Jordan Telecommunications Company

ANNUAL REPORT 2019

It's all about what matters to you

orange™

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Remarks by His Majesty King Abdullah II at the World Economic Forum on the Middle East and North Africa
6 April, 2019

"But our most important strength is Jordan's high-skill human capital. Our young people are globally connected, tech savvy, fluent in multiple languages, and determined to succeed. They are proven assets to every enterprise. And we have already seen this strength at work, in the success of Jordan's ICT industry, which has created thousands of new jobs and accessed markets across the region and beyond."

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 of Jordan Telecommunication Group-Orange Jordan, I am delighted to welcome all of you to the General Assembly's 25th annual meeting. Today we will review the annual report of the year ending in Dec. 31st, 2019. We will discuss the Group's performance, financial statements and results, the corporate governance report, including disclosure statements, and the management plan for the year 2020.

I would like to extend my sincere appreciation to the Executive Management at all levels for the continuous efforts to increase productivity, enhance team work's competencies, speed up decision making processes, and improve relations with and response to customers' needs.

Digital transformation of operations is one of the most prominent management programs. This project will increase productivity by improving performance, service delivery, and reducing response time. Our customers are our main asset and deserve the best. We will continue to be close to them. The first and foremost goal of digital transformation of our internal operations and of our relations with the customers is to increase the operating profits. In parallel, the management is inviting employees to share their ideas and initiatives with senior management.

Internally, we are developing staff skills and enhancing their comfort at work. The management efforts in this area were crowned with obtaining the Global Top Employer Institute's (Top Employer Award), for the fourth consecutive year, 2019. King Abdullah II Center for Excellence, the representative of the European Foundation for Quality Management (EFQM) in Jordan, awarded Orange Jordan the "Recognized for Excellence Certificate".
Orange Jordan is the first telecommunications operator to receive this certificate for meeting world-class standards in corporate performance.

In order to reduce operational cost, we completed the construction of three solar farms with a total capacity of 37 Megawatt. The farms started operating in the first quarter of 2019. This project is considered the largest of its kind in producing clean energy in the Jordanian private sector. This project coincides with the Government's Energy Strategy and with Orange Group's vision to transform into an environment friendly power source.

Profitwise, we have completed building up Orange Money services and launched it this January. Orange e-wallet allows customers to pay bills, refill prepaid cards, transfer cash, and shop online.

We continue deploying latest technologies. We are the first operator to use AI in the Chatbot project, which provides people with quick information about our latest offers and services. Also, we have started using Cloudair technology to enhance the network's competency during peak times.

Your company is the provider of the strongest and largest Internet services. Orange Jordan is the one and only operator that provides 4G+ service, the fastest mobile internet in Jordan. Also, Orange Jordan is the leader in Fiber to homes and businesses.

For 20 years, you have contributed to developing local communities through many initiatives and programs that have effectively impacted the lives of the underprivileged, supported education and sports, and disseminated the culture of internet as well. Your commitment towards social responsibility has become a tradition and an everyday-work practice.

Supporting entrepreneurship and Jordanian youth is still a major focus. In this context, we have built the Digital Village in Amman, the home of the Coding Academy which trains and qualifies fresh graduates to meet the market's needs of well-trained programmers.

The Village will become the new home of our startup Accelerator Program (BIG), which was launched in 2015. BIG has helped 37 Jordanians startups to grow and expand. We have recently set up a Listening Room at the Village, to get a live feedback on our offers from the customers. It will allow for spontaneous identification of network failures intended for quick fixing.

Through our 14 local digital centers, across the Kingdom, we have provided community members with technical and soft skills, which allowed them to enter the labor market confidently. We also offered advice and support for community members to benefit from the Training for Employment concept. Orange Jordan's CSR initiatives have enabled qualified youth to find jobs in their communities. The impact of these initiatives have exceeded the project's founder and reached their local communities.

We have contributed to bridging the digital gap between Amman, the Capital, and other governorates. We claim that we have brought knowledge and technology to the sector. Orange Jordan has been, and always will be, a leader in this field.

Finally, I extend appreciation to His Excellency the Minister of Digital Economy and Entrepreneurship, and to the Telecommunications Regulatory Commission for their support. A thank you note goes to our customers for their loyalty to Orange, and for all members of the Board of Directors for their wise directions to the executive management and valuable contributions in designing the company's policies and strategies.

