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Jordan Telecommunications Company

ANNUAL REPORT 2018

orange™

It's all about what matters to you

Speech from the Throne By His Majesty King Abdullah II

Opening the Third Ordinary Session of the 18th Parliament

Amman - Jordan
14 October 2018

“Because our people are our true asset, we affirm their right to quality services, and to the education, knowledge, and tech skills that empower them to contribute to the homeland’s progress, so that we keep up with global trends, as the world economy is in constant flux, which demands that we double down on our efforts.”

His Majesty King Abdullah II Ibn Al-Hussein
King of the Hashemite Kingdom of Jordan

His Royal Highness Crown Prince
Al Hussein bin Abdullah II

A letter from the Chairman

Dear Shareholders,

On behalf of the Board of Directors, I welcome you to the General Assembly's 24th annual meeting. Today we will review the Group's performance and financial results of the year ending in Dec. 31st, 2018. We will discuss the annual report prepared and circulated according to legal requirements and good governance to which we always adhere. The management action plan for the year 2019 and the Governance Report are included.

In 2018, Orange Jordan continued dealing with the increasing and ever-changing trends in demand for its services, in addition to utilizing the technological developments. At Orange Jordan, this has been always dealt with in an efficient and flexible manner, utilizing potentials and ceasing opportunities in the market place. We are guided by the Group's five-year strategy, "Essentials 2020".

Dealing with those changes called for increased investments in networks. During 2018, Orange Jordan acquired additional frequencies at a cost of JD 39 million to expand its 4G & 4G+ services. We are the sole provider of 4G+ services in the market. In addition, we invested JD 62 million in developing our Next Generation Networks (NGN), including Fiber-to-the-Home (FTTH), Fiber-to-the-Business (FTTB), and 4G LTE Advanced. In short, Orange Jordan is and will remain the strongest and biggest provider of internet services for home and for mobile as well as for business solutions. Thanks to the management that your company was the first to introduce the latest technology in internet connectivity, namely the fiber. The outcome of our investments meant noticeable technical improvements in the company's network performance and a tangible progress in the customers' experience. Those developments make us even more optimistic about the future.

However, we still face the same challenges that have direct negative impact on the Group's financial results. Taxes imposed on the sector are the highest in the region. Frequency prices are among the highest in the world. Energy cost is high. The fierce competition in the market is resulting in low prices of the services. Total revenue is also affected by the persistent decline in aggregate demand for goods and services in the economy and the high rate of unemployment (18.6%).

To reduce the high cost of energy, Orange Jordan invested in one of its most important projects to generate its needs of electricity by building three solar farms. This project is considered a clear manifestation of Orange contribution to clean environment in Jordan, in addition to the savings that are expected from it. Upon execution, we will be the first Jordanian telecom company in Jordan and in Orange Group S.A. that transforms into green energy.

Orange Jordan believes in staying close to its customers. The customers' experience, whether that of individuals, companies or institutions, is a key criterion in our five-year strategy, "Essentials 2020". It is extremely important to strengthen customers' loyalty to Orange Brand and achieve more growth. This is in line with our deep conviction that our customers are our major asset.

Because we are a national company, we are partners with the local communities in which we operate. Your company has always contributed to the socio-economic development of all governorates. In this respect, we underline our commitment to take part in the improvement of Jordanians' standards of living, especially in pockets of poverty. Our corporate social responsibility strategy also includes spreading the internet culture, and providing support for education and sports. We also pay special attention to giving support to young entrepreneurs to help them realize their ideas and ambitions through our Business Innovation Growth platform, BIG, which became a springboard for young entrepreneurs and innovators to transform their projects into businesses. Since its launch in 2015, the number of beneficiaries of BIG platform reached (31) projects. BIG platform directly serves the economic growth in Jordan, helps to reduce unemployment rates and introduce a quality leap in social development. Orange Jordan takes pride in Jordanian innovators.

Your company enjoys remarkable support from Orange Group (S.A.). This enables us to provide high quality services of international standards. We will be providing Orange Money in Jordan. Orange Group (S.A.) introduced this service ten years ago in many countries. The Group, which has offices in 29 countries, provides Orange Money services to 14 million subscribers in 14 countries. We are backed up continuously by Orange Group (S.A.) whose total revenue amounted to 41 billion Euros in 2017.

We are fully optimistic and confident of the future prospects of growth. We are equally determined to continue our tradition of giving our customers unprecedented experience. We will always be proud that we were first in heeding His Majesty King Abdullah II's call to achieve his noble vision of transforming Jordan's economy into a digital one.

In conclusion, I extend gratitude to His Excellency the Minister of Information and Communications Technology and to His Excellency the CEO and Chairman of the Board of Commissioners of the Telecommunications Regulatory Commission along with the commissioners for their continuous support of the sector. I would also like to thank the Orange Jordan board members for their valuable contributions in designing the company's policies and for their prudent and wise directives to the management. My appreciation also goes to all members of the staff across Jordan, with special attributes to the higher management, headed by the CEO, Mr. Thierry Marigny, for their efforts and their dedication to the success of Orange Jordan.

My thanks extend to you and to all shareholders for the continued support. A special "thank you" for our respected customers for their confidence and their loyalty to Orange brand which motivates us to stay the course of success and accomplishments. We look forward to a bright future for Jordan and for Orange Jordan.

May God bless you all,
Dr. Shabib Ammari
Chairman of Board of Directors

A letter from the CEO

Dear Shareholders,

As the internet becomes an ever more prominent part of our daily lives, the telecommunications industry becomes more and more integral to every society's gradual push towards a digital economy.

At Orange Jordan, we believe that this digital revolution can do more than just redefine the world as we know it, and that digital technology and innovation should serve all people and further society as a whole. This is the core principle of our "Human Inside" philosophy, and represents what we hope to achieve in the future.

Today, I am writing to you to outline our performance in 2018, and to highlight the progress we have made in building the optimal customer experience, drawing from the best aspects of both digital and human services – in line with Orange Jordan's five-year corporate strategy, "Essentials 2020".

2018 was an important year for us; a year in which we demonstrated our flexibility and our resilience, and in which we achieved notable results. We managed to increase our EBITDA rate to 32.1% - despite numerous obstacles.

These encouraging results have been achieved in an unfavorable market environment; despite high frequency prices and charges, high energy costs, high level of taxation on the sector, and particularly fierce competition on both mobile and data markets, we have accomplished a great deal.

We succeeded in stabilizing our residential revenues for the first time since 2013, despite the continuous decrease of our fixed voice services being challenged by "over-the-top" services. This is due in particular to our solid results in the field of mobile services, both in consumer and enterprise segments. I would especially like to mention the great success of our YO platform for the youth segment which has been steadily growing in popularity since it was upgraded in addition to the growth in Mobile ARPU.

We have also experienced strong growth in our postpaid customer numbers; however, our wholesale revenues (especially hubbing) continue to decrease, although this has not impacted our profitability.

In light of this, my key message to you today is that Orange Jordan is the clear leader among internet providers in Jordan, owing to its strong investment policy and its technical capabilities.

With regards to mobile internet, we remain the first and only provider offering advanced 4G+ services in the Kingdom. 4G+ is the next step for mobile internet services, which aggregates frequency bands in order to improve downstream flows. This innovation was our response to the growing demand for greater mobile internet speed and capacity, and also a result of our commitment to superior customer service.

This advancement only became possible after we acquired new frequencies of 2600 MHz in 2018 to enhance capacity and speed for our 4G customers; today, more than 67% of our data traffic is provided through our exemplary 4G network.

In our fixed internet division, and since 2017, we have continued our strong involvement with FTTH (Fiber-to-the-Home) and FTTB (Fiber-to-the-Business) services. Orange Jordan has been able to deploy fiber networks at a rapid pace since the launch of the service, reaching a coverage of 300,000 households by the end of 2018: a number far greater than that of our competition, and a number we aim to double by 2020.

We are proud to offer the fastest internet experience, thanks to our network, to our new and innovative Orange Fiber Box, and to our new fiber extender, especially when combined with our 'super Wi-Fi' feature for advanced coverage. Our customers have the chance to benefit from the full potential of fiber: high download speeds, streaming without buffering, or gaming online with low latency.

We also believe that our fiber investment is crucial for attracting foreign investors, and for increasing the competitiveness of start-ups and new businesses, which in turn will help Jordan become a leading ICT hub in the region.

We have also largely decreased the churn rate of ADSL, while enhancing the reallocation of DSLAM (Cabinets) in governorates. To be closer to our customers, we also created a regionalized organization for our Sales and Distribution Unit, which gives us a better understanding of our local markets.

In 2018, we invested heavily in the digital transformation of the company. First, for our customers, we improved the features of the My Orange application to offer them the opportunity to instantly monitor their data consumption, manage their contracts and invoices, subscribe to a new service, receive support from customer services, or engage with the Orange community. I am also proud to announce that the number of My Orange users reached 174,000 in 2018.

Moreover, we continued to enhance our digital customer relations with Chatbots in order to streamline customer journeys. We also introduced our first RPA (Robotic Process Automation) to automate simple processes, thereby finding an innovative way to increase efficiency throughout the company.

Similarly, we offer our B2B customers a wide range of advanced services, and we are dedicated to finding the best technical solutions to improve their profitability, and to helping them fully embrace digital transformation. We are also constantly reinventing our B2B services, specifically in areas such as the Internet of Things, security, and AI, in order to better serve our customers. Our capability in the growing ICT market is improving every year, and its contribution to our B2B turnover is now more than 21.7% in 2018, following the signing of several major contracts.

After years of work, we have finally completed our first solar energy farm, and connected its output with local electricity companies: a project that aligns perfectly with the Kingdom's clean energy initiatives.

Elevating our business remains a top priority at Orange Jordan. We pride ourselves on our outstanding staff that is among the best and most engaged in their respective fields, capable of realizing long-term corporate strategy objectives with startling accuracy and iron resolve: this is why we are continuing to build a motivational work environment for all the teams in Amman and the governorates. We have also launched further human resources programs, through the implementation of targeted training plans, the "Ershedni" mentoring program as a driver for cultural change, the Career path development program, and the Employee Innovation Program, OZ.

In recognition of the quality of our management of human resources, we were again honored to receive the 'Top Employer Award' for the fourth consecutive year.

As the leading national company that is proud of its values and its role in serving the local community, the year 2018 was again filled with community-based activities and initiatives. To this end, Orange Jordan has adopted a number of initiatives on the local level, engaging with communities, promoting entrepreneurship, and aiming to have a lasting, positive impact on people's lives: with particular focus on youth, women, digitalization and education.

In conclusion, I would like to express my appreciation to our esteemed Board of Directors, led by our Chairman, H.E. Dr. Shabib Ammari, for their continuous support, and also for the company's honorable shareholders, who have put their trust in our capacity and potential. I also would like to thank my predecessor Jérôme Hénique as well as all of our team members, every one of whom played a big part in the achievements of Orange Jordan in 2018.

Thierry Marigny

Chief Executive Officer

2018 Board of Directors of Jordan Telecom Group – Orange Jordan

H.E. Dr. Shabib Ammari
Chairman of the Board of Directors

Mr. Taieb Belkahia
Vice-Chairman of the Board of Directors

Mr. Bisher Jardaneh
Member of the Board of Directors

Mr. Jérôme Hénique
Member of the Board of Directors

Brigadier General Dr. Eng. Hisham Khraisat
Member of the Board of Directors

Mr. Abdallah Abu Jamous
Member of the Board of Directors

Mrs. Dorothée Vignalou
Member of the Board of Directors

Auditors: Ernst & Young
Legal Advisor: Thaer Najdawi

2018 Executive Committee of Jordan Telecom Group – Orange Jordan

Mr. Thierry Marigny
Chief Executive Officer

Mr. Raslan Deiranieh
Deputy Chief Executive Officer
Chief Financial and Strategy Officer

Mr. Sami Smeirat
Chief Enterprise Officer

Mr. Waleed Al Doulat
Chief Wholesale Officer
Chief Information Technology and Networks Officer

Dr. Ibrahim Harb
Chief Legal, Regulatory, Sourcing and Supply Chain Officer

Mr. Tamouh Khauli
Chief Security Officer

Ms. Ghada Fares
Chief Human Resources Officer

Mrs. Naila Al Dawoud
Chief Consumer Market Officer

Mr. Samer Al Haj
Chief Consumer Sales Officer

Mr. Etienne Vincens de Tapol
Deputy Chief Information Technology and Networks Officer

Mr. Mederic Chomel
Deputy Chief Strategy Officer, Chief Digital & Innovation Officer & Secretary to the Board of Directors

2018 was marked by strong commercial results, demonstrating the success of the company's commercial strategy and execution. Financial and commercial targets were met, as Jordan Telecom Group directed the right resources towards the company's future growth drivers. Jordan Telecom Group ended the year 2018 with back to growth on retail market, underlining our consistent investments in customer experience, our leading fixed and wireless broadband networks, as well as the strong commitment of our employees.

On the mobile market, and despite fierce competition and regulatory context, Orange's mobile continued to grow, thanks to our customer-oriented product portfolio, strong commercial campaigns, the continued success of our youth offers, supported by the rollout of the first 4G+ network in the Kingdom. The Group has extended its fiber network coverage to reach more than 100 areas in the Kingdom, offering its customers full participation in the new digital culture. 2018 was also marked by the Group positioning as a leader of information technology and managed services in the Kingdom.

It gives us a great pleasure to present 2018's consolidated annual financial highlights of Jordan Telecom Group.

Presented below is a summary of the consolidated results for 2018 against 2017.

Consolidated income statement:

(MJD)	2018	2017	Change%
Revenues	**324.4**	**333.2**	**(2.7)%**
Operating Expenses			
Cost of services	(152.2)	(158.2)	(3.8)%
Administration expenses	(21.7)	(22.8)	(4.7)%
Selling and distribution expenses	(39.3)	(41.4)	(5.1)%
Government revenue share	(4.4)	(4.5)	(3.3)%
Business support fees	(3.3)	(3.3)	-
Brand fees	(3.8)	(4.0)	(4.6)%
Total operating expenses	(224.6)	(234.2)	(4.1)%
Other income	4.2	6.4	(33.7)%
Profit from operations (EBITDA)	**104.0**	**105.4**	**(1.3)%**
EBITDA margin	32.1%	31.6%	
Depreciation, amortization and impairment	(68.2)	(68.4)	(0.2)%
Net foreign exchange difference, finance costs, and finance income	(6.7)	(5.7)	16.6%
Profit before income tax	29.1	31.3	(7.0)%
Income tax expense	(7.8)	(7.3)	7.2%
Profit for the year	**21.3**	**24.0**	**(11.3)%**
Attribute to:			
Equity holders of parent	21.3	24.0	(11.3)%
Profit margin	6.6%	7.2%	
Earnings per share	0.114	0.128	(11.3)%
Weighted average number of shares (million shares)	187.5	187.5	-

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

Summary of consolidated balance sheet:

(MJD)	2018	2017	Change%
Assets			
Total current assets	142.1	160.1	(11.3)%
Property, plant and equipment	233.9	220.1	6.2%
Other non-current assets	248.4	272.7	(8.9)%
Total non-current assets	482.2	492.8	(2.1)%
Total assets	**624.3**	**652.9**	**(4.4)%**
Liabilities and equity			
Total current liabilities	284.4	262.3	8.4%
Total non-current liabilities	66.0	116.4	(43.3)%
Total equity	273.9	274.2	(0.1)%
Total liabilities and equity	**624.3**	**652.9**	**(4.4)%**

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

Summary of cash flow statement:

(MJD)	2018	2017	Change%
Net cash flows from operating activities	76.9	80.1	(4.0)%
Net cash flows used in investing activities	(59.6)	(93.7)	(36.4)%
Net cash flows (used in) from financing activities	(42.5)	18.7	(327.0)%
Net (decrease) increase in cash and cash equivalent	(25.2)	5.1	(597.7)%
Cash and cash equivalents as of 31 December	15.8	41.0	(61.5)%

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

Financial ratio analysis:

	2018	2017	Change %
Profitability Ratios			
Return on Total Assets	3.3%	3.8%	(11.5)%
Return on Total Equity	7.8%	8.9%	(12.3)%
Liquidity Ratios			
Current Ratio	0.50	0.61	(18.2)%
Cash Ratio	0.16	0.27	(42.3)%
Leverage Ratios			
Debt- Equity Ratio	127.9%	138.1%	(7.4)%
Interest – Bearing Debt Ratio*	9.1%	13.3%	(31.6)%
Debt Ratio	56.1%	58.0%	(3.2)%
Assets Coverage Ratio	0.37	0.45	(18.0)%
Assets Management Ratio			
Assets Turnover Ratio	0.51	0.52	(2.9)%
Fixed Assets Turnover Ratio	1.43	1.56	(8.5)%
Capital Turnover Ratio	1.18	1.23	(3.7)%
Growth Ratios			
Dividends per Share (JD)	0.114	0.128	(11.3)%
Dividends Payout Ratio	100.9%	99.9%	1.0%
Dividends Yield Ratio	8.2%	6.0%	37.9%
Valuation Ratios			
Book value per Share	1.46	1.46	(0.1)%
Market to Book Value Ratio	0.95	1.46	(35.0)%
Price – Earning Ratio	12.2	16.7	(26.7)%

* Total Debt (Total Debt + Total Equity)

Revenues

Group's consolidated revenues decreased by 2.7%, achieving JD 324.4 million in 2018 compared to JD 333.2 million in 2017, mainly due to lower fixed and data revenues.

Operating expenses

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

The Group OPEX witnessed a decrease of 4.1% to reach JD 224.6 million in 2018 against JD 234.2 million in 2017.

Cost of services decreased by 3.8%, reaching JD 152.2 million in 2018 compared to JD 158.2 million in 2017, as a result of lower wholesale segment revenues (transit calls).

Administrative expenses decreased by 4.7% to reach JD 21.7 million in 2018, compared to JD 22.8 million in 2017.

Selling and distribution expenses decreased by 5.1% to reach JD 39.3 million in 2018, compared to JD 41.4 million in 2017, due to lower point of sale commission.

