completion of the information and statements set out in the report.

chairman of the board	chief executive officer	chief financial officer
Dr. Shabib Ammari	Mrs. Nayla Khawam	Mr. Raslan Deiranieh

4.the company confirms that it has applied most items of the Guidance Rules of the Corporate Governance Code for Shareholding Companies listed on the ASE.

consolidated financial statements

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AUDITORS' REPORT TO THE SHAREHOLDERS OF JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM) PUBLIC SHAREHOLDING COMPANY

We have audited the accompanying financial statements of Jordan Telecommunications Company (Jordan Telecom) - Public Shareholding Company and its subsidiaries ('the Group') which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan
27 January 2011

Ernst + Young

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Consolidated Statement Of Financial Position
As At 31 December 2010

	Notes	2010 JD	2009 JD
ASSETS			
Non-current assets			
Property and equipment	4	217,384,955	228,570,712
Intangible assets	6	64,025,077	66,888,524
Deferred tax assets	7	5,463,887	5,053,849
		286,873,919	300,513,085
Current assets			
Inventories	8	6,746,663	5,812,377
Trade receivables and other current assets	9	69,731,812	66,080,691
Balances due from telecom operators	10	18,383,899	18,326,392
Cash and short-term deposits	11	275,117,916	301,511,243
		369,980,290	391,730,703
TOTAL ASSETS		**656,854,209**	**692,243,788**
EQUITY AND LIABILITIES			
Equity			
Paid in capital	12	250,000,000	250,000,000
Statutory reserve	13	62,500,000	62,500,000
Retained earnings	14	98,115,008	108,032,199
Equity attributable to equity holders of the parent		410,615,008	420,532,199
Non-controlling interests		(1,036,890)	(1,234,206)
Total equity		**409,578,118**	**419,297,993**
Non-current liabilities			
Interest- bearing loans	15	7,230,545	8,586,196
Employees' end of service benefits	17	17,059,814	15,589,217
		24,290,359	24,175,413
Current liabilities			
Bonds	16	-	25,000,000
Trade payables , accruals and other current liabilities	18	191,992,972	187,058,142
Balances due to telecom operators	10	30,291,969	35,772,542
Interest- bearing loans	15	700,791	939,698
		222,985,732	248,770,382
TOTAL EQUITY AND LIABILITIES		**656,854,209**	**692,243,788**

The attached notes 1 to 27 form part of these consolidated financial statements.

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Consolidated Statement Of Comprehensive Income
For The Year Ended 31 December 2010

	Notes	2010 JD	2009 JD
Net revenues		402,054,325	400,050,711
Cost of services		(146,254,157)	(133,720,990)
Gross margin		255,800,168	266,329,721
Administrative expenses		(27,222,243)	(31,637,435)
Selling and distribution expenses		(37,245,299)	(35,994,141)
Government revenue share	19	(10,135,553)	(10,140,451)
Management and branding fees	20	(8,274,452)	(8,758,186)
Depreciation and amortization		(55,001,114)	(51,975,229)
PROFIT FROM OPERATIONS		117,921,507	127,824,279
Goodwill impairment loss	5	-	(1,421,157)
Net foreign exchange differences		1,043,833	(461,404)
Finance costs		(1,195,085)	(2,250,737)
Finance income		8,303,598	14,868,785
Other income		355,569	854,142
Other fees	21	(833,312)	(2,842,963)
PROFIT BEFORE INCOME TAX		125,596,110	136,570,945
Income tax expense	7	(30,753,555)	(33,145,520)
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		94,842,555	103,425,425
Attributable to:			
Equity holders of parent		95,082,809	104,029,766
Non-controlling interests		(240,254)	(604,341)
		94,842,555	103,425,425
Earnings per share			
For profit for the year attributable to the equity holders of Parent			
Basic earning per share	22	0.380	0.416

The attached notes 1 to 27 form part of these consolidated financial statements.

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2010

	Attributable to equity holders of the parent					
	Paid in capital JD	Statutory reserve JD	Retained earnings JD	Total JD	Non-controlling interests JD	Total equity JD
At 1 January 2010	250,000,000	62,500,000	108,032,199	420,532,199	(1,234,206)	419,297,993
Non-controlling interests	-	-	-	-	437,570	437,570
Dividends paid (Note 14)	-	-	(105,000,000)	(105,000,000)	-	(105,000,000)
Profit and comprehensive income for the year	-	-	95,082,809	95,082,809	(240,254)	94,842,555
Balance at 31 December 2010	250,000,000	62,500,000	98,115,008	410,615,008	(1,036,890)	409,578,118
At 1 January 2009	250,000,000	62,500,000	104,002,433	416,502,433	(629,865)	415,872,568
Dividends paid	-	-	(100,000,000)	(100,000,000)	-	(100,000,000)
Profit and comprehensive income for the year	-	-	104,029,766	104,029,766	(604,341)	103,425,425
Balance at 31 December 2009	250,000,000	62,500,000	108,032,199	420,532,199	(1,234,206)	419,297,993

The attached notes 1 to 27 form part of these consolidated financial statements.