Many thanks everyone, especially, Orange Group for their endless support to the digital transformation journey in Jordan.
May 2020 be a year of prosperity to all of you, to Jordan, and to this great operator, Orange Jordan.

Dr. Shabib Ammari
Chairman of Board of Directors

A letter from the CEO

Dear Shareholders,

Day after day, we see the boundless potential of technology to affect all aspects of human life. At Orange Jordan, we are proud to be the pioneering force in facilitating access to technological solutions that enhance peoples' lives through continuous innovation.
Despite competing in a challenging market, this year marked another milestone by achieving substantial growth in our business profits. We have successfully increased our EBITDAaL by 1.5%. These remarkable achievements are the fruits of our unwavering dedication to providing integrated telecommunications services.
Our growth manifested in both new services and the expansion of our networks across the Kingdom. We acquired additional frequencies to expand our 4G and 4G+ services and remained the only 4G+ provider in the local market for 3 years.
Exceptional progress in the Fiber market is one of our most remarkable achievements in 2019. Orange Jordan was the first operator to introduce Fiber services in the Kingdom, and this year we invested even more in expanding our Fiber-to-the-Home (FTTH), and Fiber-to-the-Business (FTTB) networks. We extended our Fiber networks coverage to reach almost 470,000 households, the largest FTTH customer share in the local market, in addition to upgrading all our networks to ensure the best coverage everywhere.
This year, we have walked a long way towards digital transformation. We built a multicomponent team, established a Data Center of Excellence, and continued to spread agility in all units, in line with a full revamp of technologies and structure aimed to gain the ownership of our assets. The objective is to improve customer journeys and to ensure efficiency.
Orange is a pillar for innovation in the country. More than ever, we are promoting useful innovation to solve environmental and social issues.
Without compromising the rising demand for data, we are taking significant steps to switch to eco-friendly energy. The world is experiencing an energy and climate change crisis, the consequences of which are affecting all of us. Orange Jordan reflects Orange Group's responsible approach towards the environment and humanity.
We are not only the first telecommunication operator in Jordan to provide an e-SIM service, but we also offer a wide range of services dedicated to businesses (B2B).
Orange Data Center became the first data center in Jordan to be awarded the prominent «Tier III» certificate, for the constructed facility, and operation by the Uptime Institute, a US institute specialized in studying and evaluating global data centers.
As we continue to make progress in all facets of the business, I would like to express my pride in every employee at Orange Jordan. Outstanding services come hand in hand with employees' commitment to excellence. Our passion to develop our work culture paid off by receiving the Top Employer certificate, for the fourth time from the Top-Employer Institute.
We are committed to building efficient, interactive, and trustworthy relationships with our customers. Therefore, we increased the number of our showrooms to 63 across the Kingdom, 13 of which are smart shops to further facilitate customer support. We also completely updated "My Orange" App, which is used by more than 300,000 customers, to enable the completion of services and inquiries in the shortest, easiest way possible.
In the last two years, we directed our CSR efforts towards a more sustainable and focused approach. Our focus remains to be digital inclusion and education to create more employability, socio-economic, and entrepreneurship opportunities for youth, women and people with disabilities.
We have, proudly, inaugurated Orange Coding Academy, the first academic institution that offers Jordanian youth intensive free courses in coding languages for free in 2019.
The Academy aims to support youth by developing their skills and helping them find job opportunities within our Training for Employment concept, designed to combat the growing unemployment crisis within the country and allowing the next generation to excel in their future.
Considering the significance of youth participation in socio-economic development, we have continued to support young entrepreneurs to help them create a prosperous future through Orange Jordan's Business Innovation Growth Program (BIG).
During the second edition of BIG by Orange summit, we published the results of a study conducted by Orange Jordan, in collaboration with the German Development Cooperation Office (GIZ), and Information and Communications Technology Association of Jordan (int@j), to provide decision makers with an understanding of the contribution of startup companies in developing the national economy.
We are determined to bring forward positive changes in local communities, by empowering people of all ages and interests to achieve digital inclusion. Currently, 14 Orange Community Digital Centers across the Kingdom help women and youth leverage their local communities, especially, in remote areas. These centers offer beneficiaries training courses that enhance their personal and professional skills to help them start their own businesses or to better find jobs.
This year brought many changes and incredible progress, which was officially recognized when the company proudly won 3 ISO certificates for occupational health and safety management systems, environmental management system standards, and private data centers free of internal environmental pollution. Our dedication to excellence made Orange Jordan the first telecom company and only the second company in the Kingdom to receive (EFQM) certificate from the European Foundation for Quality Management's representative, the King Abdullah II Center for Excellence.
Our success would not have been possible without the continuous support of our esteemed Board of Directors, led by our Chairman, H.E. Dr. Shabib Ammari, our distinguished Executive Committee, and honorable Stakeholders. I would like to thank all of you and assure you that we will keep moving forward with confidence and optimism towards future progress. I would also like to extend my utmost gratitude to our employees, whose commitment, dedication, and significant contributions are the backbone of our company.
Finally, I would like to thank all of our customers for their loyalty and support. We promise to continue offering them quality-care and services they deserve. We will continue to serve our customers, employees, communities, and contribute to a brighter and more connected future.