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 JD 4.4 million in 2018, decrease by 3.3% from 2017, due to lower voice revenues.

Business support fees represent what the Group is required to pay to Orange Group, pursuant to the business support agreement. Business support fees of the Group reached JD 3.3 million in 2018, the same amount as in 2017.

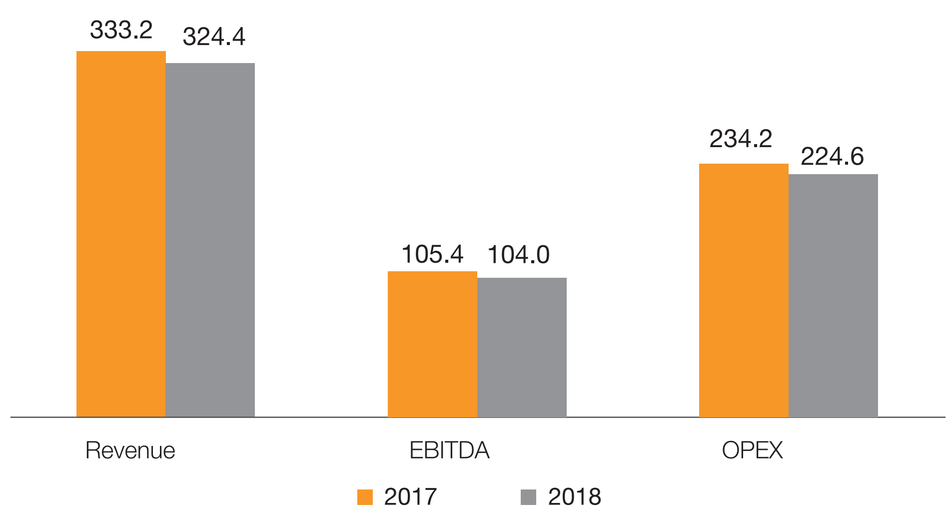
Brand fees represent 1.6% of operating revenues that Jordan Telecom Group is required to pay to Orange Group for using the Orange brand in all Jordan Telecom Group subsidiaries. It was JD 3.8 million in 2018, compared to JD 4.0 million in 2017.

EBITDA

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

Group EBITDA showed a decrease of 1.3% to reach JD 104.0 million in 2018 compared with JD 105.4 million in 2017. This decrease came mainly due to lower other income.

EBITDA margin for the Group increased to reach 32.1% at year end 2018, compared to 31.6% in 2017.



Depreciation, amortization & impairment
Depreciation, amortization & impairment expenses decreased by 0.2% to reach JD 68.2 million in 2018, compared to JD 68.4 million in 2017.

Net foreign exchange difference
Net foreign exchange difference resulting from Group's transactions in foreign currencies and translation of monetary assets and liabilities. For the year 2018, a gain of JD 0.2 million was recognized, compared to a loss of JD 1.3 million in 2017.

Finance costs
Finance costs consist of the interests and other charges, which is paid on the Group's financial indebtedness. Finance costs increased in 2018 to reach JD 3.8 million, compared to JD 1.6 million in 2017.

Finance cost from telecommunications licenses
Finance cost from telecommunications licenses consist of the amortization of discount resulted from booking the present value of the remaining JD 104 million related to the renewal of the 900 MHz spectrum license as per the settlement agreement with the government.

Finance income
Finance income consists of income earned on cash deposits in various currencies. Finance revenues decreased by 27.1%, reaching JD 0.7 million in 2018 from JD 0.9 million in 2017.

Other income
Other income consists of gains and losses on dispositions of fixed assets and other miscellaneous income. Other income reached JD 4.2 million in 2018, opposed to JD 6.4 million in 2017.

Income tax
In 2018 the Group reported JD 7.8 million as income tax, compared with JD 7.3 million in 2017.

Profit for the year
Jordan Telecom Group generated JD 21.3 million as net profit after tax for the year 2018, with a decrease of 11.3%, compared to JD 24.0 million in 2017. This decrease came mainly due to lower other income and higher finance costs.

Liquidity and capital resources
The primary source of liquidity is net cash flows from Operating Activities. For 2018, our net cash flows from Operating Activities decreased by 4.0% to reach JD 76.9 million, as compared to JD 80.1 million for 2017.

Net cash flows used in Investing Activities reached JD 59.6 million in 2018 from JD 93.7 million in 2017.

Net cash flows from Financing Activities reached JD 42.5 million used in 2018, compared to JD 18.7 million in 2017.

Free cash flow in 2018 reached JD 44.9 million, compared to JD 44.0 million in 2017, with an increase of 2.0%.

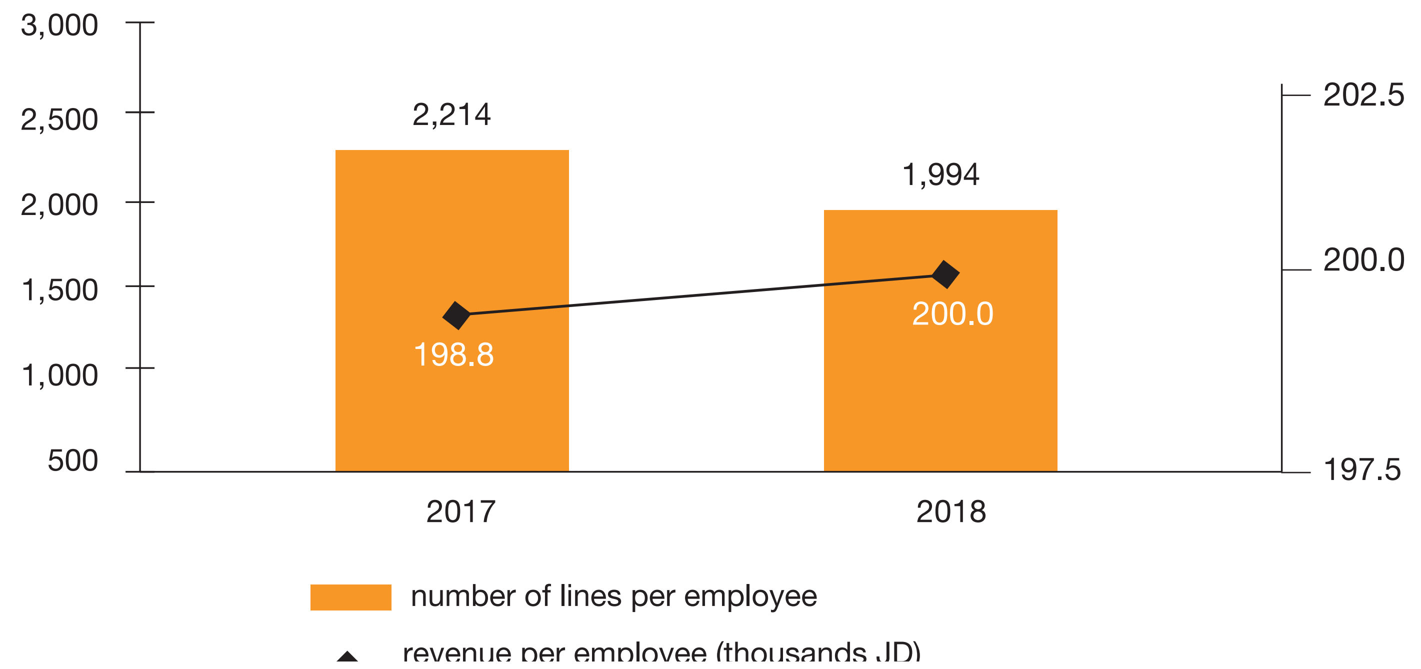
Cash and cash equivalent
Cash and cash equivalent witnessed a decrease of 61.5% from JD 41.0 million in 2017 to JD 15.8 million in 2018.

Capital expenditures
CAPEX for Jordan Telecom Group reached JD 61.8 million at the end of 2018, compared with JD 100.6 million at the end of 2017 (including JD 39 million for the new band of 2600 MHz for 4G+).

Group subscribers
Jordan Telecom Group subscribers showed a decrease of 12.9% to reach 3.2 million lines in 2018, compared to 3.7 million lines in 2017, due to regulatory measurements (restriction on Point of Sales), taxes on new mobile lines, which impacted market volume.

Human resources
Jordan Telecom Group's number of employees decreased by 3.2% from 1,676 in 2017 to 1,622 in year 2018. Total number of temporary employees increased to reach 108 in 2018, from 107 in year 2017.

Staff efficiency
The Group's efficiency indicators increased to reach JD 200 thousand revenue per employee in 2018, over JD 198.8 thousand in 2017.
The number of lines per employee decreased to reach 1,994 lines in 2018, showing a decrease of 10% against 2017, where it reached 2,214 lines.



Segment analysis:

Presented below are the revenues for each business segment of the Group:
- Orange fixed and Orange internet
- Orange mobile

(MJD)	2018	2017	Change%
Revenues			
Orange fixed & Orange internet	204.1	229.2	(11.0)%
Mobile Communication	169.8	158.0	7.5%
Intercompany	49.5	54.0	(8.3)%
Total Revenues	324.4	333.2	(2.7)%

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

Orange fixed and Orange internet

Orange fixed services are the Group's largest business segment despite the opening of the market to competition and entry of new fixed broadband service providers, such as; fiber internet service.

Orange internet provides various services, such as; corporate internet leased lines, fixed internet service for residential and corporate, web-hosting, and ICT services.

In addition to regular fixed calling service, Orange fixed provides high speed fiber internet services for residential and corporate, through its fiber optic network, which covers wide areas throughout the Kingdom with competitive prices and high quality.

Revenues

Orange fixed and internet revenue decreased by 11.0% in 2018, mainly due to lower Wholesale segment (transit calls) and lower revenues from fixed and ADSL.

Mobile communication

The Group's mobile communication segment consists of the mobile communication products and services offered by Orange mobile, which was registered in September 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 as the second 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 was the first to get 3G spectrum license in Jordan's mobile market.

In 2014, Orange mobile renewed the 2G/900 MHz spectrum license and was the first to launch 4G services within a range of 900 MHz in Jordan with some hot spots.

In 2015, Orange mobile acquired the 4G spectrum license within a range of 1800 MHz and rolled-out 4G services Kingdom wide, with a wide variety of competitive offers.

In 2016, Orange mobile acquired additional 3G license.

In 2017, Orange mobile acquired new Spectrum within a range of 2600 MHz band width to launch the 4G+ service.

Revenues

Orange mobile witnessed an increase in revenues by 7.5%, compared to 2017. This increase was generated by higher retail and local mobile termination revenues.

1. The services rendered by Jordan Telecom Group – Orange:

- Fixed telephone service + fiber
- Mobile services (voice + data)
- Internet services (ADSL, FTTH)
- Wholesale services
- Services dedicated to enterprises (B2B) (managed network services and other advanced services such as Data Center, Cloud or Machine to Machine services)

Company's locations and number of employees of each location:
Headquarter offices, Abdali, The Boulevard, Black Iris Street, Central 1&2, P.O. Box 1689, Amman 11118 Jordan.

Governorate	No. of locations	No. of employees
Headquarters	1	521
Amman	62	658
Ajloun	12	6
Irbid	59	88
Jerash	14	7
Al-Mafraq	39	14
Al-Balq'a	21	17
Madaba	9	10
Al-Zarqa	18	41
Al-Aqaba	13	24
Al-Karak	34	31
Ma'an	19	14
Al-Tafilah	12	8
Total	313	1,439

The amount of capital investment in 2018 for Jordan Telecom was JD 34,049,725 and for Jordan Telecom Group JD 61,789,542.

2. Subsidiaries:

All Subsidiaries Headquarter offices, Abdali, The Boulevard, Black Iris Street, Central 1& 2, P.O. Box 1689, Amman 11118 Jordan.

Name of the subsidiary	Nature of business	Capital JD	Equity %	No. of emp.
Petra Jordanian Mobile Telecommunications Co. Ltd. (Orange Mobile)	GSM Operator	70,000,000	100%	268
Jordan Data Communications Co. Ltd. (Orange Internet)	ISP	750,000	100%	23
Dimension Company for Digital Development of Data Ltd. (e-dimension)	Development of Renewable Energy Projects	220,000	100%*	- **

The percentage of ownership for Dimension Company for Digital Development of Data Ltd. (e-dimension) is 51% for Jordan Telecommunications Company and 49% for Petra Jordanian Mobile Telecommunications Co.
** e-dimensions' employees became a part of Jordan Telecommunications Company's staff.

3. a. Members of the Board of Directors:

H.E. Dr. Shabib Ammari
Chairman of the Board of Directors
Date of birth: 22/2/1941

Dr. Shabib Ammari is the Chairman of the Board of Directors of Jordan Telecom Group - Orange Jordan since January 2000 till now, representing the Government of Jordan till 2006.
Dr. Ammari was repeatedly elected as the Chairman of the Board of Directors representing France Telecom Group (now Orange) in the year 2006 and onward. He was re-elected on Oct. 24, 2018 for a new term.
A Royal Decree included the appointment of His Excellency Dr. Shabib Ammari as a member of the Senate (10/2013 –10/2016). During that period, he was Chairman of the Board of Orange Jordan. A Royal Decree included Dr. Shabib Ammari as Minister of Industry and Trade in His Majesty's Government of H.E. Dr. Fayez Tarawneh from 5/2012 to 10/2012. Dr. Ammari rejoined the Board of Directors on 24/10/2012 and was elected as the Chairman of the Board of Directors on that date and till now.
Dr. Ammari was Deputy Chairman of the Board of Trustees of the Royal Scientific Society (H.R.H. Prince Al-Hassan Bin Talal Chair), and was a Member of the Privatization Council, The Economic Dialogue Committee, the Board of Trustees of King Hussein Bin Talal University and the Board of Directors of the Arab Jordan Investment Bank.
Dr. Ammari holds a PhD in Economics (1980) from the University of Southern California (USA), where he worked as a Senior Lecturer along with Calif. State University at Long Beach and California State Polytechnic University at Pomona until 1985, after which he returned to Jordan and worked in the private sector in the capacity of a General Manager.

Mr. Taieb Belkahia
Vice-Chairman of the Board of Directors
Date of birth: 22/5/1962

Mr. Taieb Belkahia currently is the EVP of MENA and the General Secretary of Legal Affairs, Regulation & Synergy, PMO and Operational Synergies at Orange Morocco since May of 2005 till now. He held the position of Director of Legal Affairs from Nov. 2001 to May 2005 at MEDI TELECOM (Orange Morocco).
Prior to that Mr. Belkahia was the Director of Legal Department from Feb. 1998 to Nov. 2001 at ABN Amro Bank (Morocco).
Mr. Taieb earned his Diploma from the Institute of Higher Management Studies HEM Cycle in 1992 and the Diploma from the Toulouse Notary School in 1987.

Mr. Bisher Jardaneh
Member of the Board of Directors
Date of birth: 13/3/1961

Bisher Jardaneh is the Executive Managing Director of the Arabtech Jardaneh Group since 1998.
He also serves as the Chairman of Investbank Jordan. Currently, he serves as the Chairman of the National Resources Investment & Development Corporation, Member of the Royal Commission on Jordan's Water Strategy & Board Member of Trustee of Princess Sumaya University for Technology.
He previously served as a Member of the Executive Committee of the International Federation of Consulting Engineers (FIDIC)/ Geneva, Council Member of Greater Amman Municipality and he was the Head of Finance Committee, Vice Chairman Abdali Investment & Development Psc, Chairman of Abdali Boulevard Company Psc, Chairman of Daman Development Cooperation board, Chairman of Architects and Engineers Business Council (AEBC,) Board and Member of Jordan's National Agenda. Bisher is a Member of the World Presidents Organization (YPO/WPO), Jordan Engineers Association (JEA), Jordan Businessmen Association and Jordan European Business Association.
He received his B.Sc. in Civil Engineering from the University of Illinois, Urbana – Champaign and his M.Sc. in Construction Management from the University of California, Berkeley.

Mr. Jérôme Hénique
Member of the Board of Directors
Date of birth: 27/11/1969

Mr. Jérôme Hénique has over 20 years of experience in the ICT field, during which he worked in a diverse array of markets spanning France, Spain, Senegal and Jordan, cultivating an extensive experience in the management of international teams, consumer behavior, strategic planning and corporate communications.
Prior to being appointed in 2018 as Deputy CEO, Chief Operating Officer of Orange Middle East and Africa, he joined Orange Jordan as CEO in September 2015. He worked as Deputy CEO of SONATEL Group — an Orange subsidiary based in Dakar covering four countries in West Africa — between 2010 and 2015, where he also served as chairman and a member of several of the Group's boards. His insightful leadership, solid marketing, and background in customer centricity contributed to SONATEL's booming sales record over the past four years and helped propel the operator's rapid growth. Before joining SONATEL, Mr. Hénique served as Group Chief Marketing Officer at Orange between 2009 and 2010, leading the international marketing team in Paris, London, and New York and becoming a member of the Orange Executives Network.
He also acted as Chief Marketing Officer of the Consumer Market at Orange France between 2006 and 2009, where he led the operator's marketing operations and successfully consolidated broadband market share in France. Mr. Hénique also worked as Chief Marketing Officer of Wanadoo Spain from 2000 until 2003, managing the company's nationwide marketing operations, and as Chief Marketing Officer of Wanadoo Group from 2003 to 2006.
Mr. Hénique has an MBA in Management of Network Business from ENSPTT in Paris and a BA in Economics, Marketing, and Finance from the Paris Institute of Political Studies.

B. G. Dr. Eng. Hisham Khraisat
Member of the Board of Directors
Date of birth: 25/12/1965

B. G. Dr. Hisham Khraisat is a telecommunications engineer with more than thirty years of experience in the operational and executive management of telecommunications technologies and services, with practical experience in network planning, network operations management, and telecommunications policy development.
B. G. Dr. Hisham Khraisat is an active duty Brigadier General in Jordan Armed Forces, serving as Special Communication Commission (SCC) General Director.