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2010

	2010 JD	2009 JD
Cash flows from Operating activities		
Profit before income tax	125,596,110	136,570,945
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Non-cash:		
Finance costs	1,195,085	2,250,737
Finance income	(8,303,598)	(14,868,785)
Bad debts expense	2,157,159	1,451,266
Provision for slow moving inventory items	53,047	167,976
Depreciation and impairment of property and equipment	50,607,712	50,542,152
Amortization and impairment of intangible assets	4,393,402	1,433,077
Goodwill impairment loss	-	1,421,157
Employees' end of service benefits	1,470,597	(1,079,818)
Gain from sale of property and equipment	(355,569)	(854,142)
Foreign currency exchange differences	(738,046)	195,818
Working capital adjustments:		
Inventories	(987,333)	2,504,712
Trade receivables and other current assets	(4,835,793)	(7,571,516)
Balances due from telecom operators	(57,507)	(452,867)
Trade payables, accruals and other current liabilities	2,008,999	19,304,656
Balances due to telecom operators	(5,480,573)	(9,256,959)
Income tax paid	(28,455,690)	(33,300,000)
Net cash flows from operating activities	**138,268,002**	**148,458,409**
Cash flow from investing activities		
Purchase of property and equipment	(39,432,022)	(47,951,862)
Proceeds from disposal of property and equipment	365,636	1,509,971
Increase in intangible assets	(1,529,955)	(55,328,834)
Finance revenue received	7,331,111	14,256,360
Net cash flows used in investing activities	**(33,265,230)**	**(87,514,365)**
Cash flows from financing activities		
Repayment of term bonds	(25,000,000)	-
Loans received	-	1,105,456
Repayment of interest bearing loans	(856,512)	(535,073)
Dividends paid	(104,782,072)	(99,670,852)
Finance costs paid	(1,195,085)	(2,250,737)
Non – controlling interest	437,570	-
Net cash flows used in financing activities	**(131,396,099)**	**(101,351,206)**
Net decrease in cash and cash equivalents	(26,393,327)	(40,407,162)
Cash and cash equivalents at 1 January	301,511,243	341,918,405
Cash and cash equivalents at 31 December	**275,117,916**	**301,511,243**

The attached notes 1 to 27 form part of these consolidated financial statements.

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Notes To The Consolidated Financial Statements
At 31 December 2010

1. Corporate information

Jordan Telecom was registered as a public shareholding company on 8 October 1996.

The consolidated financial statements of Jordan Telecommunications Company (Jordan Telecom) - Public Shareholding Company ('the Group') for the year ended 31 December 2010 were authorized for issue in accordance with a resolution of the Board of Directors on 27 January 2011.

The Principal objectives of the company and its subsidiaries are described in Note 3.

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Jordanian Dinars which represents the functional currency of the Group.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Jordan Telecom and its wholly owned subsidiaries, which are: Petra Jordanian Mobile Telecommunications Company, Jordan Data Communications Ltd. and Dimension Company for Digital Development of Data (e-dimension), and its partially owned subsidiary of 51%, Light Speed Communications W.L.L as at 31 December.

Subsidiaries are fully consolidated from the date Jordan Telecommunications Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions, are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:
- Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between NCI and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at 1 January 2010 have not been restated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The Group has adopted the following new and amended IFRS during the year:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

2.3 Standards Issued But Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for governmentrelated entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

2.4 Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

2.5 Summary of significant accounting polices

Accounts receivable

Trade receivables are stated at original invoice amount less any allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of part or the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition and is determined using the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Interest bearing loans and bonds

All loans and bonds are initially recognized at the fair value of the consideration received less directly attributable transaction costs.
After initial recognition, interest bearing loans and bonds are subsequently measured at amortised cost using the effective interest rate method.
Gains and losses are recognised in the statement of comprehensive income when liabilities are derecognised as well as through the amortisation process.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive income.
Depreciation is calculated on a straight line basis, the depreciation rates are estimated according to the estimated useful lives of assets as follows:

Buildings	25 years
Telecommunications equipment	5 to 20 years
Other assets	2 to 7 years

The carrying values of property and equipment are reviewed periodically for impairment when events or changes in circumstances that indicates that the assets are recorded at values exceeding their recoverable amounts, consequently, the assets are written down to their recoverable amounts, and impairment is recognized in the consolidated statement of comprehensive income.
The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Finance costs

Finance costs are recognized as an expense when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized.

Business combinations and Goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisitions, irrespective of the extent of any non-controlling interests.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.
Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generated units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible assets with a finite useful life is reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually, such intangibles are not amortized.

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods received or services rendered, whether billed by the supplier or not.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with the Group's internal policies. The expected costs of these benefits are accrued over the period of employment. Actuarial gains and losses are recognized as income or expense and where material is amortized over the expected average remaining working lives of the employees.

Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used are those that are enacted or substantially enacted by the statement of financial position date.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

• where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
• receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Impairment and unrecoverability of financial assets

The Group at each statement of financial position date assesses whether there is an indication that a financial asset or Group of financial assets may be impaired. If such indications exists, the estimated recoverable amount of that assets is determined and any losses resulted from the impairment is calculated as the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the consolidated statement of comprehensive income.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Revenue recognition

Revenues from Group activities are recognized as follows:

Service revenues

Telephone service and Internet access subscription fees are recognized in revenue on a straight-line basis over the service period.

Charges for incoming and outgoing telephone calls are recognized in revenue when the service is rendered.

Revenue- sharing arrangements are recognized gross, or net of content or service provider fees when the provider is responsible for the service rendered and for setting the price to be paid by subscribers.

Equipment sales

Revenues from equipment sales are recognized when the significant risks and rewards of ownership are transferred to the buyer.

When the equipment is sold by a third-party retailer (indirect distribution channel) who purchases it from the Group and receives a commission for signing up the customer, the related revenue is recognized when the equipment is sold to the end-customer in an amount reflecting the Group's best estimate of the retail price.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences resulted from the retranslation are taken to the statement of comprehensive income.

3. Operating segments

The group's operating segments are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers differenet services.

The fixed - line voice segment constructs, develops and maintains fixed telecommunication network services.

The Mobile communications segment installs, operates and manages a cellular network in Jordan.

The data services segment provides, furnishes, installs, maintains, engineers and operates communication facilities for the provision of data network and internet access services to its customers and helping companies to be more efficient in the way they do their business on internet.

3. Operating segments (Continued)

The following tables present revenues and profit and certain assets and liabilities information regarding the Group's business segments for the years ended 31 December 2010 and 2009.

Year ended 31 December 2010	Fixed-line voice JD	Mobile Communications JD	Data Services JD	Total JD
Net Revenues				
Net revenues to external customers	182,549,191	174,728,366	44,776,768	402,054,325
Inter-segment revenues	58,437,654	11,766,668	194,887	70,399,209
	240,986,845	186,495,034	44,971,655	472,453,534
Segment results				
Operating profit before depreciation and amortization	51,354,405	85,740,376	35,827,840	172,922,621
Depreciation and amortization				(55,001,114)
Net foreign exchange differences				1,043,833
Finance costs				(1,195,085)
Finance income				8,303,598
Other income				355,569
Income tax expense				(30,753,555)
Other fees				(833,312)
Profit for the year				94,842,555
Assets and liabilities				
Segment assets	291,689,922	332,759,213	32,405,074	656,854,209
Segment liabilities	135,708,705	102,611,913	8,955,473	247,276,091
Other segment information				
Property and equipment	110,170,523	103,544,687	3,669,745	217,384,955
Intangible assets	13,878,491	50,006,147	140,439	64,025,077

3. Operating segments (Continued)

Year ended 31 December 2009	Fixed-line voice JD	Mobile Communications JD	Data Services JD	Total JD
Net Revenues				
Net revenues to external customers	186,073,452	180,889,134	33,088,125	400,050,711
Inter-segment revenues	51,350,517	7,727,080	237,843	59,315,440
	237,423,969	188,616,214	33,325,968	459,366,151
Segment results				
Operating profit before depreciation and amortization	60,866,253	95,288,338	23,644,917	179,799,508
Depreciation and amortization				(51,975,229)
Goodwill impairment loss				(1,421,157)
Net foreign exchange differences				(461,404)
Finance costs				(2,250,737)
Finance income				14,868,785
Other income				854,142
Income tax expense				(33,145,520)
Other fees				(2,842,963)
Profit for the year				103,425,425
Assets and liabilities				
Segment assets	372,721,567	294,880,417	24,641,804	692,243,788
Segment liabilities	155,530,647	103,342,409	14,072,739	272,945,795
Other segment information				
Property and equipment	114,577,226	110,363,816	3,629,670	228,570,712
Intangible assets	13,246,322	53,473,871	168,331	66,888,524

4. Property and equipment

2010	Land and buildings JD	Telecommunications equipment JD	Other Property and equipment JD	Projects-in -progress JD	Total JD
Cost:					
At 1 January 2010	76,783,219	652,049,568	68,034,493	4,910,407	801,777,687
Additions	251,400	37,546,167	1,476,896	157,559	39,432,022
Completed projects transferred to property and equipment	-	2,612,507	-	(2,612,507)	-
Disposals	(238,414)	(28,041)	(1,437,368)	-	(1,703,823)
At 31 December 2010	76,796,205	692,180,201	68,074,021	2,455,459	839,505,886
Depreciation :					
At 1 January 2010	33,873,644	483,621,828	55,711,503	-	573,206,975
Depreciation	2,201,591	47,090,528	1,315,593	-	50,607,712
Disposals	(238,414)	(17,975)	(1,437,367)	-	(1,693,756)
At 31 December 2010	35,836,821	530,694,381	55,589,729	-	622,120,931
Net book value:					
At 31 December 2010	**40,959,384**	**161,485,820**	**12,484,292**	**2,455,459**	**217,384,955**

Land and buildings include land amounting to JD481,138 (2009: JD481,138) owned by the Government of Jordan, which is used by the Group for the public benefit.