Thierry Marigny
Chief Executive Officer

2019 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

B. G. Dr. Eng. Hisham Khreisat
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

2019 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

Ms. Ghada Fares
Chief Human Resources Officer

Mrs. Naila Al Dawoud
Chief Consumer Market Officer

Mr. Samer Al Haj
Chief Consumer Sales Officer

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

Mr. Jallale Bassou
Deputy Chief Information Technology and Networks Officer

2019

Financial Report

Jordan Telecom Group witnessed another successful year, full of major achievements, not only limited to financial and commercial aspects but also in setting new standards for sustainable corporate social and environmental responsibility.

In 2019, Jordan Telecom Group delivered a 3% growth in retail market driven by a customer-centric commercial approach and value-based investment strategy. Indeed, for the residential market, the Group continued to leverage on its mobile offers portfolio, supported by additional value added services and international corridors with international partnering operators. On fixed broadband, the Group continued to extended its Fiber network coverage to reach almost 470,000 households offering Fiber speeds up to 1 Giga bit per second (Gbps), the fastest in the Kingdom.

For the enterprise market, Jordan Telecom Group confirmed it's positioning as a multi-service operator and a major actor in Information and Communications Technology (ICT) market. In addition to wired and wireless networks, the Group has integrated electronic security, audio and video systems, as well as data center services to its enterprise products and services portfolio.

From a financial perspective, and despite operational challenges, we were able to reduce our operating expenses through major transformation initiatives. In 2019 Jordan Telecom Group, inaugurated its solar farms project, the largest project servicing a telecom provider in Jordan. The Group has managed through this project to reduce its electricity consumption from utility by 75% in the second half and consequently, reduced its electricity consumption cost by almost 50% impacted by prices drop as well compared to 2018.

Such initiative helped us improve our profit from operations both in absolute and in relative terms compared to 2018 and to deliver a profit from operations in the upper range of our guidance for 2019. This has helped the Group to manage allocating necessary funds to accommodate additional operational expenses without impacting profitability performance. This is a result of our efforts to continuously increase efficiency and improve our operating model.

2019 was also marked by applying new International Financial Reporting Standard update (IFRS 16) on accounting approach for lease contracts. Jordan Telecom Group has applied the new standard on its financial statements reporting as of 1 January 2019. The introduction of IFRS 16 had an impact on balance sheets and income statement due to increase in leased assets and financial liabilities.

It gives us a great pleasure to present 2019's consolidated annual financial highlights of Jordan Telecom Group.

Presented below is a summary of the consolidated results for 2019 against 2018.

Consolidated income statement:

(MJD)	2019	2018	Change %
Revenues	**318.7**	**324.4**	**(1.7)%**
Operating Expenses			
Cost of services	(138.1)	(152.2)	(9.3)%
Administration expenses	(27.6)	(21.7)	27.1%
Selling and distribution expenses	(38.5)	(39.3)	(2.1)%
Government revenue share	(4.0)	(4.4)	(8.8)%
Business support fees	(3.3)	(3.3)	-
Brand fees	(3.8)	(3.8)	0.9%
Depreciation and amortization	(69.6)	(68.2)	2.0%
Depreciation of renewable energy lease assets	(1.7)	0.0	
Total Operating Expenses	**(286.5)**	**(292.8)**	**(2.2)%**
Profit from Operations	**32.3**	**31.6**	**2.2%**
Operations Margin	**10.1%**	**9.7%**	
Renewable energy lease interest expense	(2.5)	0.0	
Lease interest expense	(2.5)	0.0	
Net foreign exchange differences, finance costs and finance income	(6.9)	(6.7)	3.7%
Other Income	5.1	4.2	21.2%
Profit before Income Tax	**25.5**	**29.1**	**(12.4)%**
Income tax expense	(6.4)	(7.8)	(17.5)%
Profit for the Year	**19.0**	**21.3**	**(10.6)%**
Attribute to:			
Equity holders of parent	19.0	21.3	(10.6)%
Profit margin	6.0%	6.6%	(9.0)%
Earnings per share	0.102	0.114	(10.6)%
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)	2019	2018	Change %
Assets			
Total current assets	131.6	142.1	(7.4)%
Property, plant and equipment	247.0	233.9	5.6%
Other non-current assets	309.9	248.4	24.8%
Total non-current assets	556.8	482.2	15.5%
Total Assets	**688.4**	**624.3**	**10.3%**
Liabilities and Equity			
Total current liabilities	249.9	284.4	(12.1)%
Total non-current liabilities	167.1	66.0	153.2%
Total equity	271.5	273.9	(0.9)%
Total Liabilities and Equity	**688.4**	**624.3**	**10.3%**

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

Summary of consolidated cash flow statement:

(MJD)	2019	2018	Change %
Net cash from operating activities	87.2	71.1	22.7%
Net cash used in investing activities	(99.4)	(53.8)	84.6 %
Net cash used in financing activities	(6.4)	(42.5)	(84.9)%
Net variation in cash and cash equivalent	(18.5)	(25.2)	(26.3)%
Cash and cash equivalents as of 31-Dec	(2.8)	15.8	(117.5)%

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

Financial ratio analysis:

	2019	2018	Change %
Profitability Ratios			
Return on total assets (ROA)	2.9%	3.3%	(13.0)%
Return on total equity	7.0%	7.8%	(10.2)%
Liquidity Ratios			
Currnet ratio	0.53	0.50	5.4%
Cash ratio	0.13	0.16	(16.4)%
Leverage Ratios			
Debt-equity ratio	153.6%	127.9%	20.1%
Interest-bearing debt eatio*	19.0%	9.1%	107.7%
Debt ratio	60.6%	56.1%	7.9%
Assets coverage ratio	0.63	0.37	73.1%
Assets Management Ratios			
Assets turnover ratio	0.49	0.51	(4.4)%
Fixed assets turnover ratio	1.33	1.43	(7.2)%
Capital turnover ratio	1.17	1.18	(1.2)%
Price (Growth) Ratios			
Earning per share (JOD)	0.102	0.114	(10.6)%
Dividends payout ratio	99.8%	100.9%	(1.1)%
Dividends yield	7.0%	8.2%	(14.7)%
Valuation Ratios			
Book value per share	1.45	1.46	(0.9)%
Market to book ratio	0.99	0.95	4.5%
Price-earning ratio	14.2	12.2	15.9%

* Total Debt / (Total Debt + Total Equity)

Revenues
Group's consolidated revenues decreased by 1.7%, achieving JD 318.7 million in 2019 compared to JD 324.4 million in 2018 mainly due to lower fixed and data revenues from wholesale activities.

Operating Expenses
The term Operating Expenses means the cost of services, administration expenses, selling and distribution expenses, government revenue share, business support fees, brand fees, depreciation, amortization & depreciation of renewable energy lease. The Group Operating Expenses continued to decrease and dropped by 2.2% to reach JD 286.5 million in 2019 against JD 292.8 million in 2018.

Cost of services continued to decrease and dropped by 9.3%, reaching JD 138.1 million in 2019 compared to JD 152.2 million in 2018. This drop was a result of lower wholesale segment revenues (transit calls), less electricity cost but also less rent cost as later was impacted by IFRS 16 introduction, which resulted in restating part of the cost under Lease interest expenses.

Administrative expenses increased by 27.1% to reach JD 27.6 million in 2018, compared to JD 21.7 million in 2018 mainly due to higher operating tax and frequency fees.