B. G. Dr. Hisham joined the Jordan Armed Forces in 1984, where he has held many leadership and administrative positions during his military career, such as; Royal Signal Corps (RSC) Director, Commandant of A-Sharif Nasser C3 Military College, Signal Assessor (Inspector & Evaluator) at the Inspector General's Office, Chief of Encryption Branch at RSC Directorate, Commandant of C4I Center at RSC Directorate, Commander of GHQ Communication level 3 Workshop, Supply and Procurement staff Officer at C3, Instructor at A-Sharif Nasser C3 Military College. UN Military Observer & Staff Officer as Communications & Training Officer.

B. G. Dr. Khraisat holds PhD degree in Management Philosophy from the World Islamic Science and Education University (WISE), also holds master degree in Computer Science Engineering/ Embedded Systems from Yarmouk University. His bachelor degree is in Electrical Engineering/Telecommunications from Mu'tah University.

B. G. Dr. Khraisat is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan, and he was one of the commissioners in Telecommunication Regulatory Commission (TRC), also he is the Head of the Communication and Electronics Committee for Standards & Metrology at national level, and he is a head of many technical committees at JAF HQ level.

B. G. Dr. Khraisat has published many scientific and technical researches in the international magazines, in addition to publishing many papers and books in Human Resources and Management fields.

Mr. Abdallah Abu Jamous
Member of the Board of Directors
Date of birth: 30/1/1977

Mr. Abdallah Abu Jamous is a member of the Board of Directors of Jordan Telecom Group - Orange since August 2017. Currently, he serves as Human Resources Director at the Social Security Corporation. He previously occupied the Executive Director post at the Social Security Corporation and prior to that, he held the position of the Director of Strategic Planning Department, in addition to serving as a Planning and Project Management Consultant at the Union of International Electronic Media (UNIEM) for the period from 2012-2013. Mr. Abu Jamous has served as a specialized trainer in the fields of Strategic Management, Risks Management, and Projects Management in the Kingdom and abroad.

Mr. Abdallah Abu Jamous holds a Master Degree with honor, in Management Information Systems from Al Balqa Applied University, and a Bachelor Degree in Accounting from Yarmouk University. Additionally, he earned several professional certificates including; Certified Project Management Professional Certification (PMP), Certified Risk Management Professional Certification (PMI - RMP) from the American Project Management Institute PMI, Certified Strategic Planner (CSP) from the American Accredited Consultants Institute and Quality Assessment Certification (EFQM Assessor) from the European Organization for Quality Management.

Mr. Abu Jamous was named as the Best Employee on the Hashemite Kingdom of Jordan for the year 2012 (The Best Employee Award issued from the Civil Service Bureau).

Mrs. Dorothée Vignalou
Member of the Board of Directors
Date of birth: 2/1/1970

Mrs. Dorothée Vignalou is currently a member of the Board of Directors of Orange Jordan and the Deputy Chief Financial Officer of Orange Middle East and Africa. Prior to that, she was the Head of Central Controlling at Orange Business Services from Jan. 2014 – March 2018. She was the Head of Controlling Solutions and Referential at Orange Group Finance from Sept. 2003 - Dec. 2013. She previously held the position of Consultant then Project Manager at France Telecom Finance Division from Sept. 1994 - Aug. 2003.

Mrs. Vignalou graduated from Sciences Po Paris with a Bachelor's degree in Economics & Finance Section in 1993.

3. b. Top management (Executives):

The management is in charge of managing the day to day work of Orange Jordan and its subsidiaries.

Mr. Thierry Marigny
Chief Executive Officer of Orange Jordan
Date of birth: 15/4/1963

With more than 30 years of experience in the ICT sector, Thierry Marigny has worked in a diverse array of global markets across Europe, Middle East, and Africa, cultivating robust expertise in global management, marketing, strategic planning and corporate communication. Prior to his appointment as the CEO of Orange Jordan in 2018, Marigny had a deep experience in the development of telecommunication operators. Most recently, he served as the Deputy CEO of SONATEL Group — an Orange subsidiary based in Dakar, covering five countries in West Africa. In addition to his most recent tenure, he served as CEO of Orange Tunisia, Deputy CEO of Cellis (Lebanon), Chief Marketing Officer of Orange Belgium, Orange's Global Brand Vice President, Orange Vice President of Marketing for Mobile Services.

Among his other past experiences and achievements, he has a strong understanding of the Digital Ecosystem, as he served as the Founder and CEO of Cityneo, a Paris-based start-up focused on mobile applications and location-based services.

Marigny holds a Master's degree in Marketing and Finance, from Dauphine University in Paris. He is also a graduate of the Institut Mines-Télécom Business School in France, where he attained a Master's degree in Telecommunications Management.

Mr. Raslan Deiranieh
Deputy Chief Executive Officer
Chief Financial and Strategy Officer
Date of Birth: 17/11/1963

Mr. Raslan Deiranieh is the Deputy Chief Executive Officer and the Chief Financial and Strategy Officer of Jordan Telecom Group – Orange Jordan.

He joined Jordan Telecom in 1998 as a Treasury Director. Before that, Mr. Deiranieh served as head of the Foreign Investment Section at the Central Bank of Jordan.

Mr. Deiranieh is currently, a Board Member of the Faculty of Arts at the University of Jordan and a Board Member of JAMA (Jordan Association of Management Accountants), and the Chairman of e-dimension Company.

He was previously a Board Member in Safwa Islamic Bank and a Board Member of Jordan Data Communication Co. and the Chairman of Light Speed Company based in Bahrain.

He has previously represented the Social Security Corporation on the Board of Directors of Jordan Press Foundation (Al-Rai Newspaper) and Jordan Steel Company.

Mr. Deiranieh holds a Bachelor's degree in Accounting and Computer Science with honors from Al-Yarmouk University (1985) as well as the award of Scientific Excellence from the same university and the Distinguished Graduates award. Mr. Deiranieh holds a Master's degree in Accounting from the University of Jordan (1992), and has a certificate of Orange Finance and Controlling from the ESCP (2008).

Mr. Sami Smeirat
Chief Enterprise Officer
Date of birth: 13/4/1971

Mr. Smeirat has held the position of CEO of Jordan Data Communication Company Ltd. since 2007, in addition to his position as the Chief Enterprise Officer that provides services of telecommunications solutions (mobile, internet, and fixed) for the public and private sectors in the Jordanian market. 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. He also worked as the Corporate Sales Manager at Global One since 1996, 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 a Master's Degree in Communications Engineering, as well as a MBA in Business Administration from NYIT.

Mr. Waleed Al Doulat
Chief Wholesale Officer
Chief Information Technology & Networks Officer
Date of birth: 2/5/1966

Mr. Waleed Al Doulat has held the position of Chief Wholesale Officer of Jordan Telecom Group - Orange Jordan since 2010, from July 2016, Mr. Al-Doulat has been assigned the role of Chief Information Technology & Networks Officer, in addition to his current position as Chief Wholesale Officer.

In 1992, he joined the Jordan Telecom Group as an Operation and Maintenance Transmission Engineer, where he worked his way up 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 Teaching Assistant until the end of 1991.

Dr. Ibrahim Harb
Chief Legal, Regulatory ,Sourcing and Supply Chain Officer
Date of Birth: 17/5/1961

Dr. Ibrahim Harb has held the position of the Chief Legal, Regulatory, Sourcing and Supply Chain Officer of Orange Jordan since September 2017.

Prior to that, Dr. Harb was the Chief Legal, Regulatory and Sourcing Officer of Orange Jordan (2014 – 2017). He was the Chief Legal and Regulatory Officer of Orange Jordan (2010 - 2014), and the Legal and Regulatory Director of Orange Jordan (2005 - 2010). Before that, he had held in 2004 the position of Acting Human Resources Officer at Jordan Telecom, and was the Training Manager and the Training Center Manager (1999 - 2004) at Jordan Telecom. Dr. Ibrahim holds a PhD in Communications Engineering.

Mr. Tamouh Khauli
Chief Security Officer
Date of Birth: 28/2/1959

With over thirty five (35) years of distinguished and internationally recognized experience in cyber defense, cryptography and encryption, public key infrastructure development, information security, resiliency, networks, and communication technologies, Mr. Khauli heads Orange Jordan Networks and Information Security, with special expertise in Cyber Forensic Investigation, Cyber Intelligence and Counter Intelligence, Security R&D, Security Innovations, Business Continuity & Crisis Management, Protection of Personal Data, Physical Security, Evacuation & Emergency Response.

During his career, Mr. Khauli led the development of Military Grade Encryption (PKI/A/E), and traced State-Sponsored Malware Attacks as part of his duties as head of the Defensive Information Warfare Program at the USDOD (United States Department of Defense) for several years.

He joined Jordan Telecom Group as Chief Executive Officer for e-dimension, the 4th subsidiary of the Group, and the technical arm and technology incubator at the time.

He also led Orange Jordan integrated technological innovations development, were he launched the first e-payment gateway in the Middle East, which was ranked the 7th worldwide back in 2003, before heading the Networks and Information Security back in 2009. As an active researcher and innovator, Mr. Khauli led several research teams from various foremost companies and universities, including MIT (Massachusetts Institute of Technology). His research included telecommunication network infrastructure, communication platform security, cryptography and encryption technologies, IP Multimedia Subsystems, cyber hacking protection, forensics techniques and other related fields.

He also represented The Hashemite Kingdom of Jordan at the Computerized Networks Defense Symposium II. He was awarded several medals of excellence in international conferences and technical workshops, where he attended as Keynote Speaker.

In addition to his master's degree from New York University - USA and BSc in Business Administration and Computer Science from Oxford University - UK, Mr. Khauli was certified by Novell as 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 Technical - Platforms Advanced Security Engineer.

Ms. Ghada Jamal Fares
Chief Human Resources Officer
Date of Birth: 18/10/1977

Ghada Fares currently serves as the Chief Human Resources Officer at the company, since March 2018. Ms. Fares was also the Corporate Financial Controlling Director from 2012-2018 and in 2004, she held the position of Financial Accounting Manager until 2012. Some of her previous experience also included being a Financial Controlling Manager at ABC Investments, a subsidiary of ABC Jordan. She also served as the Senior Auditor at ERNST & YOUNG in Amman.

Ms. Ghada earned the Certified Public Accountant (CPA) title from the California Board of Accountancy in November 2002, and holds a bachelor's degree in Accounting from the University of Jordan, since August 1999.

Mrs. Naila Al Dawoud
Chief Consumer Market Officer
Date of Birth: 3/4/1968

Naila Al Dawoud has held the position of Chief Consumer Marketing Officer since July 2017. Mrs. Al Dawoud has more than 25 years of experience at Orange Jordan and Orange Group in the core disciplines of the telecommunication and marketing sectors. Her career path took a different turn after 12 years experience at the IT sector to explore new challenges in the commercial and marketing field.

Prior to becoming Chief Consumer Marketing Officer, Mrs. Al Dawoud worked as Marketing Director for 7 years. Before that she occupied many managerial positions at Orange Jordan and Orange France. In 2006, her experience was enriched by managing multi ITN-Programs within Network Carrier & IT sector at Orange Group in France.

Mrs. Al Dawoud holds bachelor degree in computer science from Yarmouk University, in addition to an Application Engineer Diploma (Design, Communication and Development) from Centre of the International Cooperation for Computerization (CICC) – Tokyo, Japan.

Mr. Samer Al Haj
Chief Consumer Sales Officer
Date of Birth: 27/8/1976

Samer Al Haj has been appointed as Chief Consumer Sales Officer on 1st of July 2017. Mr. Haj has more than 18 years of relevant experience in the telco industry, during which he held a variety of managerial positions that have enriched his experience in the telecommunication sector.

Prior to being appointed as Chief Sales Consumer Officer, Mr. Al Haj worked at Orange JO as the Sales Director for 6 years; he previously occupied many managerial positions with Viva Bahrain and Zain Jordan, through which his leadership and ability to develop a successful business, set-up commercial operations, and develop distribution strategies has been proven. He holds a bachelor degree in Educational Sciences from University of Jordan, in addition to Telecom Mini MBA from Telecoms Academy.

Mr. Etienne Vincens de Tapol
Deputy Chief Information Technology and Networks Officer
Date of Birth: 20/11/1973

Mr. de Tapol became a member of the Executive Committee (ExCom) of Orange Jordan on the 1st of September, 2016 as Deputy Chief IT and Network officer. He is in charge of Information Technology (IT), IT and Network performance & quality and budget controlling. From 2011 till 2016, Mr. Etienne Vincens de Tapol served as Senior Vice President – Digital Home & Platforms at BuyIn SA/NV, the Procurement JV of Deutsche Telekom and Orange. He held the position of Vice President of Procurement Networks & Service Platforms of the Orange Group before the foundation of the joint venture (JV). Mr. De Tapol started his career at France Telecom in 1998 within the enterprise division Orange Business Services, where he held various managerial posts and procurement roles.

Mr. de Tapol holds a master's degree in International Purchasing from Bordeaux Kedge Business School (France) and a bachelor's degree in Industrial Engineering (E.N.I.T.I.A.A., France).

Mr. Mederic Chomel
Deputy Chief Strategy Officer, Chief Digital & Innovation Officer & Secretary to the Board of Directors
Date of Birth: 1/10/1980

Mr. Chomel is Marketing, Digital, and Strategy professional with strong Telco and International experience.

Mr. Mederic Chomel is currently Orange Jordan Deputy Chief Strategy Officer, Chief Digital & Innovation Officer, and the General Secretary to the Board of Directors and its Committees. Prior to joining Orange Jordan, he was Orange Senegal B2B Chief Marketing Officer. He also held various B2C Marketing positions for Orange in France and Senegal.

Mr. Mederic Chomel graduated from Ecole Nationale des Ponts et Chaussees with Master of Mechanical Engineering and Ecole Polytechnique with Master of Science.

4. The names of shareholders who own 5% or more of the capital as of 31st of December 2017 and 2018:

Shareholders	No. of shares 31/12/2017	Shareholding % (2017)	No. of shares 31/12/2018	Shareholding % (2018)
Joint Investment Telecommunications Co.	95,624,999	51%	95,624,999	51%
Social Security Corporation	54,150,000	28.88%	54,150,000	28.88%
Noor Telecommunications Holding Company Limited	18,750,000	10%	17,437,794	9.30%
Total	168,524,999	89.88%	167,212,793	89.18%

5. The competitive situation of the company:

After the exclusive rights termination on the 1st of January, 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 services	>90%
Orange mobile services	30-35%
Orange internet services	50%

6. The degree of dependence on specific resources:

The Jordan Telecom Group purchased more than 10% of the total purchases from:
Nokia Solutions and Networks Oy (10.9%).

- There is no reliance on major local and/or external clients who make up 10% or more of total revenue.

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".

8. The decisions of the Government:

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.

9.a The organizational structure of Jordan Telecom Group:

Board of Directors

- Audit Committee
- Remuneration & Nomination Committee
- Corporate Governance Committee
- Risk Management Committee
- Chief Executive Officer
- Legal Advisor/Mr. Thaer Najdawi

Chief Executive Officer – Thierry Marigny

- Deputy Chief Executive Officer/Chief Financial & Strategy Officer – Raslan Deiranieh
- Chief Enterprise Officer – Sami Smeirat
- Chief Wholesale Officer/Chief Information Technology & Networks Officer – Waleed Al-Doulat
- Chief Legal, Regulatory, Sourcing and Supply Chain Officer – Ibrahim Harb
- Chief Security Officer – Tamouh Khauli
- Chief Human Resources Officer – Ghada Fares
- Chief Consumer Market Officer – Naila Al Dawoud
- Chief Consumer Sales Officer – Samer Al Haj
- Deputy Chief Information Technology & Networks Officer – Etienne Vincens de Tapol
- Deputy Chief Strategy Officer, Chief Digital & Innovation Officer & Secretary to the Board of Directors – Mederic Chomel

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

Qualification	Jordan Telecom (Orange Fixed)	Petra Jordanian Mobile Tel. Com. (Orange Mobile)	Jordan Data Communication Co. (Orange Internet)
Doctorate (PhD)	3	0	0
Master's	65	19	3
High Diploma	4	1	0
BA	858	226	16
Diploma	287	14	0
Tawjihi	78	6	1
Below Tawjihi	144	2	3
Total	1,439	268	23

9. c. Training programs during 2018:

No.	Description	Number of trainees
1	Financial Courses	18
2	Management Courses	79
3	Marketing & Sales Courses	934
4	Quality Courses	38
5	Technical Courses	33
6	Computers Courses	495
7	Language Courses	53

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

Jordan Telecom Group faces risks of competition from mobile telecommunications and other telecom companies who serve fixed line services.

11. The achievements realized by the company:

The achievements were mentioned in Jordan Telecom Group results.

12. The operations of infrequent nature during 2018:

There is no financial impact for non-recurring transactions that occurred during the fiscal year, which are unrelated to the core activities of the company.

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

,	2014	2015	2016	2017	2018
Profits in (JD)	42,033,069	16,105,838	18,074,087	24,030,280	21,307,063
Distributed dividends (JD)	42,000,000	16,000,000	18,000,000	24,000,000	*21,500,000
Dividends %	16.8%	6.4%	8.8%	12.8%	11.46%
Shareholders equity in (JD)	354,534,016	328,639,854	268,213,941	274,244,221	273,936,814
Shares prices (JD)	3.51	3.51	2.31	2.14	1.39

* Proposed dividend in 2018

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".

16. The remuneration of the external auditor of the company and its subsidiaries during 2018:

The Company	Auditing remuneration (JD)
Jordan Telecommunications Co. (Orange Fixed)	38,610
Petra Jordanian Mobile Telecommunications Co. Ltd. (Orange Mobile)	38,610
Jordan Data Communications Co. Ltd. (Orange Internet)	5,085
Dimension Company for Digital Development of Data Ltd. (e-dimension)	360

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 except for H.E. Dr. Shabib Ammari – Chairman who owns (1) share and Brigadier General Dr. Eng. Hisham Khraisat Member of the BOD who owns (375) shares.

No shares are owned by top management members and their relatives or by any company controlled by them except for Mr. Raslan Deiranieh who owns (21,500) share.

Statement of the members of the Legal Entities Board of Directors, their representatives, and the ownership of each one of them.