2009	Land and buildings JD	Telecommunications equipment JD	Other Property and equipment JD	Projects-in -progress JD	Total JD
Cost:					
At 1 January 2009	81,010,269	608,793,397	66,770,702	5,328,340	761,902,708
Additions	573,176	45,069,619	2,096,917	212,150	47,951,862
Completed projects transferred to property and equipment	11,126	568,572	-	(579,698)	-
Disposals	(375,881)	(2,382,020)	(833,126)	(50,385)	(3,641,412)
Other reclassification *	(4,435,471)	-	-	-	(4,435,471)
At 31 December 2009	76,783,219	652,049,568	68,034,493	4,910,407	801,777,687
Depreciation :					
At 1 January 2009	31,474,018	438,849,461	55,326,927	-	525,650,406
Depreciation and impairment of assets	2,411,186	46,933,878	1,197,088	-	50,542,152
Disposals	(11,560)	(2,161,511)	(812,512)	-	(2,985,583)
At 31 December 2009	33,873,644	483,621,828	55,711,503	-	573,206,975
Net book value:					
At 31 December 2009	**42,909,575**	**168,427,740**	**12,322,990**	**4,910,407**	**228,570,712**

* During 2009, land with a cost and carrying value of JD4,435,471 was expropriated by the Greater Amman Municipality and was reclassified to other receivables as of 31 December 2009. The full carrying value is expected to be reimbursed.

5. Impairment testing for goodwill

Goodwill acquired through business combination, which resulted from the acquisition of Light Speed Communications, has been allocated to cash-generating units for impairment testing.

Carrying amount of goodwill allocated is as follows:

	2010 JD	2009 JD
Goodwill	-	1,421,157
Impairment loss	-	(1,421,157)
Carrying amount	-	-

The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.
The pre-tax discount rate applied to cash flow projections is 13.3% and cash flows beyond the 5-year period are extrapolated using a 10% growth rate that is the same as the long-term average growth rate for Light Speed Communications.

Key assumptions used in value-in-use calculations
The calculation of value-in-use are most sensitive to the following assumptions:

Gross margins – Gross margins are based on average values achieved in the two years preceding the start of the budget period.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the cash generating unit for which future estimates of cash-flows have not been adjusted.

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted below) management assess how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of Light Speed Communications market to be stable over the budget period.

Growth rate estimates – Rates are based on published industry research.

6. Intangible assets

	FLAG access rights JD	Mobile operating license and frequency rights JD	Other intangibles JD	Total JD
Cost:				
At 1 January 2010	17,207,594	59,347,657	821,447	77,376,698
Additions	1,529,955	-	-	1,529,955
At 31 December 2010	18,737,549	59,347,657	821,447	78,906,653
Amortization:				
At 1 January 2010	3,961,272	5,913,694	613,208	10,488,174
Amortization	897,787	3,444,824	50,791	4,393,402
At 31 December 2010	4,859,059	9,358,518	663,999	14,881,576
Net book value:				
31 December 2010	**13,878,490**	**49,989,139**	**157,448**	**64,025,077**
31 December 2009	13,246,322	53,433,963	208,239	66,888,524

FLAG access rights, mobile operating license and frequency rights and other intangibles are being amortized over their useful economic lives of 20 and 15 years, respectively.

On 29 July 2009, Telecommunications Regulatory Commissions (TRC) offered 3G frequencies to the four existing mobile operators, through a tendering process. The Group was the only operator who submitted a full compliant offer for an amount of JD50,350,000 on 19 August 2009.

As a result, the Group has been granted the frequencies license to provide 3G services for 15 years and a separation period starting from the commercial launch date for 12 months or 18 months starting from 13 August 2009 (the date of the Group's approval of the TRC offer), whichever comes first. The commercial launch date was on 3 March 2010

7. Income tax

Major components of income tax expense for the years ended 31 December 2010 and 2009:

	2010 JD	2009 JD
Consolidated statement of comprehensive income		
Income tax charge – current year	31,163,593	35,909,500
Allowance for doubtful accounts	(243,693)	(2,520,752)
Impairment of property and equipment	16,726	(56,640)
Interest capitalized	-	100,000
End of service benefits	(183,071)	(286,588)
Income tax expense reported in the consolidated statement of comprehensive income	**30,753,555**	**33,145,520**

7. Income tax (Continued)

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 31 December 2010 and 2009 is as follows:

	2010 JD	2009 JD
Accounting profit before income tax and non-controlling interests	125,836,364	137,175,286
At statutory income tax rate of 24% (2009: 25%)	30,200,727	34,293,822
Tax adjustments for:		
Subsidiaries losses	64,012	177,039
Debts written off	(510,000)	(1,119,591)
Allowance for doubtful accounts	474,416	443,875
Expenses and provisions not allowable for income tax purposes	1,679,992	2,114,355
Previous years' tax returns differences	(745,554)	-
Deferred tax assets	(410,038)	(2,763,980)
Income tax expense reported in the consolidated statement of comprehensive income at effective income tax rate of 24.4% (2009: 24.2%)	**30,753,555**	**33,145,520**

Deferred income tax asset at 31 December relates to the following:

	2010 JD	2009 JD
Allowance for doubtful accounts	1,045,625	801,932
Legal cases provision	401,416	418,142
End of service benefits	4,016,846	3,833,775
	5,463,887	5,053,849

Income tax assessments have been agreed with the Income Tax Department for all the years up to 31 December 2009 for Jordan Telecom and Petra Jordanian Mobile Telecommunications and up to 31 December 2008 for Jordan Data Communications.

8. Inventories

	2010 JD	2009 JD
Materials and supplies	4,168,166	4,649,055
Handsets and others	4,524,650	3,056,428
Provision for damaged and slow moving materials and supplies	(1,946,153)	(1,893,106)
	6,746,663	5,812,377

The materials and supplies are held for own use and are not for resale.

8. Inventories (Continued)

Movement on the provision for damaged and slow moving materials and supplies is as follows:

	2010 JD	2009 JD
Opening balance	1,893,106	2,228,114
Additions	53,047	167,976
Write off	-	(502,984)
	1,946,153	1,893,106

9. Trade receivables and other current assets

	2010 JD	2009 JD
Trade receivables	54,463,796	48,378,326
Unbilled revenue	15,400,800	17,786,353
	69,864,596	66,164,679
Allowance for doubtful accounts	(28,734,170)	(27,030,313)
	41,130,426	39,134,366
Amounts due from related parties	285,298	408,397
Other current assets *	28,316,088	26,537,928
	69,731,812	66,080,691

* Included in other current assets the cost of the land of JD4,435,471 that was classified to other receivables as disclosed in note 4.
Trade receivables are non-interest bearing. The Group does not obtain collateral over trade receivables except for distributors trade receivable

As at 31 December 2010, trade receivables at nominal value of JD28,734,170 (2009: JD27,030,313) were impaired and fully provided for.

Movements in the allowance for doubtful accounts were as follows:

	2010 JD	2009 JD
Opening balance	27,030,313	37,989,531
Charge for the year	2,157,159	1,298,012
Write offs	(453,302)	(12,257,230)
Ending balance	28,734,170	27,030,313

9. Trade receivables and other current assets (Continued)

As at 31 December, the ageing analysis of unimpaired trade receivables is as follows:

	Neither past due nor impaired	Past due but not impaired				Total
		1 -30 days	31 – 90 days	91 – 180 days	> 180 days	
	JD	JD	JD	JD	JD	JD
2010	16,929,055	13,807,398	6,385,972	1,370,841	2,637,160	41,130,426
2009	17,786,353	9,215,856	6,728,267	2,091,238	3,312,652	39,134,366

Management determines the doubtful debts on customer's balances level and builds up a provision based on this analysis.

Unimpaired receivables are expected to be fully recoverable. The Group has a credit department that continuously monitors the credit status of the Group's customers. Service will be disconnected for customers exceeding certain limits for certain period of time.

10.Balances due from / to telecom operators

The Group has agreements with local and foreign telecom operators, whereby amounts due from and to the same operator are subject to the right of offset. The net balances as of 31 December 2010 and 2009 are as follows:

	2010 JD	2009 JD
Balances due from telecom operators	22,376,592	22,319,085
Allowance for doubtful accounts	(3,992,693)	(3,992,693)
Balances due from telecom operators	18,383,899	18,326,392
Balances due to telecom operators	30,291,969	35,772,542

Balances due from telecom operators are non-interest bearing and not guaranteed.

As at 31 December, the ageing analysis of balances due from telecom operators is as follows:

	Neither past due nor impaired	Past due but not impaired				Total
		1 -90 days	91 – 180 days	181 – 270 days	> 271 days	
	JD	JD	JD	JD	JD	JD
2010	11,682,122	4,451,262	1,727,276	262,892	260,347	18,383,899
2009	8,041,137	2,401,519	2,671,156	1,195,145	4,017,435	18,326,392

Unimpaired receivables are expected to be fully recoverable.

11. Cash and short- term deposits

Short term deposits represent deposits with commercial banks in Jordan for periods between one day and three months in Jordanian Dinars, Euro and US Dollars amounting to JD278,954,310 as of 31 December 2010 and JD295,037,420 as of 31 December 2009 with an effective interest rate of 3.24 %, 1.3 % and 0.19% respectively (2009: JD4.21 %, Euro 0.7 % and US $0.11%).