No.	BoD	Status	Position	Nationality	No. of shares as of 31/12/2018	No. of shares as of 31/12/2017
1	Joint Investment Telecommunications Co. represented by	Legal entity		Jordanian	95,624,999	95,624,999
	1.1 H.E. Dr. Shabib Ammari		Chairman of the BoD	Jordanian	1	1
	2.1 Mr. Taieb Belkahia		Vice-Chairman of the BoD	Moroccan	-	-
	3.1 Mr. Jérôme Hénique		Member of the BoD	French	-	-
	4.1 Mrs. Dorothée Vignalou		Member of the BoD	French	-	-
2	Social Security Corporation represented by	Legal entity		Jordanian	54,150,000	54,150,000
	1.2 Mr. Abdallah Abu Jamous		Member of the BoD	Jordanian	-	-
	2.2 Mr. Bisher Jardaneh		Member of the BoD	Jordanian	-	-
3	Jordanian Armed Forces/Government of the Hashemite Kingdom of Jordan represented by	Legal entity		Jordanian	3,000,001	1
	1.3 Brigadier General Dr. Eng. Hisham Khraisat		Member of the BoD	Jordanian	375	375

18. The remunerations and rewards in 2018 for the members of the Board of Directors and for the top management members were:

No.	BOD	Committees monthly Remuneration	Transportation	Annual BOD remuneration 2016	Travel	Total
1	H.E. Dr. Shabib Ammari	107,800	7,200	5,000	1,050	121,050
2	Mr. Taieb Belkahia*	194	232	0	0	426
3	Mr. Michel Monzani*	5,806	6,968	5,000	0	17,774
4	Mr. Abdallah Abu Jamous**	3,565	7,200	2,083	525	13,373
5	Mrs. Dorothée Vignalou*	5,629	6,755	0	0	12,384
6	Brigadier General Dr. Eng. Hisham Khraisat	1,129	3,600	0	0	4,729
7	Mr. Jérôme Hénique*	0	3,660	0	0	3,660
8	Mr. Bisher Jardaneh**	97	232	0	0	329
9	H.E. Dr. Mohammad Abu Hammour**	4,871	5,845	5,000	525	16,241
10	Mr. Jean Marc Vignolles *	0	3,540	5000	0	8,540
11	Brigadier General Engineer Ali Alassaf	3,000	3,600	5,000	525	12,125
12	Mrs. Sandrine Valanti*	371	445	4,167	0	4,983
13	Dr. Samer Meflah**	0	0	2,917	0	2,917
14	Mr. Emad Qudah**	468	1,123	0	0	1,591
15	Mrs. Mai Rochefordiere*	0	0	833	0	833
	Total	132,930	50,400	35,000	2,625	220,955

*All amounts are paid to Orange Group.
** Remuneration, commissions, and mobility allowances were paid to the Social Security Corporation.
Number of Board meetings during 2018 (6).

Paid amount to top management.

No.	Name	Salary	Bonus	Transportation	Travel	Others	Total
1	Mr. Thierry Marigny	81,338	0	0	1,874	0	83,212
2	Mr. Jérôme Hénique	66,854	0	0	2,505	0	69,359
3	Mr. Raslan Deiranieh	129,514	91,038	9,600	2,060	2,862	235,074
4	Mr. Sami Smeirat	110,506	82,627	9,600	3,220	2,470	208,423
5	Mr. Waleed Al-Doulat	103,572	68,880	9,600	4,498	2,199	188,749
6	Dr. Ibrahim Harb	82,050	43,101	9,600	5,520	2,199	142,470
7	Mr. Tamouh Khauli	85,791	39,426	9,600	480	2,791	138,088
8	Ms. Ghada Fares	38,734	8,907	2,600	1,842	0	52,083
9	Mrs. Naila Al Dawoud	64,306	26,953	9,000	3,900	0	104,159
10	Mr. Samer Al Haj	60,816	26,241	9,000	2,925	0	98,982
11	Mr. Etienne Vincens de Tapol	122,879	0	0	700	0	123,579
12	Mr. Mederic Chomel	71,106	0	0	3,265	0	74,371
13	Dr. Edward Zreik	29,919	24,300	1,600	0	0	55,819
	Total	1,047,385	411,473	70,200	32,789	12,521	1,574,368

19. Donations and grants:

No.	Donations to	
1	The General Trade Union of Workers in Public Services & Free Occupations	71,000
2	Iftar Ramadan for Orphans and Distrbution of Food Parcels	17,900
3	Donations for several Charities	16,300
4	Tkiyet Um Ali	8,100
5	Sports Donations	7,000
6	Retired JTG Club Association	3,800
7	Donations for educational competitions	3,398
8	Arab Women Foundation	500
Total		127,998

20. The contracts concluded by the company with subsidiary, sister, and affiliated companies:

There is a management agreement between Orange Jordan and Orange Group. Also, a number of agreements signed between the company and its subsidiaries in the daily normal conduct of business.

There are no contracts, projects or engagements entered into by the Company with the Chairman of the Board of Directors, members of the Board of Directors, the Chief Executive Officer or any employee of the company or relatives thereof.

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

2018: A turning point for Orange Jordan's exclusive and unprecedented services:

Last year was a turning point for Orange Jordan, as the company offered unprecedented services throughout the Kingdom. Orange Jordan was the first and only company to offer 4G+ services in the local market. The company has also developed its Next-Generation Networks (NGN), topped by Fiber-to-the-Home (FTTH) and Fiber-to-the-Business (FTTB).

As a leading national company in the Information and Communications Technology (ICT) sector, Orange Jordan has made a positive impact on society by bridging the digital divide between rural and urban areas, becoming the driving force behind the transformation towards a digital economy. It has dedicated all its resources to providing quality services to all segments of the community across the Kingdom's governorates, with the aim of easily connecting customers to all that matters to them, through its strongest networks in Jordan.

As a result of its dedication, Orange Jordan earned the International Best Employer Certificate of 2018 and was ranked the first in the Kingdom and sixth in the MENA region in providing digital services from among 19 Arab countries regionally, in a study conducted by Arab Advisors Group. Orange Jordan places the development of local communities as one of its top priorities. In 2018, the company developed its Corporate Social Responsibility (CSR) model in a way that best fits the substantial developments witnessed by the entrepreneurial sector and its relationship with the Information Technology (IT) sector. In turn, it enriched its already rich record of innovative and new programs and initiatives that the company executed, in partnership with a wide network of partners in the public sector and civil society organizations.

Digital Transformation in Local Communities:

- Orange Jordan launched its digital umbrella last year, as well as digital centers across the Kingdom. The company signed a number of agreements with different entities with the goal of enabling beneficiaries to enter the world of internet, bringing them closer to all that matters to them.
- The company signed a Memorandum of Understanding (MoU) with the Ministry of Information and Communications Technology (MoICT), National Information Technology Center (NITC), and Jordanian Hashemite Fund for Human Development (JOHUD), to sponsor four Knowledge Stations hosted by JOHUD and enable Jordanian citizens to benefit from technology as a helping tool in serving the local community, spanning all segments with more focus on governorates.
- The company signed a cooperation agreement with the Ministry of Youth, equipping three halls in youth centers across the north, mid, and south regions.
- Orange Jordan signed a Memorandum of Understanding (MoU) with MoICT and NITC, where the company will support establishing an academy inside the Tafilah Knowledge Academy, through providing training programs accredited by Cisco International Limited.
- Minister of Information and Communications Technology (MoICT), His Excellency Eng. Muthana Gharaibeh, CEO of Orange Jordan, Thierry Marigny, and Governor of Al Mafraq, Hassan Al Qayyam inaugurated Al Mafraq Knowledge Station, which was revamped to become a suitable training environment similar to other stations in other governorates.

Social Solidarity and Philanthropy:

■ Orange Jordan renewed its strategic partnership with Jordanian Hashemite Fund for Human Development (JOHUD) and the National Goodwill Campaign. The company continued supporting the free medical days executed by the campaign across all governorates. In appreciation of the company's active role in supporting the fund's projects, HRH Princess Basma Bint Talal honored the company during a ceremony held by JOHUD for all supporters and donors of the campaign in 2018.

■ During the Holy month of Ramadan, Orange Jordan supported a number of charitable initiatives and Iftars organized by several civil society organizations, with the participation of members of its Social Responsibility Volunteers Club (NAMA).

■ The company supported the Goodness Number initiative launched by King Hussein Cancer Foundation as part of "Zakatkum Hiati" campaign, which is launched annually by them during the Holy month, to help cancer patients at the center.

■ The company also supported numerous campaigns that were organized by "Mujadidon" Charitable Society, as part of Orange Jordan's solidarity campaign during the Holy month of Ramadan.

■ Orange Jordan supported charitable Iftars for orphans at The Children Museum.

■ CEO of Orange Jordan, Thierry Marigny, participated in catering for guests at "Mawa'ed Arrahman", organized by "Tkiyet Um Ali", along with a number of the company's Chief Officers and NAMA volunteer club members.

■ The company launched a Breast Cancer Awareness Campaign to help raise awareness on the importance of early detection and prevention across the Kingdom, during the month of October, which is known as the breast cancer awareness month.

■ Orange Jordan participated, along with a number of organizations in several celebrations, including Mother's Day, International Women's Day, and the 50th Anniversary of Al Karamah Battle, through which the company sponsored the Mother's Day Bazaar at Princess Sumaya University for Technology (PSUT) campus, in addition to honoring a number of active military mothers in the Jordanian Armed Forces (Arab Army).

■ Orange Jordan signed a cooperation agreement with Queen Rania Al-Abdullah Association for Welfare of Military Personnel and Their Families, through which the company will contribute to the establishment of a center to integrate people with disabilities and autism into their local societies in Jerash governorate, serving the northern region.

■ Signing a strategic agreement with Al Hussein Society, through which the company supports the rehabilitation center, which provides treatment programs that serve all society segments, with a special focus on people with disabilities, to enable them to become independent and integrated with their surroundings.

■ Signing a Memorandum of Understanding (MoU) with the Capital Governorate's Council, with the aim of developing electronic services in the council and build IT graduates' capabilities of the governorate, as part of the company's role in supporting local communities.

■ Renewing its agreement with the Jordanian Caricaturist, Omar Al Abdallat for the second consecutive year, to promote its participation in media and advertising events directed at young entrepreneurs. The company also supported a drawing workshop that he participated in for children with down syndrome at the Jasmine Society for Children with Down Syndrome.

Education and Youth:

■ Providing scholarships to underprivileged students, among which are 27 scholarships for bachelor and master degrees students at Princess Sumaya University for Technology (PSUT) in 2018.

■ Offering underprivileged students scholarships at the Applied Science Private University (ASPU), through supporting the Poor Students Fund.

■ Inaugurating Orange Park and Laboratory at Al-Balqa' Applied University campus, in addition to supporting the establishment of Innovation and Entrepreneurship Laboratory in Al Salt College campus. Orange Jordan also participated in the Scientific Day activities held in Al Hussun College, which came under the title: Software, Electronic, and Electrical Engineering Applications.

■ Inaugurating the Orange Hall in Al Hussein Technical University (HTU) campus at King Hussein Business Park (KHBP). The company also provided the university with integrated telecommunications services, according to an exclusive agreement between both parties.

■ Organizing weekly training on job skills at Orange Yarmouk Innovative Laboratory (OYIL) in Al Hijjawi College for Technology Engineering, as part of the company's commitment to cooperate with Yarmouk University (YU) and support all its activities.

■ Orange Jordan supported the training of a group of Al al-Bayt University students as part of "Haqiq", one of Crown Prince Foundation initiatives, where a number of workshops and field visits were executed. Orange Jordan sponsored the Levant Model United Nations Conference (LeMUN), held for the first time in Jordan.

■ Orange Jordan participated in the graduation of the first group of trainees in the Jordanian German Excellence Centre for Solar Energy located in Al Mafraq governorate, being part of the Vocational Training Corporation, which previously received a grant of half a million Jordanian dinars from Orange Jordan, as part of the company's solar energy project in Al Mafraq Developmental Zone, to revamp and equip the center, in coordination with the Vocational Training Corporation and Al-Mafraq Development Company. The project aimed at utilizing and boosting Jordanian youth skills and abilities through training, to help them join the workforce, according to the best international standards and expertise, thus reducing unemployment and increasing their participation in the labor market.

■ Orange Jordan provided its support to the first forum of Arabic students who are studying at Jordanian universities. The company also supported the Arabic Youth Innovation in the Electronic Design competition, which was organized by the Jubilee School. It also sponsored a training program entitled: Smart Cities for Sustainable Architectural Engineering, through sponsoring two outstanding students in the program, which was organized by the two engineering French universities, EFP and ESTO in Paris.

■ Following the success of the execution of the first two phases of "Menhaji Al Tafouli" Educational Initiative, the Ministry of Education, Orange Jordan, and the UNICEF announced that they will expand their partnership to include 17 additional public schools across the Kingdom. This has taken place during a visit by them to "Al Shmeisani Al Gharbi" school for girls in Amman, one of the schools that executed this initiative. The company, along with the ministry organized a ceremony to honor participating teachers in this project.

■ Orange Jordan supported the third edition of "Mashrou3i Tharwati" competition, under the slogan: Innovate to Start, which was organized in cooperation with King Abdullah II School of Information Technology, University of Jordan Innovation and Entrepreneurship Center, and The Information and Communications Technology Association of Jordan (int@j), which aimed at shedding light on the projects of entrepreneurial students in the field of Information and Communications Technology, granting students the chance to obtain exposure, training, and financing from investors.

■ Jordanian innovators and outstanding youth took center stage attention from Orange Jordan, as the company supported "Malak Ale'mar", who represented Jordanian youth in the Asia Youth International Model United Nations 2018 conference.

■ The company supported a number of initiatives and competitions including the Digital Content Pioneers Initiative, launched by Information and Communications Technology of Jordan (int@j), under the patronage of HRH Princess Sumaya Bint El Hassan and in partnership with the Ministry of Information and Communications Technology.

Tourism:

■ Stemming from its role as a leading partner in the development of cities, making them more appealing to tourists, Orange Jordan sponsored the photo gallery organized by Zohrab Markarian, on the occasion of His Majesty's 56th Birthday.

■ Orange Jordan signed a cooperation agreement with Petra National Trust (PNT), by which it will support the society's initiatives and events, through providing a telecommunications bundle, which stems from the company's keenness to be an active partner in the preservation of the Kingdom's historical and cultural heritage, in particular Petra.

■ Orange Jordan sponsored and participated in the ceremony to conclude the first season of the photography competition, Jordan in Photos 2018, to support local tourism in Jordan, through encouraging amateur photographers and professionals that highlight touristic sights in which are yet to be discovered all over the Kingdom.

Youth Entrepreneurship:

■ Under the patronage of the Ministry of Information and Communications Technology (MoICT), Orange Jordan organized BIG by Orange summit in 2018, witnessing the participation of 200 entrepreneurs from the Kingdom, Orange FAB from all over the world, and investors from different sectors. The organization of this event stemmed from the company's belief in the importance of entrepreneurship and the economy, through creating jobs and contributing to social and economic development.

■ Orange Jordan celebrated its closing ceremony for the fifth season of BIG; Orange Jordan's growth-mode accelerator program, and launched its sixth season. During the ceremony, the participants of the fifth season were graduating and the new season's participants were welcomed to become part of the program, where Orange Jordan provided its assistance to start-up companies in the growth phase.

■ Orange Jordan participated in Viva Technology, the international entrepreneurial and technology conference, which was held in Paris, France. The company sponsored the participation of BIG season five startups, and in cooperation with the investment authority, organized a session to acquaint participants with the services and benefits for investing in startups. The event witnessed the participation of BIG startups and companies located in King Hussein Business Park (KHBP).

■ Orange Jordan celebrated the three winning startups in the Orange Award for Social Development projects in its local version of 2018. These projects were selected from ten shortlisted projects that were presented to a committee of judges, composed of experts in entrepreneurship. The award aimed at shedding light on innovative projects that meet the needs of local communities in a number of vital fields.

■ Orange Jordan sponsored "Ibtikarthon" forum, which was organized by the Jordanian Hashemite Fund for Human Development (JOHUD) for the second consecutive year, which gathered 39 young entrepreneurs and startups from all over the Kingdom.

■ The company also sponsored iPARK entrepreneurship competition in Aqaba, which aimed at inspiring entrepreneurship in Aqaba and Jordan, thus making Aqaba an incubator for businesses and projects.

Corporate Sponsorship:

■ Orange Jordan was a leading supporter of a number of conferences in 2018 topped by King Abdullah II Award for Excellence Distribution ceremony, in which the company received royal recognition for its excellence and philanthropy.

■ The company's strategic partnership continued with the MENA ICT forum 2018, which was organized by the Information and Communications Technology of Jordan (int@j). The sponsorship came in recognition of the forum's importance, which gathers a large number of experts and business leaders to exchange their expertise on the latest developments in technology that serve all sectors in the country.

■ Orange Jordan provided its exclusive sponsorship to the Social Media Summit in 2018 which was entitled, Social Media and its Critical Impact on the Tourism Sector, where the sponsorship came as a result of the noticeable transformation towards social media and falls in line with its role in promoting local tourism.

■ Orange Jordan provided its support to a number of cultural activities held in 2018, including 13th International Free Theater Nights festival and the French-Arab Film Festival in its 24th edition, in addition to supporting the French Week for the 4th year, which was held at The Boulevard. The company also supported the Amman International Book Fair in its 18th edition.

■ Stemming from its keenness to support the role of women in the local community, Orange Jordan sponsored the second Women in History forum, held in Amman and Ma'an governorates. The company also sponsored Women on the Front Lines (WOFL) conference, held in Amman for the third consecutive year, organized by May Chidiac Foundation.

■ Orange Jordan sponsored the National Basketball League, Jordan's Hawks games in the World Cup Finals to be held in China in 2019. It also supported the International Equestrian Friendship Championship in Jerash.

■ Orange Jordan supported the Small and Medium Enterprise (SMEs) Conference entitled: Enhancing the Social and Economic Performance of Small and Medium Enterprises Towards a New Economic Model.

■ Orange Jordan was the Diamond Sponsor of the International Conference on the Critical Differentiation and its Applications 2018.

New Offers and Services:

■ As an evidence to its leading role in the Information and Communications Technology sector during 2018, Orange Jordan was the first operator in the Kingdom to launch its 4G+ service. The company offered new prepaid cards that match its 4G+ service, and at the same time, launched the home broadband internet through which Orange Jordan improved its offers in these services, thus offering faster internet to subscribers.

■ Orange Jordan expanded its networks throughout the Kingdom's governorates, including the development of its 4G+ and ADSL networks, in addition to expanding its fiber network to more than 300,000 buildings in record time.

■ Orange Jordan launched "Feed Wa Stafeed" service for the first time, through which it provides new and existing subscribers with free credit upon inviting friends to subscribe to the company's prepaid mobile lines.

■ 2018 witnessed the conclusion of launching the Smart University Cards in Princess Sumaya University for Technology, with many features and services provided by Cairo Amman Bank, which was distributed in a number of Jordanian universities.

■ Orange Jordan launched the Visitors' Line, which included several features that keep visitors always connected to all that is essential to them without interruptions during their visit to the Kingdom. It also enabled them to keep these lines to use during their next visits to Jordan and for a period of 12 months.

■ Orange Jordan launched new "Humat Al Watan" offers with 4G+ services without extra cost to all active and retired personnel of the Security Forces and the Armed Forces-Arab Army, so that they can be closer to their families wherever they may be.

■ Orange Jordan launched Alo Um Al Dunya lines with 90 minutes to all networks in Egypt with the ability to transfer basic data balances.

■ Orange Jordan forged partnerships with more than 50 partners spanning restaurants, gyms, recreation and service providers with Careem, being the lead partner of the company for collective and partial offers.

■ Orange Jordan partnered with HUAWEI and Samsung to launch promotional campaigns for several occasions, coupled with the chance to win several valuable prizes. Among these campaigns, World Cup Championship, Ramadan, Eid Al Fitr, Eid Al Adha and Back to School.

■ For the first time, and in line with Orange S.A., the company offered its special bundle of mobile handsets.
■ Offering Philippine and India lines, to keep beneficiaries closer to their loved ones, with the best quality.
■ The company launched "Feed W Estafeed" service with Orange Fiber, which provides new and existing subscribers a free subscription for a month when inviting their friends to subscribe to the fiber service.

Enterprise Business Unit:

■ Orange Jordan renewed its agreement with Aqaba Company for Ports Operation & Management, providing them with mobile lines, which came as an integral part of a previous agreement between both parties, by which the company provided fixed line and internet services, yet becoming the sole telecommunications provider for the company.
■ The company signed a strategic partnership agreement with Al-Nabil Food Industries Company Limited, by which it will provide innovative telecommunications services and host them at Orange Jordan Data Center, along with surveillance services and Unified Risk Management services.
■ Orange Jordan signed a strategic partnership agreement with the Municipality of Karak, by which it will provide them with a bundle of Network Connection Solutions and Multiprotocol Label Switching (MPLS) services to develop the link between the municipality and its branches with high security and speeds.
■ The company signed an agreement with the Norwegian Refugee Council (NRC) to provide mobile lines and data services to refugee camps and help them build and develop their businesses.
■ Orange Jordan signed an agreement with Jordan Commercial Bank (JCB), where it will provide mobile services to bank employees.
■ Orange Jordan was the official Diamond Sponsor of the sixth International Medical Conference for the Physicians who graduated from Russian universities, whereas Orange Jordan was honored at the conclusion of the conference.
■ Orange Jordan renewed its strategic agreement to provide its exclusive sponsorship to The Special Operations Forces Exhibition and Conference (SOFEX) 2018 in its twelfth edition. It provided all telecommunications and data services to all activities, in addition to the exhibition's visitors. It also showcased a wide array of its products and services through a special suite at the exhibition.
■ Orange Jordan signed a strategic agreement with Al-Manarah Hotel, whereby it provided it with integrated telecommunications services.
■ Orange Jordan and the Capital Bank of Jordan signed a two-pillar agreement, the first related to renewing the hosting of the bank's disaster management servers and equipment at Orange Jordan's data center, and the second being to raise the efficiency and double the speed of the bank's internet lines, through fiber optics, thus covering all the bank's branches and ATM machines.

Environment:

■ Orange Jordan inaugurated environmentally-friendly solar energy charging units in Al-Balqa' Applied University (BAU) and Mu'tah universities. This has come through a strategic agreement between the company and two universities, with the aim of providing environmentally-friendly technology services that maximize the benefits of the company's latest services to students.
■ Orange Jordan signed an agreement with Irbid District Electricity Company (IDECO), whereby the company will supply energy generated in the solar farm it will establish in the north, with the aim of covering its electricity needs on the Irbid electricity grid, according to the energy transit system.

Customers Experience:

■ Orange Jordan launched the first Chatbot supported by artificial intelligence, namely: Djingo, in both Arabic and English, which became the first assisting tool in the world of digital telecommunications in the region.
■ Orange Jordan won the Best Network Experience Award for the second consecutive year, during the seventh Customers' Experience Management in Telecommunications Sector in the Middle East Conference, held in Dubai.
■ Stemming from the company's keenness to serve its subscribers in all Kingdom governorates, Orange Jordan inaugurated two shops in Al Karak governorate, one in Mu'tah and the other in Al Thaneyah.
■ Orange Jordan inaugurated a new shop in the arrival building in Queen Alia International Airport (QAIA), which comes as part of a series of shops spread all around the Kingdom, providing all the services needed by visitors of Jordan and spanning a variety of company offers and lines during their stay in the Kingdom.

Technology and Innovation:

■ Orange Jordan won the Top Employer Global 2018 Certificate for the third consecutive year from among a group of elite companies. The certificate was granted to the company by the Top Employers Institute.
■ In a study conducted by Arab Advisors Group, Orange Jordan was ranked first in the Kingdom and sixth regionally in 2018, from among 19 Arab countries in providing digital services through mobile phones.

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
H.E. Dr. Shabib Ammari	Mr. Taieb Belkahia	Mr. Bisher Jardaneh

Member of the Board	Member of the Board	Member of the Board
Mr. Jérôme Hénique	Mr. Hisham Khraisat	Mr. Abdallah Abu Jamous

Member of the Board
Mrs. Dorothée Vignalou

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	Deputy Chief Executive Officer Chief Financial Officer
H.E. Dr. Shabib Ammari	Mr. Thierry Marigny	Mr. Raslan Deiranieh

Governance Report

We are pleased to present to you the Corporate Governance Report for 2018, which summarizes the information and details regarding the implementation of the Corporate Governance Rules and Regulations in accordance with the provisions of Article (17) of the Listed Corporate Shareholding Companies' Regulations of 2017 issued by the Jordan Securities Commission.

Members of the Board of Directors:

No.	Board of Directors	Status	Position	Names of public shareholding companies to which the board member is serving as a board member therein
1	Joint Investment Telecommunications Co. represented by:	Legal entity		
	H.E. Dr. Shabib Ammari (Attended all meetings).		Chairman of the Board of Directors	
	Mr. Michel Monzani (Attended all meetings until being replaced on 20/12/2018 by Mr. Taieb Belkahia).		Vice-Chairman	
	Mr. Taieb Belkahia since his appointment on 20/12/2018 has attended all meetings.		Vice-Chairman	
	Mr. Jean Marc Vignolles (Attended the meeting on 25/1/2018 and was absent on 26/4/2018 meeting with cause. He was replaced by Mr. Jérôme Hénique on 28/6/2018)		Member of the Board of Directors	
	Mr. Jérôme Hénique since his appointment on 28/6/2018 has attended all the subsequent meetings and was absent on 24/10/2018 meeting with a cause.		Member of the Board of Directors	
	Mrs. Sandrine Valenti (replaced on 24/1/2018 by Mrs. Dorothee Vignalou) did not attend any meeting.		Member of the Board of Directors	
	Mrs. Dorothee Vignalou (Since her appointment on 24/1/2018 has attended all the subsequent meetings).		Member of the Board of Directors	
2	Social Security Corporation Represented by:	Legal entity		
	H.E. Dr. Mohammad Abu Hammour (Attended all meetings until being replaced on 24/10/2018 by Mr. Emad Qudah).		Member of the Board of Directors	Safwa Islamic Bank Salam International Transport & Trading Co.
	Mr. Emad Qudah (Since his appointment on 24/10/2018 has attended that one meeting until being replaced on 11/12/2018 by Mr. Bisher Jardaneh).		Member of the Board of Directors	
	Mr. Bisher Jardaneh was appointed as Board member on 11/12/2018 and has attended the meeting on 20/12/2018.			Invest Bank
	Mr. Abdallah Abu Jamous (Attended all meetings).		Member of the Board of Directors	
3	Jordan Armed Forces/Government of Jordan Represented by:	Legal entity		
	Brigadier General Engineer Ali Alassaf (Attended all meetings except the 5th and 6th meetings which were attended by Brigadier General Engineer Hisham Khraisat instead).		Member of the Board of Directors	
	Brigadier General Dr. Engineer Hisham Khraisat was appointed in the Board of Directors following a letter from the Joint Chiefs of Staff on 1/7/2018 (Since his appointment on 1/7/2018 has attended all the meetings that he was called for).		Member of the Board of Directors	

All of the board members are non-executive
Number of Board meetings during 2018 (6).

Members of the Executive Committee:

Executive Committee	
Mr. Thierry Marigny	Chief Executive Officer of Orange Jordan (Effective 1/6/2018)
Mr. Jérôme Hénique	Chief Executive Officer of Orange Jordan (Resigned on 1/6/2018)
Mr. Raslan Deiranieh	Deputy Chief Executive Officer/Chief Financial and Strategy Officer
Mr. Sami Smeirat	Chief Enterprise Officer
Mr. Waleed Al Doulat	Chief Wholesale Officer/Chief Information Technology and Networks Officer
Mr. Etienne Vincens de Tapol	Deputy Chief Information Technology and Networks Officer
Dr. Ibrahim Harb	Chief Legal, Regulatory, Sourcing and Supply Chain Officer
Mr. Tamouh Khauli	Chief Security Officer
Dr. Edward Zreik	Chief Human Resources Officer (Resigned on 28/2/2018)
Mrs. Naila Al Dawoud	Chief Consumer Market Officer
Mr. Samer Al Haj	Chief Consumer Sales Officer
Miss Ghada Faris	Chief Human Resources Officer (Effective 4/3/2018)
Mr. Mederic Chomel	Deputy Chief Strategy Officer, Chief Digital & Innovation Officer & Secretary to the Board of Directirs.

Corporate Governance Liaising Officer	Mr. Emad Saadat Jalal Al-Kayyali

Committees emanating from the Board of Directors:

- Audit Committee
- Remuneration and Nomination Committee
- Corporate Governance Committee
- Risks Management Committee

Members of the Audit Committee:

Members of the Audit Committee	brief description of their qualifications and experience related to financial and accounting matters	Number of meetings attended
Mr. Michel Monzani (Chairman)	Mr. Michel Monzani is a member of the Board of Directors of the Jordan Telecom Group – Orange Jordan and is also a Senior Vice President within Orange Middle East and Africa Division, leading the Middle East and North Africa operations. Mr. Monzani has held the position of Chairman of the Board of Directors from May 2012 to October 2012 and was elected Vice-Chairman of the Board of Directors in April 2014. Mr. Monzani was formerly the Senior Vice President in charge of Poland at France Telecom – Orange. 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 Orange Poland 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 France 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 is 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. Mr. Monzani was replaced by Mr. Taibe Belkahia in 20/12/2018.	4
Mr. Taieb Belkahia (Chairman)	Mr. Taieb Belkahia currently is the EVP of MENA and the General Secretary of Legal Affairs, Regulation & Synergy, PMO and Operational Synergies at Orange Morocco since May of 2005 till now. He held the position of Director of Legal Affairs from Nov. 2001 to May 2005 at MEDI TELECOM (Orange Morocco). Prior to that Mr. Belkahia was the Director of Legal Department from Feb. 1998 to Nov. 2001 at ABN Amro Bank (Morocco). Mr. Taieb earned his Diploma from the Institute of Higher Management Studies HEM Cycle in 1992 and the Diploma from the Toulouse Notary School in 1987.	No meeting was held after his appointment in the committee
H.E. Dr. Mohammad Abu Hammour	H.E. Dr. Mohammad Abu Hammour is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan. He has held this position since 2012. He previously served as Minister of Industry and Trade in 2003, as Minister of Finance (2003-2005) and was reappointed as Minister of Finance (2009-2011). H.E. Dr. Abu Hammour represented many banks, companies and institutions in their respective boards of directors. Before that, he occupied the position of Secretary General of the Ministry of Finance (2000-2003), consultant to the Ministry of Finance (1998-2000), lecturer at the University of Jordan (1998-1999) and in the Central Bank of Jordan (1987-1998). H.E. Dr. Abu Hammour was decorated as the best Finance Minister in the Middle East for the years 2004 and 2010. H.E. Dr. Abu Hammour holds a Ph.D. Degree in Economics from the University of Surrey/UK (1997), in addition to a Master's Degree in Economics from the University of Jordan (1989) and a Bachelor's Degree in Economics from the Al-Yarmouk University (1984). H.E. Dr. Abu Hammour resigned on 24/10/2018	3
Mr. Abdallah Abu Jamous	Mr. Abdallah Abu Jamous is a member of the Board of Directors of Jordan Telecom Group-Orange since August 2017, currently he serves as Human Resources Director at the Social Security Corporation. He previously occupied the Executive Director post at the Social Security Corporation and prior to that he held the position of the Director of Strategic Planning Department in addition to serving as a Planning and Project Management consultant at the Union of International Electronic Media (UNIEM) for the period from 2012-2013. Mr. Abu Jamous has served as a specialized trainer in the fields of Strategic Management, Risks Management and Projects Management in the Kingdom and abroad. Mr. Abdallah Abu Jamous holds a Master Degree with honor, in Management Information Systems from Al Balqa Applied University, and a Bachelor Degree in Accounting from Yarmouk University. Additionally, he earned several professional certificates including, Certified Project Management Professional Certification (PMP), Certified Risk Management Professional Certification (PMI- RMP) from the American Project Management Institute PMI, Certified Strategic Planner (CSP) from the American Accredited Consultants Institute, and Quality Assessment Certification (EFQM Assessor) from the European Organization for Quality Management. Mr. Abu Jamous was named as the Best Employee on the Hashemite Kingdom of Jordan for the year 2012 (The best Employee Award Issued from the Civil Service Bureau).	No meeting was held after his appointment in the committee
Mrs. Dorothee Vignalou	Mrs. Dorothée Vignalou is currently a member of the Board of Directors of Orange Jordan and the Deputy Chief Financial Officer of Orange Middle East and Africa. Prior to that, she was the Head of Central Controlling at Orange Business Services from Jan 2014 – March 2018. She was the Head of Controlling solutions and Referential at Orange Group Finance from Sept 2003 - Dec 2013. She previously held the position of Consultant then Project manager at France Telecom Finance Division from Sept 1994 - Aug 2003. Mrs. Vignalou graduated from Sciences Po Paris with a Bachelor's degree in Economics & Finance section in 1993.	3

Number of meetings of the Audit Committee during 2018: 4.

Number of meetings of the Audit Committee during 2018 with External Auditors: 4.

Members of the Remuneration and Nomination Committee:

Members of the Remuneration and Nomination Committee
H.E. Dr. Mohammad Abu Hammour: Attended all meetings during his membership in the Committee.
Mr. Beshr Jardana: Attended all meetings during his membership in the Committee.
Br. Gen. Engineer Ali Alassaf: Attended all meetings during his membership in the Committee.
Br. Gen. Dr. Engineer Hisham Khraisat: Attended all meetings during his membership in the Committee.
Mr. Michel Monzani: Attended all meetings during his membership in the Committee.
Mr. Taieb Belkahia: Attended all meetings during his membership in the Committee.
Mr. Abdallah Abu Jamous: Attended all meetings during his membership in the Committee.

Number of meetings of the Remuneration and Nomination Committee during 2018: 2.

Members of the Corporate Governance Committee:

Members of the Corporate Governance Committee
H.E. Dr. Mohammad Abu Hammour: Attended all meetings during his membership in the Committee.
Br. Gen. Engineer Ali Alassaf: Attended all meetings during his membership in the Committee.
Br. Gen. Dr. Engineer Hisham Khraisat: Attended all meetings during his membership in the Committee.
Mr. Michel Monzani: Attended all meetings during his membership in the Committee.
Mr. Taieb Belkahia: Attended all meetings during his membership in the Committee.
Mr. Bisher Jardaneh: Attended all meetings during his membership in the Committee.

Number of meetings of the Corporate Governance Committee during 2018: 2.

Members of the Risks Management Committee:

Members of the Risks Management Committee
H.E. Dr. Mohammad Abu Hammour: Attended all meetings during his membership in the Committee.
Mr. Michel Monzani: Attended all meetings during his membership in the Committee.
Mr. Taieb Belkahia: Attended all meetings during his membership in the Committee.
Mrs. Dorothee Vignalou: Attended all meetings during his membership in the Committee.
Mr. Abdallah Abu Jamous: Attended all meetings during his membership in the Committee.

Number of meetings of the Risks Management Committee during 2018: 2.