12. Paid in capital

Jordan Telecommunications Company (Jordan Telecom) authorised and paid up capital consists of 250,000,000 shares with par value of one Jordanian Dinar each.

13. Statutory reserve

As required by the Jordanian Companies' Law, 10% of the net income before tax is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 25% of the issued share capital. The Group decided not to transfer any amount to the statutory reserve starting 2005.
The statutory reserve is not available for distribution to the shareholders.

14. Dividends paid and proposed

The Board of Directors will propose a cash dividend for 2010 of JD0.39 per share totalling JD97,500,000 which is subject to the approval of the General Assembly.

During the year, dividends of JD0.42 per share totalling JD105,000,000 relating to 2009 were declared and paid.

15. Interest- bearing loans

	2010 JD	2009 JD
Current		
French Government Protocol/ Second Loan	368,694	404,209
French Government Protocol/ Third Loan	141,822	155,478
The Housing Bank for Trade and Finance loan	190,275	380,011
	700,791	939,698

	2010 JD	2009 JD
Non- current		
French Government Protocol/ Second Loan	5,453,047	6,382,282
French Government Protocol/ Third Loan	1,206,795	1,478,469
The Housing Bank for Trade and Finance loan	570,703	725,445
	7,230,545	8,586,196

French Government Protocol /Second Loan

On 23 February 1995 the Government of Jordan, represented by the Ministry of Planning, signed a financial protocol with the Government of the French Republic to finance several development projects including a FRF 52,000,000 loan to finance the construction and operation of Tla'a Al-Ali Communication Switch Unit. The loan is subject to an annual interest rate of 1% payable on the total amount outstanding from the date of each drawing and shall be paid semi-annually. Principal payments of each withdrawal shall be paid in 40 equal consecutive 6 monthly instalments, the first instalment falling due 126 months after the end of the calendar quarter during which each drawing is made. Drawings commenced on 1 July 1995.

The repayment of this loan started on 31 March 2006.

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15. Interest- bearing loans (Continued)

French Government Protocol /Third Loan

On 24 October 1996 the Government of Jordan represented by the Ministry of Planning signed a financial protocol with the Government of the French Republic to finance several development projects including a FRF 15,000,000 loan to finance the construction of Al-Ashrafia Communication Switch Unit. The loan is subject to an annual interest rate of 1% payable on the total amount outstanding and shall be paid semi-annually. Principal payments of each withdrawal shall be paid in 30 equal consecutive 6 monthly installments, the first installment falling due 90 months after the end of the calendar quarter during which each drawing is made. Drawings commenced on 1 July 1997.

The repayment of this loan started on 31 March 2005.

Housing Bank for Trade and Finance Loan

On 30 June 2009 Light Speed Company obtained a loan from the Housing Bank for Trade and Finance- Bahrain to finance Light Speed needs.
The loan of USD 1,750,000 is payable in 36 monthly installments starting 1 October 2009. The loan is subject to an interest rate equals the LIBOR rate for 3 months plus a margin of 3% on the daily outstanding balance of the loan (with a minimum interest rate of 6 %) and the interest shall be paid at the end of each month.

16. Bonds

On 9 July 2002, the Group issued bonds for a total of JD25 million. The bonds were listed on Amman Stock Exchange and bear a fixed interest rate of 7.25% for the first five years and the average of Prime Lending Rates of reference banks minus 0.25% will apply for the remaining period. The interest is payable on 9 January and 9 July of each calendar year. The bonds were due and paid on 9 July 2010.

17. Employees' end of service benefits

In accordance with the Group's by-laws, the Group provides end of service benefits for its employees. The amounts recognized in the statement of financial position in respect of end of service benefits are as follows:

	2010 JD	2009 JD
Provision at 1 January	15,589,217	16,669,035
Expenses recognized in the statement of comprehensive income	2,544,654	2,116,450
End of service benefits paid	(1,074,057)	(3,196,268)
Provision at 31 December	17,059,814	15,589,217
The principal actuarial assumptions used:		
Discount rate at 31 December	6٪	6.5٪
Expected rate of increase of employee remuneration	4٪	5.5٪
Average length of employee service	11 years	16.5 years
Present value of end of service provision	17,059,814	15,589,217

There are no material actuarial gains or losses.

18. Trade payables, accruals and other current liabilities

	2010 JD	2009 JD
Accrued expenses	65,720,457	61,384,937
Subscribers' deposits	19,719,637	19,367,871
Deferred revenues	18,888,322	18,807,393
Amounts due to related parties	1,755,134	7,927,412
Government revenue sharing	10,135,553	10,140,451
Trade creditors	75,515,125	69,171,333
Contracts retentions	258,744	258,745
	191,992,972	187,058,142

19. Government revenue share

In accordance with the agreement signed with the Telecommunications Regulatory Commission (TRC), a percentage of certain telecommunications services revenues is payable to TRC.

20. Management and branding fees

The Group calculates and pays management fees to France Telecom, in accordance with the agreement signed between the Group and France Telecom.