Chairman of the Board
H.E.Dr. Shabib Ammari

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Telecommunications Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Telecommunications Company and its subsidiaries (the Group), which comprise the statement of consolidated financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition – Accuracy and occurrence of subscription and usage-based airtime services	
Key audit matter	**How the key audit matter was addressed**
We have identified subscription and usage-based airtime revenue as a key audit matter as subscription and usage-based airtime revenue is the largest revenue stream within the business. This revenue originates from wholesale, corporate and retail customers. A significant risk has been identified in respect of both the occurrence and accuracy of airtime subscription and usage-based airtime revenue due to the complexity of systems and the high volume of transactions, including the accounting for new products and changes in tariffs. Moreover, during the year 2018 the Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 was JD 2,385,530 on the retained earnings and impacted the Group's accounting policies related to the revenue recognition and disclosure of its revenues.	We have tested relevant controls, key automated and manual controls relating to subscription and usage-based airtime revenue across the Group's principal billing systems, our test of relevant controls included the authorization of new products and changes in tariffs. We performed our procedures to ensure the matching of revenue figures generated from the billing and charging systems to the revenue recognized, and we chose our sample to cover the whole period. We obtained a representative sample of transactions to ensure proper recognition and recording of revenues.
	We evaluated IT general controls and the relevant IT systems related to the following: - Capture and recording of revenue transactions. - Authorization of rate changes and the input of this information to the billing system. - Computation of amounts billed to customers. We have reviewed the reconciliation between the general ledger and the billing systems. We have performed substantive analytical procedures through developing an expectation of revenue based upon usage data and subscription numbers, which are the key drivers of each airtime revenue stream. We have also held meetings with the management to corroborate the key movements and trends in revenue within the year. We tested the accuracy of revenue by agreeing a sample of invoices back to the customer contracts and published or agreed tariffs. We performed Journal entry testing that covered the whole year with a representative sample based on the criteria we set for the revenue. We obtained an understanding of management's process related to scoping and identifying the revenue streams. We tested the completeness of contracts included in the transition adjustments through reconciling all identified revenue streams to the Group's revenues.

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	Due to the high volume of standard contracts, we selected a sample of contracts within the revenue streams sub-populations to confirm management's assertion that the population is homogeneous and identified revenue streams are accurate. We have checked the computation of the transition adjustments. Disclosure of revenues is detailed in note 20 to the consolidated financial statements.

Useful economic life and carrying value of property and equipment and intangible assets	
Key audit matter	**How the key audit matter was addressed**
The net book value of property and equipment and intangible assets at 31 December 2018 is JD 478 Million (2017: JD 488 Million) with total additions of JD 62 Million during 2018 (2017: JD 101 Million). There are a number of areas where management's judgement impacts the carrying value of property and equipment, intangible assets and their respective depreciation/amortization profiles, and these include: -The decision to capitalize or expense costs; -The annual review of asset useful life including the impact of changes in the Group's strategy; and -The timeliness of the transfer from assets in the course of construction. Management's judgments shall be assessed as the Group has a significant balance of property and equipment and intangible assets, and it is operating in a highly technological and complex industry that requires from the Group to invest a significant amount in property and equipment and intangible assets.	We tested the controls in place over property and equipment and intangible assets cycle including the controls over the additions and disposals process. We have evaluated the appropriateness of capitalization policies. In performing these procedures, we assessed the judgements made by management in determining the useful lives of property and equipment and intangible assets taking into consideration business and practice in telecoms industry in addition to the Group policies and procedures. We tested the material additions during the year through assessing the nature of costs incurred and testing the amounts recorded and assessing whether the description of the expenditure met capitalisation criteria. Disclosure of the useful life and the capitalization policy are detailed in notes 2.6, 4 and 5 to the consolidated financial statements.

The valuation of trade receivables and due from telecom operators	
Key audit matter	**How the key audit matter was addressed**
Trade receivables and due from telecom operators' balances are significant to the Group as they represent 10% of the consolidated total assets as of 31 December 2018. The provision for trade receivables and due from telecom operators is determined in accordance with the Group's impairment and provisioning policy, which is aligned to the requirements of IFRS 9. There is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions including the determination as to whether the trade receivable and due from telecom operators are collectable as it involves management judgment due to the type of the customers and since the agreements with telecom operators are complex and may be subject to disputes in addition, the reconciliation between the telecom operators may extend to several years. Management considers specific factors including the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine the ECL for its receivables and to determine whether a provision for impairment is required either for a specific transaction or for a customer's overall balance. We focused on this area since it requires a high level of management judgment and since the completeness of allowance for doubtful accounts receivable and due from telecom operators including the ECL may have a significant impact on the Group's profit.	We evaluated the Group's processes and controls relating to the monitoring of trade receivables and review of credit risks of customers. We tested the ECL calculation of trade receivable and amounts due from telecom operators where no provision was recognized. We have performed detailed analyses of ageing of receivables and due from telecom operators, assessment of significant overdue individual balances and assessing specific risks, combined with legal documentation, where applicable. This included verifying if payments had been received post year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates. We selected a sample of the largest trade receivables and due from telecom operator's balances where a provision for impairment was recognized and understood the rationale behind management's judgment. In order to evaluate the appropriateness of these judgments including those that have impact on the ECL calculation. We verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available.

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	Disclosure of provision for doubtful trade receivables and amounts due from telecom operators detailed in notes 8 and 9 of the consolidated financial statements.
Appropriateness of valuation of deferred tax assets regarding tax carried forward losses	
Key audit matter	**How the key audit matter was addressed**
The Group has significant recognized and unrecognized deferred tax assets in respect of tax carried forward losses related to Petra Mobile Company. There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognized. Deferred income tax positions were significant to our audit because the assessment requires judgements.	Our audit procedures included, amongst others, using internal tax specialists to assist us in verifying the calculation based on the Jordanian Tax Law. We have evaluated the Management's assumptions in relation to the likelihood of generating sufficient future taxable profits based on budgets, past experiences and discussions with the Management and taking into account the Group's tax position, the timing of forecast taxable profits, and our knowledge and experience of the application of relevant tax legislation. We discussed and challenged the business plan to determine the appropriateness that the deferred tax assets may be recoverable within the statutory limited timeframe of 5 years. In addition we assessed the historical accuracy of management's assumptions. We also assessed the adequacy of the Group's disclosures in note 6.

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Other information included in the Group's 2018 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts which are in agreement with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

Amman – Jordan
25 March 2019

Ernst & Young

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 JD	2017 JD
ASSETS			
Non-current assets			
Property and equipment	4	233,861,850	220,144,900
Intangible assets	5	244,407,166	267,590,051
Contract assets	20	1,031,956	-
Deferred tax assets	6	2,937,110	5,065,839
		482,238,082	**492,800,790**
Current assets			
Inventories	7	5,108,760	4,765,440
Trade receivables and other current assets	8	81,689,130	78,220,762
Balances due from telecom operators	9	8,773,272	6,521,009
Contract assets	20	2,305,949	-
Cash and short-term deposits	10	44,184,568	70,638,445
		142,061,679	**160,145,656**
TOTAL ASSETS		**624,299,761**	**652,946,446**
EQUITY AND LIABILITIES			
Equity			
Paid in capital	12	187,500,000	187,500,000
Statutory reserve	13	62,500,000	62,500,000
Retained earnings	14	23,936,814	24,244,221
TOTAL EQUITY		**273,936,814**	**274,244,221**
Liabilities			
Non-current liabilities			
Telecommunications license payable	11	42,613,026	90,324,287
Interest bearing loans	15	23,064,471	25,648,322
Employees’ end of service benefits	16	312,842	387,336
		65,990,339	**116,359,945**
Current liabilities			
Trade payables and other current liabilities	17	172,300,086	187,754,771
Balances due to telecom operators	9	27,744,575	28,239,219
Telecommunications license payable	11	51,440,123	-
Current portion of interest bearing loans	15	4,448,285	4,102,896
Murabaha financing	18	-	12,500,000
Due to banks	19	28,398,026	29,669,195
Employees’ end of service benefits	16	41,513	76,199
		284,372,608	**262,342,280**
TOTAL LIABILITIES		**350,362,947**	**378,702,225**
TOTAL EQUITY AND LIABILITIES		**624,299,761**	**652,946,446**

The attached notes from 1 to 29 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 2018

	Notes	2018 JD	2017 JD
Net revenues	20	324,351,983	333,191,730
Cost of services		(152,159,217)	(158,241,868)
Gross profit		**172,192,766**	**174,949,862**
Administrative expenses		(21,702,356)	(22,777,006)
Selling and distribution expenses		(39,286,625)	(41,394,854)
Government revenue share	21	(4,363,824)	(4,511,837)
Business support fees and brand fees	22	(7,047,861)	(7,232,435)
Impairment loss	4	-	(1,362,292)
Depreciation of property and equipment	4	(45,658,302)	(45,561,882)
Amortization of intangible assets	5	(22,573,052)	(21,438,328)
Operating profit		**31,560,746**	**30,671,228**
Net foreign currency exchange difference		214,476	(1,265,139)
Finance costs		(3,805,154)	(1,618,867)
Finance cost of telecommunications licenses	11	(3,728,862)	(3,728,862)
Finance income		653,405	895,850
Gain on disposal of property and equipment		4,217,558	5,546,462
Other provisions no longer needed		-	813,458
Profit before income tax		**29,112,169**	**31,314,130**
Income tax expense	6	(7,805,106)	(7,283,850)
Profit for the year		**21,307,063**	**24,030,280**
Add: Other comprehensive income		-	-
Total comprehensive income for the year		**21,307,063**	**24,030,280**
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	**23**	**0.114**	**0.128**

The attached notes from 1 to 29 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 2018

	Paid in capital JD	Statutory reserve JD	Retained earnings JD	Total JD
At 1 January 2018	187,500,000	62,500,000	24,244,221	274,244,221
Effect of IFRS 15 implementation (note 2.3)	-	-	2,385,530	2,385,530
At January 2018 (amended)	**187,500,000**	**62,500,000**	**26,629,751**	**276,629,751**
Dividends (note 14)	-	-	(24,000,000)	(24,000,000)
Total comprehensive income for the year	-	-	21,307,063	21,307,063
At 31 December 2018	**187,500,000**	**62,500,000**	**23,936,814**	**273,936,814**
At 1 January 2017	187,500,000	62,500,000	18,213,941	268,213,941
Dividends (note 14)	-	-	(18,000,000)	(18,000,000)
Total comprehensive income for the year	-	-	24,030,280	24,030,280
At 31 December 2017	**187,500,000**	**62,500,000**	**24,244,221**	**274,244,221**

The attached notes from 1 to 29 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 2018

	Notes	2018 JD	2017 JD
Operating activities			
Profit before income tax		29,112,169	31,314,130
Non – cash adjustments to reconcile profit before tax to net cash flows			
Finance costs		3,805,154	1,618,867
Finance cost of telecommunications licenses	11	3,728,862	3,728,862
Finance income		(653,405)	(895,850)
Provision for expected credit loss and doubtful accounts	8	1,030,000	311,589
Reversal of provision for slow moving inventories	7	(85,361)	(195,230)
Depreciation and impairment of property and equipment	4	45,658,302	46,924,174
Contract assets		(952,375)	-
Amortization of intangible assets	5	22,573,052	21,438,328
Employees' end of service benefits	16	92,521	216,624
Gain on disposal of property and equipment		(4,217,558)	(5,546,462)
Net foreign currency exchange difference		(114,744)	424,430
Working capital adjustments:			
Inventories		(257,959)	(103,374)
Trade receivables and other current assets		(1,452,109)	(3,423,294)
Balances due from telecom operators		(2,252,263)	8,333,592
Trade payables and other current liabilities		(11,287,475)	774,921
Balances due to telecom operators		(494,644)	(20,777,335)
Employees' end of service paid	16	(201,701)	(182,877)
Income tax paid	6	(7,161,424)	(3,862,565)
Net cash flows from operating activities		**76,869,042**	**80,098,530**
Investing activities			
Purchase of property and equipment	4	(59,755,714)	(60,751,344)
Purchase of intangible assets	5	(2,042,828)	(39,883,522)
Proceeds from sale of property and equipment		1,598,020	6,050,508
Finance income received		607,146	843,655
Net cash flows used in investing activities		**(59,593,376)**	**(93,740,703)**
Financing activities			
Proceeds from Murabha financing	18	-	12,500,000
Proceeds from interest bearing loan		2,300,000	26,500,000
Repayment of Murabha financing and interest bearing loan		(16,923,717)	(446,095)
Capital reduction payments		(87,424)	(229,354)
Finance costs paid		(3,805,154)	(1,618,867)
Dividends paid		(23,942,079)	(18,003,527)
Net cash flows (used in) from financing activities		**(42,458,374)**	**18,702,157**
Net (decrease) increase in cash and cash equivalents		(25,182,708)	5,059,984
Cash and cash equivalents at 1 January		40,969,250	35,909,266
Cash and cash equivalents at 31 December	**19**	**15,786,542**	**40,969,250**

The attached notes from 1 to 29 form part of these consolidated financial statements

1. Corporate Information

Jordan Telecom was registered as a public shareholding company on 8 October 1996, and adopted the Orange brand in 2007.

On 10 December 2015, the General Assembly, in its extra ordinary meeting, has approved the reduction of the authorized and paid in capital by 25%, to become 187,500,000 shares at a value of one Jordanian Dinar each. The capital reduction has been approved by the Ministry of Industry Trade and supply on 6 April 2016 and it was approved by Amman Stock Exchange on 21 April 2016.

Jordan Telecom is owned 51% by The Joint Investments Telecommunications Company (JIT CO.) a fully owned subsidiary of Orange Group (France).

The consolidated financial statements of Jordan Telecommunications Company (Jordan Telecom) Public Shareholding Company ('the Group') for the year ended 31 December 2018 were authorized for issue in accordance with the Board of Directors' resolution on 30 January 2019.

The main activities of the Group and its subsidiaries comprise introduction of a variety of telecommunication, internet, and data services. These services include among other services fixed line services, prepaid, and postpaid mobile services, ADSL, and fiber optics internet services. The details of the principal objectives of the Group and its subsidiaries are described further in note 3.

The head office of the Group is located in Abdali, the Boulevard, Amman - Jordan.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis.

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).

The consolidated financial statements are presented in Jordanian Dinars which represents the functional currency of the Group.

2.2 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 51% of Dimension Company for Digital Development of Data (e-dimension) (the remaining 49% is owned by Petra Jordanian Mobile Telecommunications Company).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Basis of Consolidation (Continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets and liabilities of a subsidiary are included in the consolidated statement of financial position, until the date the Group ceases to control the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Investors with significant influence on the Group:
The Joint Investment Telecommunications Company, Jordanian Social Security Corporation and Noor Financial Investment own 51%, 28.9% and 9.3% of the Company's issued shares, respectively.

2.3 Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017 except for the followings:

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.3 Changes in accounting policies (Continued)

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 was JD 2,385,530 on the Retained Earnings and impacted its accounting policy for revenue recognition as detailed below:

The main impacts of the new methodology introduced by IFRS 15 compared with the accounting policies previously applied are as follows:
For bundled service and equipment offerings, prior to adoption of IFRS 15, revenue recognized on the sale of mobile phones was restricted to a contractual amount not dependent on the supply of future services, which was generally the amount received from the customer for the sale of the mobile phone. This amount corresponded conventionally to the amount paid at the time of delivery, or for installments, to discounted amounts payable over 12 or 24 months (If any).

Under IFRS 15, the transaction price is allocated between the mobile phone and the service based on individual selling prices and recognized in revenue at the moment of the transfer of control of the equipment or service to the customer. This change primarily impacts bundled offerings comprising the sale of a mobile phone at a reduced price combined with a fixed-term service contract.

Accordingly, for this type of offering, the effects on the Group’s accounts are as follows:
The overall revenue from the contract does not change, but the pace of recognition and the split between the sold mobile phone and the service are modified (additional equipment revenue at the beginning of the contract, in return for a reduction in revenue of services of the same amount afterwards); accelerated recognition of revenue, at the time of the sale of the equipment is reflected in the consolidated statement of financial position by the presentation of a contract asset which is transformed into a receivable as the provision of communication services progresses.

IFRS 15 therefore increases the sensitivity of total revenue to equipment sales and to the effect of seasonality of these sales during the year. The impact of IFRS 15 on period-on-period total revenue trends will differ from that previously presented under IAS 18, according to whether discounts on equipment levels are increasing or decreasing.

Compared with IAS 18, the implementation of IFRS 15 also requires new judgements and assumptions, notably regarding the enforceable contract term and the expected total transaction price and the reference price of the transaction components.

IFRS 15 changed the indicators used to determine whether an entity acts as a principal or an agent in a transaction. This did not, however modify the Group’s previous judgements.

IFRS 15 also introduces criteria for identifying a financial component in a commercial transaction that must be recognized separately, unless it has a negligible effect in each contract or concerns a contract of less than one year. A financial component is likely to be identified in offerings combining the supply of a equipment and a fixed-term services contract. The Group has very limited contracts that contain these offerings, and this has not led to the recognition of a separate financial component. This assessment could however change if the Group entered into significant such type of contracts.

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2018

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.3 Changes in accounting policies (Continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated.

The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECL for all financial assets.

For all financial assets, the Group has applied the standard’s simplified approach and has calculated ECL based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of IFRS 9 had no material impact on the impairment allowances of the Group’s financial assets.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group’s consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group’s consolidated financial statements.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.3 Changes in accounting policies (Continued)

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. If applicable - The Group's has no cash-settled share based payments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations.

These amendments are not relevant to the Group.
Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's consolidated financial statements.

2.4 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

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2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Standards issued but not yet effective (Continued)

Transition to IFRS 16

The Group has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach. During 2018, the Group has performed a detailed impact assessment of IFRS 16.

The Group expect the effect of adopting IFRS 16 to be JD 41,357,029 on the total assets and JD 41,357,029 on the total liabilities.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

Amendments to IFRS 10 and IAS 28:Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Standards issued but not yet effective (Continued)

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

2.5 Use of Estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.6 Summary of Significant Accounting Polices

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Repairs and maintenance costs are recognised in profit or loss as incurred except where they serve to increase the asset's productivity or prolong its useful life.

Depreciation is calculated on a straight-line basis (generally with no residual value deducted) over the estimated useful lives of the assets on a basis that reflects the pattern in which their future economic benefits are expected to be consumed (except for lands), as follows:

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

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The useful lives and methods of depreciation of property, plant and equipment are reviewed and adjusted prospectively, if appropriate.

The carrying values of property and equipment are reviewed 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 recognised in the consolidated statement of profit or loss.

Intangible assets

Intangible assets consist mainly of telecommunication licenses and software, as well as rights of use of transmission cables.

Intangible assets are initially recognised at acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life 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 asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Customer contract assets and liabilities

Customer assets and customer liabilities mainly arose from the difference in revenue recognition and customer invoicing. Contract assets mainly concern amounts allocated pursuant to IFRS 15 to consideration for goods and services transferred to a customer, where the unconditional right to collect is subordinate to the transfer of other goods or services under the same contract (or group of contracts). This is the case in a bundled offering combining the sale of an equipment and services for a fixed-period, where the equipment is invoiced at a reduced price leading to the reallocation of a portion of amounts invoiced for services to the supply of the equipment. The excess of the amount allocated to the equipment over the price invoiced is recognized as a contract asset and transferred to trade receivables as the service is invoiced. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified and notably the risk of loss in value due to contract interruption. Recoverability may also be impacted by a change in the legal environment governing offerings.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not yet transferred, such as contracts payable in advance or prepaid packages (previously recorded in deferred income).

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

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 the taxation authorities. The tax rates and tax laws used to compute the amount of current income tax are those that are enacted at the reporting date in the Hashemite Kingdom of Jordan.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation or judgments and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the liability method on 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 recognised for 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 reporting 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 consolidated statement of financial position date.

Sales tax

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

When 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;
When 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 consolidated statement of financial position.

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.

Accounts receivable

Accounts receivables are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, if original maturity of deposits exceeds three months, they are classified as short-term investments. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Interest bearing loans

Loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any "discount or premium" on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Employees' end of service benefits

The Group provides end of service benefits for its employees who have chosen the option to accumulate the end of service benefits starting from 1 January 2012. 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. A provision is made for the full amount of end of service benefit for the period of service up to the end of the year. The provision is disclosed as both current and non-current liability.

Trade and other payables

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the consolidated statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non- current assets and liabilities.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Revenue recognition

Most of the Group's revenue falls within the application scope of IFRS 15 "Revenue from contracts with customers". The Group's products and services are offered to customers under service contracts only and contracts combining the equipment used to access services and/or other service offerings. Revenue is recognized net of VAT and other taxes collected on behalf of government.

Standalone service offerings (mobile service only, fixed service only, convergent service):
The Group proposes to individual consumers and corporate/enterprise customers a range of fixed and mobile telephone services, fixed and mobile Internet access services and content offerings (Media, added-value audio service, etc.). Certain contracts are for a fixed term (ranges between 12 to 36 months), while others may be terminated at short notice (i.e. monthly arrangements or portions of services).

Service revenue is recognized when the service is rendered, based on use (e.g. minutes of traffic) or the period (e.g. monthly service costs).

Under certain content offerings, the Group may act solely as an agent enabling the supply by a third-party of goods or services to the customer and not as a principal in the supply of the content. In such cases, revenue is recognized net of amounts transferred to the third-party.

Contracts with customers generally do not include a material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the firm scope (e.g. additional consumption, options, etc.) generally reflect their standalone selling prices. The Group has no significant impact related to contract modification for this type of contract. Service obligations transferred to the customer at the same pace are treated as a single obligation.

When contracts include contractual clauses covering commercial discounts (initial discount on signature of the contract or conditional on attaining a consumption threshold) or free offers (e.g. 3 free months), the Groups defers these discounts or free offers over the enforceable contract term (period during which the Group and the customer have a firm commitment). Where applicable, the consideration payable to the customer is recognized as a deduction from revenue in accordance with the specific terms and conditions of each contract. If the performance obligations are not classified as distinct, the offering revenue is recognized on a straight-line over the contract term. The initial service connection in the context of a service contract and communication offering, is a good example. It is not generally separable from the service contract and communication offering and is therefore recognized in income over the average term of the expected contractual relationship.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Separate equipment sales

Orange proposes to individual consumers and corporate/enterprise customers several ways to buy their equipment (primarily mobile phones): equipment sales may be separate from or bundled with a service offering. When separate from a service offering, the amount invoiced is recognized in revenue on delivery and receivable immediately. Where payment is received in installments, the offering comprises a financial component and interest is calculated and deducted from the amount invoiced and recognized over the payment period in finance income.

Bundled equipment and service offerings

Orange proposes numerous offerings to its individual consumers and corporate/enterprise customers comprising equipment (e.g. a mobile terminal) and services (e.g. a communications contract).

Equipment revenue is recognized separately if the two components are distinct (i.e. if the customer can receive the services separately). Where one of the components in the offering is not at its separate selling price, revenue is allocated to each component in proportion to their individual selling prices. This is notably the case in offerings combining the sale of a mobile phone at a reduced price, where the individual selling price of the mobile phone is considered equal to its selling price on the sale date based on market practice.

Services including a build and run phase

Certain corporate/enterprise customers contracts include two phases: a build phase followed by the management of the IT platforms.

Revenue recognition requires an analysis of the facts and circumstances of each contract in order to determine whether distinct performance obligations exist. Depending on the contract, the Group recognizes build phase revenue at completion if this phase is qualified as distinct. On each contract modification, we assess the scope modification or its impact on the contract price in order to determine whether the amendment must be treated as a distinct contract, as if the existing contract were terminated and a new contract signed, or whether the amendment must be considered as a change to the existing contract.

Service offerings to carriers (wholesale)

Three types of commercial agreement are entered into with wholesale customers (e.g. other telecommunication operators) for domestic wholesale activities and International carrier offerings:

Pay-as-you-go model: contract generally applied to "legacy" regulated activities (bitstream call termination, access to the local loop, roaming and certain data solution contracts), where contract services are not covered by a firm volume commitment. Revenue is recognized as the services are rendered (which corresponds to transfer of control) over the contractual term.

Send-or-pay model: contract where the price, volume and term are defined. The customer has a commitment to pay the amount indicated in the contract irrespective of actual traffic consumed over the commitment period. This contract category notably includes certain MVNO, IDD and hubbing contracts. Revenue is recognized progressively based on actual traffic during the period, to reflect transfer of control to the customer.

Agreements between major transit carriers are not billed (free peering) and therefore not recognized in revenue.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Service level commitment clause

The Group's commercial arrangements incorporate service level commitments (delivery time, service reinstatement time).

These service level agreements cover commitments provided by the Group under the order, delivery, and after sales services process. If the Group fails to comply with one of these commitments, then it pays compensation to the end-customer, which is usually a tariff reduction deducted from revenues. The expected amount of such penalties is deducted from revenue as soon as it is probable that the commitment has not been or will not be met.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss

Finance costs

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

3. Segment information

The Group's operating business are organized and managed separately according to the Group entities' in addition to the nature of the services provided, with each segment representing a strategic business unit that offers different services.

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

The Group management monitors the operating results of the operating segments separately for making decisions about performance assessment, segment performance is calculated based on operating profit or loss.

The following tables represent revenues and profit and certain assets and liabilities information of the Group's business segments for the years ended 31 December 2018 and 2017.

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3. Segment information (Continued)

Year ended 31 December 2018	Fixed-line voice JD	Mobile Communications JD	Data Services JD	Total JD
Net Revenues				
External customers	117,674,330	163,838,745	42,838,908	324,351,983
Inter-segment revenues	43,550,434	5,924,709	38,521	49,513,664
	161,224,764	**169,763,454**	**42,877,429**	**373,865,647**
Segment results				
Operating profit before depreciation, amortization, impairment, net foreign currency exchange difference, interest and tax	**(1,947,078)**	**70,082,148**	**35,874,588**	**104,009,658**
Depreciation, amortization and impairment loss				(68,231,354)
Net foreign currency exchange difference				214,476
Finance costs				(3,805,154)
Finance income				653,405
Finance cost of telecommunications licenses				(3,728,862)
Profit before income tax				29,112,169
Income tax expense				**(7,805,106)**
Profit and comprehensive income for the year				**21,307,063**
Assets and liabilities				
Segment assets	172,295,724	400,606,803	51,397,234	**624,299,761**
Segment liabilities	129,871,156	209,853,151	10,638,640	**350,362,947**
Other segment information				
Property and equipment	125,069,909	100,647,690	8,144,251	**233,861,850**
Intangible assets	13,456,841	227,843,942	3,106,383	**244,407,166**

3. Segment information (Continued)

Year ended 31 December 2017	Fixed-line voice JD	Mobile Communications JD	Data Services JD	Total JD
Net Revenues				
External customers	132,117,343	150,953,359	50,121,028	333,191,730
Inter-segment revenues	46,933,077	7,022,442	39,274	53,994,793
	179,050,420	**157,975,801**	**50,160,302**	**387,186,523**
Segment results				
Operating profit before depreciation, amortization, impairment, net foreign currency exchange difference, interest and tax	**2,144,879**	**59,587,965**	**43,660,806**	**105,393,650**
Depreciation, amortization and impairment loss				(68,362,502)
Net foreign currency exchange difference				(1,265,139)
Finance costs				(1,618,867)
Finance income				895,850
Finance cost of telecommunications licenses				(3,728,862)
Profit before income tax				**31,314,130**
Income tax expense				(7,283,850)
Profit and comprehensive income for the year				**24,030,280**
Assets and liabilities				
Segment assets	173,659,821	416,818,266	62,468,359	**652,946,446**
Segment liabilities	136,443,769	230,582,849	11,675,607	**378,702,225**
Other segment information				
Property and equipment	112,056,693	100,402,125	7,686,082	**220,144,900**
Intangible assets	14,614,424	248,594,136	4,381,491	**267,590,051**

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4. Property and Equipment

	Lands and buildings JD	Telecommunications equipment JD	Other property and equipment JD	Projects in progress JD	Total JD
2018					
Cost					
At 1 January 2018	87,333,214	856,040,007	64,075,679	6,812	1,007,455,712
Additions	821,286	58,646,557	287,871	-	59,755,714
Transfer from project in progress	-	6,812	-	(6,812)	-
Disposals	(519,723)	(410,035)	(283,637)	-	(1,213,395)
At 31 December 2018	**87,634,777**	**914,283,341**	**64,079,913**	**-**	**1,065,998,031**
Depreciation					
At 1 January 2018	44,655,514	688,978,719	53,676,579	-	787,310,812
Depreciation charge for the year	2,065,507	42,796,027	796,768	-	45,658,302
Disposals	(171,933)	(406,931)	(254,069)	-	(832,933)
At 31 December 2018	**46,549,088**	**731,367,815**	**54,219,278**	**-**	**832,136,181**
Net book value					
At 31 December 2018	**41,085,689**	**182,915,526**	**9,860,635**	**-**	**233,861,850**

4. Property and Equipment (Continued)

	Lands and buildings JD	Telecommunications equipment JD	Other property and equipment JD	Projects in progress JD	Total JD
2017					
Cost					
At 1 January 2017	85,124,385	800,419,869	63,951,157	1,369,104	950,864,515
Additions	3,870,433	55,764,235	1,116,676	-	60,751,344
Disposals	(1,661,604)	(144,097)	(992,154)	(1,362,292)	(4,160,147)
At 31 December 2017	**87,333,214**	**856,040,007**	**64,075,679**	**6,812**	**1,007,455,712**
Depreciation					
At 1 January 2017	43,772,079	646,540,485	53,730,175	-	744,042,739
Depreciation charge for the year	2,061,511	42,577,563	922,808	-	45,561,882
Impairment	-	-	-	1,362,292	1,362,292
Disposals	(1,178,076)	(139,329)	(976,404)	(1,362,292)	(3,656,101)
At 31 December 2017	**44,655,514**	**688,978,719**	**53,676,579**	**-**	**787,310,812**
Net book value					
At 31 December 2017	**42,677,700**	**167,061,288**	**10,399,100**	**6,812**	**220,144,900**

Lands and Buildings

Included in lands and buildings category, the cost of land amounted to JD 2,620,903 which was expropriated by Greater Amman Municipality (GAM). During 2018 the Group signed a settlement agreement with GAM to settle the land expropriation lawsuit, based on the agreement the Group will receive from GAM plots of land as a part of the settlement in exchange of those expropriated lands. Up to the date of the consolidated financial statements the management did not receive the list of lands to be exchanged, accordingly the sale transaction was not recoded as the Group needs to obtain the fair value of the exchanged lands in order to record the transaction.

Depreciation

During 2018 and 2017, the Group management has reviewed the estimated useful lives for specific assets in the telecommunications equipment category taking into consideration the Group policies and procedures, and the practice in telecom industry. Based on the review, the Group management decided to revise the useful lives of these assets in order to be consistent with the expected pattern of economic benefits. Based on the revised useful lives, the deprecation charge for the year 2018 was reduced by JD 895,447 while the depreciation charge for 2017 increased by JD 1,830,019.

Impairment

During 2017, the Group management decided not to complete Telecommunication Media Center Project. Accordingly, the management recorded a total amount of JD 1,362,292 as an impairment loss.

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5. Intangible Assets

	FLAG access rights JD	Mobile operating licenses and frequency rights JD	Other intangibles JD	Total JD
2018				
Cost				
At 1 January 2018	27,950,235	334,430,294	9,547,752	371,928,281
Additions	1,879,903	-	162,925	2,042,828
Disposals	(2,152,661)	-	(500,000)	(2,652,661)
At 31 December 2018	**27,677,477**	**334,430,294**	**9,210,677**	**371,318,448**
Amortization				
At 1 January 2018	13,335,811	87,198,484	3,803,935	104,338,230
Amortization	1,674,134	20,571,404	1,116,823	23,362,361
Reversals	(789,309)	-	-	(789,309)
At 31 December 2018	**14,220,636**	**107,769,888**	**4,920,758**	**126,911,282**
Net book value				
31 December 2018	**13,456,841**	**226,660,406**	**4,289,919**	**244,407,166**

	FLAG access rights JD	Mobile operating licenses and frequency rights JD	Other intangibles JD	Total JD
2017				
Cost				
At 1 January 2017	27,941,843	296,395,589	7,707,327	332,044,759
Additions	8,392	39,234,000	641,130	39,883,522
Adjustment	-	(1,199,295)	1,199,295	-
At 31 December 2017	**27,950,235**	**334,430,294**	**9,547,752**	**371,928,281**
Amortization				
At 1 January 2017	11,780,905	68,772,721	2,346,276	82,899,902
Amortization	1,554,906	18,833,441	1,049,981	21,438,328
Adjustment	-	(407,678)	407,678	-
At 31 December 2017	**13,335,811**	**87,198,484**	**3,803,935**	**104,338,230**
Net book value				
31 December 2017	**14,614,424**	**247,231,810**	**5,743,817**	**267,590,051**

FLAG access rights, mobile operating licenses and frequency rights and other intangibles are being amortized over their useful economic lives that ranges between 5 to 25 years.

During December 2017, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has acquired additional frequency license (10 + 10 MHz) in 2600 MHz band valid for 15 years with a cost of JD 39,234,000.

6. Income Tax

Major components of income tax expense for the years ended 31 December 2018 and 2017:

	2018 JD	2017 JD
Consolidated statement of comprehensive income		
Income tax charge – current year	5,676,377	7,008,817
Deferred tax assets adjustments		
Carried forward losses	2,128,729	275,033
Income tax expense reported in the consolidated statement of comprehensive income	**7,805,106**	**7,283,850**

The reconciliation between income tax expense at the statutory income tax rate and income tax expense at the Group's effective income tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018 JD	2017 JD
Accounting profit before income tax	**29,112,169**	**31,314,130**
At statutory income tax rate of 24%	6,986,921	7,515,391
Tax adjustments for:		
ECL and doubtful accounts provision (note 8)	247,200	74,781
Debts written off (note 8)	(2,623,069)	(142,095)
Non-tax deductible expenses and provisions	4,231,312	1,162,816
Non-taxable gain on disposal of land	(988,850)	(1,283,153)
Previous years' tax returns differences	(48,408)	(43,890)
Income tax expense reported in the consolidated statement of comprehensive income at effective income tax rate of 26.8% (2017: 23.3%)	**7,805,106**	**7,283,850**

Movement on the income tax payable during the year is as follows:

	2018 JD	2017 JD
At 1 January	11,247,088	10,859,992
Income tax charge for the year	5,676,377	7,008,817
	16,923,465	**17,868,809**
Less: Income tax paid	(7,161,424)	(3,862,565)
Less: Withholding tax on interest income	(35,028)	(44,156)
Transfer to other provisions	-	(2,715,000)
At 31 December (note 17)	**9,727,013**	**11,247,088**

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6. Income Tax (Continued)

Deferred tax assets at 31 December relate to the following:

	2018 JD	2017 JD
Carried forward losses	2,399,188	4,527,917
Provision for doubtful accounts and expected credit loss	192,000	192,000
Legal cases provision	345,922	345,922
	2,937,110	**5,065,839**

Income tax assessments for the Group and its subsidiaries have been agreed with the Income Tax Department for all the years up to 31 December 2014, with exception for Jordan Telecom and Jordan Data Communications, no final tax clearance was issued for the years 2011 and 2012.

The Group submitted income tax returns for the years from 2015 until 2017. The Income and Sales Tax Department did not review the Group's records for these years up to the date of these consolidated financial statements.

7. Inventories

	2018 JD	2017 JD
Materials and supplies*	4,001,133	3,465,361
Handsets and others	2,280,274	2,558,087
Provision for damaged and slow moving inventories	(1,172,647)	(1,258,008)
	5,108,760	**4,765,440**

* During 2018, JD 11,700,093 (2017: JD 11,163,803) was recognised as an expense of inventories. This is recognised in cost of services.

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

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

	2018 JD	2017 JD
At 1 January	1,258,008	1,453,238
Additions	-	-
Reversal	(85,361)	(195,230)
At 31 December	**1,172,647**	**1,258,008**

8. Trade Receivables and Other Current Assets

	2018 JD	2017 JD
Trade receivables	53,675,866	64,721,614
Contract assets - unbilled revenue	8,411,448	9,713,236
Amounts due from related parties	3,775,924	5,453,607
	65,863,238	**79,888,457**
Allowance for expected credit losses and doubtful accounts	(11,717,120)	(21,616,574)
	54,146,118	**58,271,883**
Other current assets	27,543,012	19,948,879
	81,689,130	**78,220,762**

Trade receivables are non-interest bearing. The Group does not obtain collateral over trade receivables except for some distributors' trade receivables where guarantees are obtained.