During July 2007, the Group entered into a license agreement with Orange Brand Services Limited whereby, Jordan Telecommunications Company, Petra Jordanian Mobile Telecommunications Company and Jordan Data Communications were granted the right to use Orange brand in Jordan in return for royalty fees at 1.6% of the operating revenues. The license agreement is valid for 10 years.

21. Other fees

	2010 JD	2009 JD
Jordanian universities fees	833,312	892,502
Scientific research and vocational training fees	-	892,502
Vocational and technical training fund fees	-	1,057,959
	833,312	2,842,963

Based on the new tax law, the "scientific research and vocational training fees" and the "vocational and technical training fund fees" have been cancelled effective on 1 January 2010.

22. Earnings per share

	2010 JD	2009 JD
Profit for the year attributable to the equity holders of parent	95,082,809	104,029,766
Weighted average number of shares during the year	250,000,000	250,000,000
Basic earnings per share	0.380	0.416

No figure for diluted earning per share has been calculated as there are no potentially dilutive ordinary shares outstanding.

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23. Related party disclosures

The financial statements include the financial statements of Jordan Telecommunications Company and the subsidiaries listed in the following table:

Company	Country of Incorporation	Percentage of equity interest		Description of Service
		2010	2009	
Petra Jordanian Mobile Telecommunications Company	Jordan	100٪	100٪	Mobile Communications
Jordan Data Communications Ltd.	Jordan	100٪	100٪	Data
Dimension Company for Digital Development of Data	Jordan	100٪	100٪	Content
Light Speed Communications Company W.L.L	Kingdom of Bahrain	51٪	51٪	Data

Related parties includes shareholders, senior management of the company and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the company's management.

The following table provides the total amount of transactions which have been entered into with related parties:

	2010 JD	2009 JD
France Telecom and its subsidiaries		
Management and branding fees	8,274,452	8,758,186
Operating expenses	5,733,820	6,846,781
Revenues	27,878,265	30,868,070
Government of Jordan		
Government revenue share	10,135,553	10,140,451
Key management personal		
Executives salaries and bonus	1,125,536	1,004,254
Board of directors bonus	132,108	134,255

Balances due from and to related parties are disclosed in notes 9 and 18 to these consolidated financial statements.

24. Commitments and contingences

Operating lease commitments

The Group has entered into operating leases on land and building. These leases have a maximum life of one year and as follows:

	2010 JD	2009 JD
Within one year	6,434,829	5,750,328

24. Commitments and contingencies (Continued)

Capital commitments

The Group enters into commitments during the ordinary course of business for major capital expenditures, primarily in connection with network expansion projects. Outstanding capital expenditure amounted to JD6,500,813 as of December 31, 2010 (2009: JD17,806,597).

Legal claim

The Group is a defendant in a number of lawsuits with a value of JD31,426,607 (2009: JD31,426,607) representing legal actions and claims incident to its ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Accordingly, a provision of JD1,672,567 has been made (2009: JD1,672,567).

The Customs Department is claiming custom fees and sales tax amounting to JD10,514,764 until the end of the year 2003 on imported machinery, equipment, operators and cables used in the Group's infrastructure. During 2009, The Group has received an adjusted claim from the Customs Department with an amount of JD693,942. The management and its legal advisors believe that there is no basis for this claim, since the Group was exempted from custom fees and sales tax on imported and local purchases in accordance with the Council of Ministers resolution. Accordingly, no provision has been booked.

Guarantees

The Group has given letters of guarantee amounting to JD4,066,997 (2009: JD1,223,965) in respect of legal claims and performance bonds.

25. Risk management

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdraft and term loans).

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2010.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant. There is no impact on the Group's equity.

2010 Currency	Changes in interest rate %	Effect on profit for the year JD
JD	1	2,489,895
USD	1	51,836
EUR	1	84,502

2009 Currency	Changes in interest rate %	Effect on profit for the year JD
JD	1	2,853,373
USD	1	56,724
EUR	1	103,901

The effect of decrease in interest rate is expected to be equal and opposite to the effect of increases shown.

Credit risk

This is the risk that other parties will fail to discharge their obligations to the Group. The Group manages credit risk with its customers by establishing credit limits for customers' balances and also disconnects the service for customers exceeding certain limits for a certain period of time. Also, the diversity of the Group's customer base (residential, corporate, government agencies) limits the credit risk. The Group also has a credit department that continuously monitors the credit status of the Group's customers.

The Group also deposits its cash balances with a number of major high rated financial institutions and has a policy of limiting its balances deposited with each institution.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sales require amounts to be paid within 30 days of the date of sale.

25. Risk management (Continued)

The table below summarises the maturities of the Group's financial liabilities at 31 December 2010 and 2009, based on contractual undiscounted payment.