As at 31 December 2018, trade receivables at nominal value of JD 11,717,120 (2017: JD 21,616,574) were impaired and provided for.

Movements on the Allowance for expected credit losses and doubtful accounts were as follows:

	2018 JD	2017 JD
At 1 January	21,616,574	21,897,046
Provision for the year	1,030,000	311,589
Write offs	(10,929,454)	(592,061)
At 31 December	**11,717,120**	**21,616,574**

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

		Past due but not impaired				
	Neither past due nor impaired JD	1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
2018	7,585,319	11,285,690	7,656,308	4,343,831	23,274,970	**54,146,118**
2017	9,484,316	11,901,711	8,363,020	4,863,050	23,659,786	**58,271,883**

Management determines the expected credit loss on customers' balances and builds up a provision based on different factors including analysis of customer or group of customers behaviors.

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.

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9. 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 2018 and 2017 are as follows:

	2018 JD	2017 JD
Balances due from telecom operators	11,893,344	7,645,605
Amounts due from related parties	797,421	2,792,897
Allowance for expected credit losses and doubtful accounts	(3,917,493)	(3,917,493)
Balances due from telecom operators	**8,773,272**	**6,521,009**
Balances due to telecom operators	27,147,879	27,965,330
Amounts due to related parties	596,696	273,889
Balances due to telecom operators	**27,744,575**	**28,239,219**

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:

		Past due but not impaired				
	Neither past due nor impaired JD	1-90 days JD	91-180 days JD	181-270 days JD	>271 days JD	Total JD
2018	2,391,348	3,019,300	1,336,846	390,759	1,635,019	**8,773,272**
2017	2,889,153	2,131,869	997,087	448,390	54,510	**6,521,009**

Unimpaired amounts due from telecommunication operators are expected to be fully recoverable.

10. Cash and Short- Term Deposits

Cash and short-term deposits include deposits with commercial banks in Jordan for periods that ranges between one day and three months in Jordanian Dinars, and US Dollars amounting to JD 35,312,019 as of 31 December 2018 and JD 70,322,948 as of 31 December 2017 with an effective interest rate of JD 2.05% and USD 2.53%, respectively (2017: JD 2.25% and USD 1.57%).

11. Telecommunications License Payable

During October 2016, the Group, along with Orange France, has entered into a settlement agreement with the Government of Jordan, in which the parties have agreed to drop any legal proceedings between them in relation to the renewal of 900MHz spectrum license and to renew the license for a further period of 10 years, starting from 9 May 2019 for an amount of JD 104,250,000, to be paid in two equal instalments of JD 52,125,000 by 8 May 2019, and 8 May 2024.

The Group has calculated the cash equivalent of the deferred payments at JD 86,595,425 using the discounted cash flow method and recognised JD 86,595,425 as intangible assets, against a liability by the same amount. The discount rate used was 4%, which represents the average borrowing rate for the Group at the date of agreement.

The difference between this amount and the total payments will be recognised as interest expense over the credit terms. During years 2017 and 2018, an amount of JD 3,728,862 was recognised as an interest expense.

Future payments under the settlement agreement together with the present value of the payments are, as follows:

	2018 Payments JD	2017 Payments JD
Within one year	52,125,000	-
After one year but not more than five years	-	52,125,000
More than five years	52,125,000	52,125,000
Total payments	**104,250,000**	**104,250,000**
Less: amounts representing finance charges	(10,196,851)	(13,925,713)
Present value of liability	**94,053,149**	**90,324,287**

12. Paid in Capital

Jordan Telecommunications Company (Jordan Telecom) authorized and paid in capital consists of 187,500,000 shares (2017: 187,500,000 shares) with par value of one Jordanian Dinar each.

13. Statutory Reserve

As required by the Jordanian Companies' Law, 10% of the Group's 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 has elected not to transfer any amount to the statutory reserve starting from 2005. The statutory reserve is not available for distribution to the shareholders.

14. Dividends Paid and Proposed

The Board of Directors will propose to the general assembly in its meeting that will be held during 2019 a cash dividend for 2018 of JD 0.115 per share totaling JD 21,500,000.

On 26 April 2018, the general assembly approved a cash dividend of JD 0.128 per share totalling JD 24,000,000 (2017: JD 18,000,000).

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15. Interest- Bearing Loans

	2018 JD	2017 JD
Current		
French Government Protocol/ Second Loan	319,928	333,276
French Government Protocol/ Third Loan	123,064	128,198
Arab Bank Loan	3,258,000	2,928,571
Societe Generale De Banque – Jordanie Loan	747,293	712,851
	4,448,285	**4,102,896**
Non- current		
French Government Protocol/ Second Loan	2,172,366	2,596,275
French Government Protocol/ Third Loan	62,655	193,469
Arab Bank Loan	16,284,000	17,571,429
Societe Generale De Banque – Jordanie Loan	4,545,450	5,287,149
	23,064,471	**25,648,322**

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 Republic of France 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.

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 Republic of France 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.

15. Interest- Bearing Loans (Continued)

Arab Bank Loan

On 24 December 2017, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has signed a JD 22,800,000 loan agreement with Arab Bank to finance the acquisition of frequency license (10 + 10 MHz) in 2600 MHz band.

The floating interest rate on the loan 6.5%, which represents the prime lending rate for the bank minus 3%, and it is calculated and paid on a monthly basis over the utilized balance.

The utilized loan balance is payable in equal semi-annual installments, the first installment is due on 30 June 2018 and the final installment is due in seven years from the date of the loan agreement.

The loan is secured by Jordan Telecommunications Company.

Societe Generale De Banque – Jordanie Loan

On 26 December 2017, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has signed a JD 6,000,000 loan agreement with Societe Generale De Banque – Jordanie to finance the acquisition of frequency license (10 + 10 MHz) in 2600 MHz band.

The floating interest rate on the loan is 6.75%, and it is calculated and paid on a monthly basis over the utilized balance.

The utilized loan balance is payable in equal semi-annual installments, the first installment is due on 30 June 2018 and the final installment is due in seven years from the date of the loan agreement.

The amounts of annual principal maturities of long-term loans are as follows:

	JD
2020	4,406,262
2021	4,447,861
2022	4,493,635
2023	4,543,115
2024 and after	5,173,598
	23,064,471

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16. Employees' End of Service Benefits

In accordance with the Group's by-laws, the Group provides end of service benefits for its employees who have chosen the option to accumulate the end of service benefits starting from 1 January 2012.

The amounts recognised in the consolidated statement of financial position in respect of end of service benefits are as follows:

	2018 JD	2017 JD
Provision at 1 January	463,535	429,788
Expenses recognised in the consolidated statement of comprehensive income	92,521	216,624
End of service benefits paid	(201,701)	(182,877)
Provision at 31 December	**354,355**	**463,535**

	2018 JD	2017 JD
Employees' end of service benefits – current	41,513	76,199
Employees' end of service benefits – non-current	312,842	387,336

During May 2011, the Group signed an agreement with the General Trade Union for Public Services and Free Vocations whereby the Group shall provide additional benefits to the employees which include the option for all employees to liquidate their end of service benefit accumulated up to 31 December 2011 during 2012 with an option of either to accumulate the end of service benefits again starting from 1 January 2012 or have the benefit added to their monthly salary.

17. Trade Payables and Other Current Liabilities

	2018 JD	2017 JD
Trade creditors	102,711,005	109,617,815
Accrued expenses	19,009,458	27,288,434
Subscribers' deposits	16,684,891	18,403,616
Income tax payable (note 6)	9,727,013	11,247,088
Contract liabilities – deferred revenue	6,085,294	7,207,356
Government revenue share	4,363,824	4,511,837
Amounts due to related parties (note 23)	11,984,047	7,712,452
Dividends payable	1,396,836	1,338,915
Capital reduction payable to shareholders	337,718	427,258
	172,300,086	**187,754,771**

18. Murabaha financing

During December 2017, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) signed a Murabaha agreement with two local banks in Jordan to finance the acquisition of frequency license (10 + 10 MHz) in 2600 MHz band by JD 12.5 million for one year. The profit amount of this Murabaha is JD 371,720, and the first installment is due in January 2018. This Murabaha financing was secured by Jordan Telecommunications Company. The Group has fully repaid the financing amount during the year 2018.

On 7 June 2016, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) signed a Murabaha agreement with a local bank in Jordan to finance the acquisition of additional frequency license (5 + 5 MHz) in 2100 MHz band for 3G services by JD 20 million. The profit amount of this Murabaha is JD 256,630. The Group has fully repaid the financing amount during the year 2017. This Murabaha financing was secured by Jordan Telecommunications Company.

19. Due to banks

This item represents the utilized amount of the credit facilities granted during 2017 to the Group from three Jordanian commercial banks with a ceiling of JD 30 million. Interest rates on the credit facilities granted are between 4.75% to 4.98%. These overdrafts are unsecured.

The cash and cash equivalents at 31 December 2018. In the consolidated statement of cash flow represent the balance of cash and short-term deposits netted by the balance of the overdrafts as of 31 December 2018

	2018 JD	2017 JD
Cash and short-term deposits	44,184,568	70,638,445
Less: Due to Banks	(28,398,026)	(29,669,195)
	15,786,542	**40,969,250**

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20. Revenues

Revenue is presented by strategic business unit in the segment information (see note 3). As from January 1, 2018, revenue is broken down by type of customers and product line as follows:

Voice Services
Voice services revenue is generated by incoming and outgoing calls on mobile network in addition to revenue from fixed narrowband services including roaming revenues from customers of other networks (national and international), and from network sharing.

Data Services
Data services revenue is generated from providing communication facilities for the provision of data network and internet access services on both fixed and mobile networks.

Other Services
Other services is including all equipment sales (mobile phones, broadband equipment, connected objects and accessories) revenue from infrastructure services, applications services, security services, as well as sales of equipment related to the above products and services.

	2018 JD	2017 JD
Consumer Business Unit		
Voice services	79,451,603	82,414,909
Data services	84,403,848	82,269,861
Other services	4,731,129	3,361,834
	168,586,580	**168,046,604**
Enterprise Business Unit		
Voice services	36,358,973	38,277,924
Data services	21,358,113	21,514,026
Other services	7,903,062	6,294,446
	65,620,148	**66,086,396**
Whole Sales Business Unit		
Voice services	77,487,600	87,005,345
Data services	7,529,291	8,030,952
Other services	5,128,364	4,022,433
	90,145,255	**99,058,730**
Total revenues	**324,351,983**	**333,191,730**

Pursuant to IFRS 15 application and due to the timing of revenue recognition that may differ from that of customer invoicing which is mainly from bundled offering combining the sale of a equipment and other services for a fixed-period, where the equipment is invoiced at a reduced price leading to the reallocation of a portion of amounts invoiced for the other services to the supply of the equipment. The excess of the amount allocated to the equipment over the price invoiced is recognized as a contract asset.

21. Revenues (Continued)

Movement on the contract assets for the year ended is as follows:

	2018 JD
At 1 January	2,385,530
Additions	2,894,906
Reclassification	(1,942,531)
At 31 December	**3,337,905**

The allocation of the short and long-term contract assets is as follows:

	2018 JD
Current portion of contract assets	1,031,956
Non-current portion of contract assets	2,305,949
	3,337,905

21. 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 as revenue share.

22. Business Support Fees and Brand Fees

The Group calculates and pays business support fees to Orange Group, in accordance with the agreement signed between the Group and Orange Group.

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. The agreement has been renewed for further period of 10 years from July 2017.

23. Earnings Per Share

	2018	2017
Profit for the year attributable to the equity holders of parent (JD)	21,307,063	24,030,280
Weighted average number of shares during the year	187,500,000	187,500,000
Basic earnings per share	**0.114**	**0.128**

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

24. Related Party Disclosures

The consolidated financial statements include the financial statements of Jordan Telecommunications Company and the subsidiaries listed below:

Name	Country of Incorporation	Percentage of equity interest		Description of Service
		2018	2017	
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

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

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Balances and transactions with related parties included in the consolidated statements of financial positions and consolidated statement of comprehensive income, respectively, are as follows:

	2018 JD	2017 JD
Consolidated statement of financial position items:		
Government of Jordan and Orange Group and its subsidiaries (shareholder)		
Amounts due from related parties	4,573,345	8,246,504
Amounts due to related parties	12,580,743	7,986,341
Consolidated statement of comprehensive income items:		
Orange Group and its subsidiaries (shareholder)		
Business support fees and brand fees	7,047,861	7,232,435
Operating expenses	6,806,102	6,903,995
Revenues	3,831,190	5,030,371
Government of Jordan		
Government revenue share	4,363,824	4,511,837
Revenues	9,672,355	12,484,059
Key management personnel		
Executives' salaries and bonus	1,574,368	1,435,147
Board of directors remuneration	220,955	217,150

Balances due from and to related parties are disclosed in notes 8, 9 and 17 to these consolidated financial statements.

25. Commitments and Contingences

Operating lease commitments

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

	2018 JD	2017 JD
Within one year	8,630,543	8,468,353

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 JD 20,584,146 as of 31 December 2018 (2017: JD 23,145,748).

Legal claims

The Group is a defendant in a number of lawsuits with a value of JD 14,964,561 as of 31 December 2018 (2017: JD 15,004,717) 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 JD 1,523,684 has been made (2017: JD 1,684,232).

Guarantees

The Group has issued letters of guarantee amounting to JD 19,388,912 as of 31 December 2018 (2017: JD 19,360,884) in respect of legal claims and performance bonds.

26. 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 consolidated 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 2018.

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26. Risk Management (Continued)

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.

	Changes in interest rate %	Effect on profit for the year JD
2018		
JD	1	511,738
USD	1	3,557
EUR	1	341

	Changes in interest rate %	Effect on profit for the year JD
2017		
JD	1	669,627
USD	1	2,105
EUR	1	355

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

Credit risk

The credit risk 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 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 from the date of sale.

26. Risk Management (Continued)

The table below summarises the maturities of the Group's financial liabilities at 31 December 2018 and 2017, based on contractual undiscounted payment.

31 December 2018	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	40,932,813	40,704,689	12,121,350	20,936,200	114,695,052
Telecommunications licenses payable	-	52,125,000	-	52,125,000	104,250,000
Balances due to telecom operators	16,665,111	7,399,930	4,233,722	-	28,298,763
Loans	107,558	5,898,108	21,475,356	5,390,476	32,871,498
Total	**57,705,482**	**106,127,727**	**37,830,428**	**78,451,676**	**280,115,313**

31 December 2017	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	48,589,792	35,505,527	15,375,903	17,859,045	117,330,267
Telecommunications licenses payable	-	-	52,125,000	52,125,000	104,250,000
Balances due to telecom operators	16,694,822	7,440,904	4,103,493	-	28,239,219
Loans	3,329,975	15,179,448	20,520,705	9,690,578	48,720,706
Total	**68,614,589**	**58,125,879**	**92,125,101**	**79,674,623**	**298,540,192**

Currency risk
Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinar exchange rate is fixed against the U.S. Dollar (US $ 1.41 for JD 1).

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

The table below indicates the effect of a reasonably possible movement in the JD rate against foreign currencies on the consolidated statement of comprehensive income, with all other variables held constant.

	Changes in Euro rate to JD %	Effect on profit before tax JD
2018		
EUR	5	(76,997)
2017		
EUR	5	(177,146)

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

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27. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and short-term deposits, receivables and some other current assets. Financial liabilities consist of term loans, payables and some other current liabilities.

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

28. 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.

On 10 December 2015, the General Assembly, in its extra ordinary meeting, has approved the reduction of the authorized and paid in capital by 25%, to become 187,500,000 shares at a value of one Jordanian Dinar each. The capital reduction has been approved by the Ministry of Industry and Trade on 6 April 2016 and it was approved by Amman Stock Exchange on 21 April 2016.

Capital comprises share capital, statutory reserve and retained earnings, and is measured at JD 273,936,814 as at 31 December 2018 (2017: JD 274,244,221).

29. Comparative figures

The 2017 figures have been reclassified in order to conform to the presentations in 2018. Such reclassification does not affect previously reported profit or equity.

Future company vision – WORK IN PROGRESS

2018 was the year of transformation for Orange Jordan, as we focused on one major aspect, with the aim of increasing customer satisfaction; our network.

Orange Jordan proved once more its significance as the provider of the strongest internet in the Kingdom, and a leader in the local telecommunications market, being the only local service provider to introduce 4G+ services across many governorates.

The company also executed the rollout of the fiber optics network, covering more than 300,000 households by the end of the year, with more than 50,000 active subscribers.

In 2019, Orange Jordan will continue aiming at being the global leader of data, offering the best network, a premium and unmatched customer experience, with the latest innovations, in order to serve our current and future loyal customers.

Digitalization will be a big part of Orange Jordan's plan in 2019, as we aim to make its benefits fully-accessible to all different kinds of people in society, through launching our big digital project in full-speed. Our digital transformation objective is to create an agile organization, and improve customer and employee experience.

This includes the Robotic Process Automation (RPA), an advanced artificial intelligence software that will complete high-volume tasks and improve efficiency across various systems and applications. In addition, we will continue to diligently work towards improving our chatbot, which is equipped with Artificial Intelligence, and provides Orange Jordan's customers with real-time information about its offers, services, and products, as well as assist them at all times, making Orange Jordan the very first digital telecom assistance company in the region.

The company also looks forward to transforming into a green company, as we are in the final stages of completing our very own solar farm project; where we installed three solar farms to help reduce our energy intake and conserve the environment. With that being said, taking such actions will help solidify our image as an environmentally-friendly company.

The year of 2019 will also witness the launch of our mobile money service, Orange Money, which offers the chance to deposit money into an account linked to their mobile phone number, and conveniently and securely pay their bills, charge their accounts, receive and transfer money, as well as make online payments, both locally and globally.

Our employees are and always will be our focal point in achieving the utmost success. In 2019, we will keep working towards introducing new plans and improve digital workplace, to increase their motivation, and boost efficiency, where eventually, we will be contributing to the enhancement of our customers' journey and satisfaction.