Year ended 31 December 2010	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	> 5 years JD	Total JD
Trade creditors and amounts due to related parties	69,468,845	7,660,084	141,330	-	77,270,259
Balances due to telecom operators	18,556,660	6,829,176	2,655,104	2,251,029	30,291,969
Loans	175,799	542,104	3,106,181	4,107,252	7,931,336
Total	88,201,304	15,031,364	5,902,615	6,358,281	115,493,564

Year ended 31 December 2010	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	> 5 years JD	Total JD
Bonds	-	25,000,000	-	-	25,000,000
Accounts payables	67,225,792	9,872,953	-	-	77,098,745
Balances due to telecom operators	28,616,653	6,415,526	740,363	-	35,772,542
Loans	239,285	700,413	3,490,227	5,095,969	9,525,894
Total	96,081,730	41,988,892	4,230,590	5,095,969	147,397,181

Currency risk

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinars exchange rate is fixed against the U.S. Dollar (US $ 1.41 for JD1).

The Group has loans payable in Euro and short term deposits in Euro. Changes in Euro exchange rates may significantly affect loans values.

25. Risk management (Continued)

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the JDcurrency rate against the Euro, with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

2010	Changes in Euro rate to JD%	Effect on profit before tax JD
EUR	5	63,993

2009	Changes in Euro rate to JD %	Effect on profit before tax JD
EUR	5	43,211

The effect of decrease in euro rate is expected to be equal and opposite to the increase shown.

26. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables and other current assets. Financial liabilities consist of term loans, payables and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009. Capital comprises share capital, statutory reserve and retained earnings, and is measured at JD410,615,008 as at 31 December 2010 (2009: JD420,532,199).

future vision —2011

In addition to delivering positive change in the here and now, Orange Jordan continually has one eye on the future. Our commitment to revolutionizing the Jordanian telecom landscape grows stronger with each passing year as we draw nearer to achieving our long-term objective of becoming the operator of reference in the Kingdom.

What differentiates the Orange brand is the holistic, entrepreneurial mentality through which we undertake our operations. Building on the robust global communications network maintained by France Telecom, Orange Jordan has established an unparalleled ICT infrastructure in Jordan, effectively utilizing cutting-edge technologies to deliver added value to the Jordanian consumer. We regard ourselves as trendsetters, and our backlog of accomplishments over the last decade is a testament to our ability to realize the fairly lofty targets we set for ourselves; but while we are continually centered on top-line and growth, our ears are constantly poised to the needs and wants of our customers, as is evidenced by our effective market segmentation strategy. We are uniquely positioned to deliver products that are tailored to meet the needs of all Jordanians, everywhere and at any time.

Our distinctive approach to management and product development will allow us to quickly realize our objective of becoming operator of reference — to become the gold standard against which all the industry's constituents are measured or judged. The launch of our 3G+ network was a solid demonstration of this commitment, as were our continued efforts to bolster internet penetration in the Kingdom, spearheaded by the Orange Broadband Fund. Our future vision builds on these successes and aspires to take them to new heights.

Our brand was founded on the notion of simplifying the way people communicate. This clear-cut objective has fueled our progress over the years and we have successfully managed to redefine the way people perceive communication technologies. In years past, converged communications were regarded as fringe products for a privileged few. Ours, however, is an approach that targets and empowers communities at large; to help people effectively gauge technology and communication towards their own self-development and self-realization.

Seeing as 2011 has been earmarked as the year of Broadband for Orange Jordan, a good portion of our efforts will go towards reinforcing our position as the leader of broadband in the Kingdom. We will continue to develop and improve our 3G+ network to cater to wider consumer demographics, offering subscribers an unparalleled broadband experience. We will also continue to develop our services in line with the objectives outlined in our Quality of Service program, which we launched in 2010 with the objective of substantially bolstering overall customer satisfaction.

Additionally, we seek to further differentiate and accentuate our brand in the local market, utilizing transparent communication and effective messaging. We will build on the unparalleled success we have achieved with the launch of our CSR strategy for 2010-2012, playing an even greater role in the sustainable development of our local community. We want to serve society with the resources we have and this commitment is a crucial part of our long-term vision. Our efforts towards spreading the internet culture in the Kingdom will continue through the Orange Broadband Fund, which has served as a major catalyst in the evolution of internet infrastructure in the Kingdom, particularly in population areas beyond the capital. The various clusters of the fund will help us achieve our long-term objective of transforming Jordan into a knowledge-based economy by facilitating internet access, as well as making it an essential tool in the education of our future generations.

Naturally, our entrepreneurial approach will continue to tackle our internal culture. We will continue to invest in our people, fostering an environment in which creativity and excellence are prioritized above all else. We have always held that Orange Jordan does not merely offer jobs but prosperous career journeys that create unmatched vistas of possibility for our employees.

2011 is a year of potential and we welcome it with both optimism and excitement. As we embrace our new communication platform, "life changes with Orange", we foresee a year of lasting positive changes for both Orange Jordan and the ever-growing Jordanian ICT sector. A wealth of growth opportunities awaits us and we look forward to yet another streak of outstanding accomplishments.