Selling and distribution expenses continued to decrease and dropped by 2.1%, reaching JD 38.5 million in 2019, compared to JD 39.3 million in 2018, 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 million in 2019, decreased by 8.8% from 2018, due to lower mobile 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 2019, the same amount as in 2018.

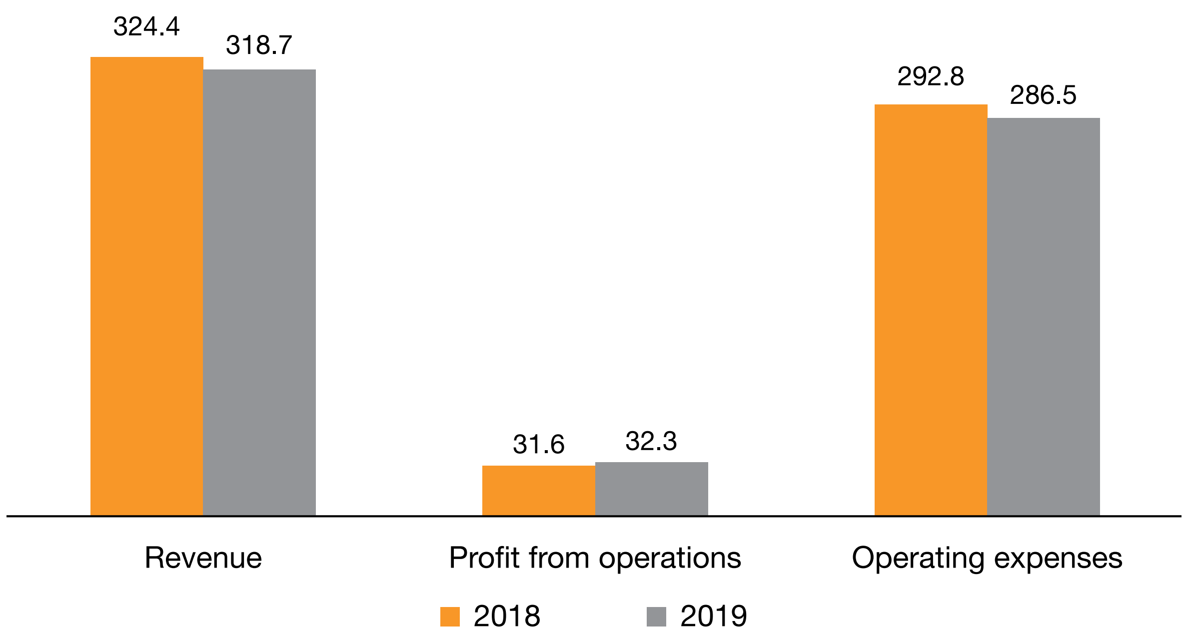
Brand fees represent 1.6% of operating revenues that Jordan Telecom Group is required to pay to Orange Group for using the Orange brand in all Jordan Telecom Group subsidiaries. Brand fees of the Group reached JD 3.8 million in 2019, the same amount as in 2018.

Depreciation and amortization expenses, increased by 2% to reach JD 69.6 million in 2019, compared to JD 68.2 million in 2018.

Depreciation of renewable energy lease represents the recognized liability toward solar farms project operator depreciated over the agreement period.

Depreciation of renewable energy lease reached JD 1.7 million in 2019 and did not exist before 2018 since the project was launched in 2019.

Profit from operations
Profit from operations increased by 2.2% for the year 2019 compared with 2018, which represent a good performance for our operations.



Renewable energy lease interest expense
Renewable energy lease interest expenses refer to interest expense on the Solar farms project lease liability. Renewable energy lease interest expenses reached JD 2.5 million in 2019 and did not exist before 2018 since the project was launched in 2019.

Lease interest expenses
Lease interest expenses refers to interest expense on the lease liabilities of Group premises and network site rentals for which rent term is higher than 12 months. Lease interest expenses reached JD 2.5 million in 2019 and did not exist in 2018 as it was a consequence of applying the new lease accounting standard, IFRS 16, as of 1 January 2019.

Net foreign exchange difference, Finance costs and Finance income
Net foreign exchange difference is generated from Group's transactions in foreign currencies and translation of monetary assets and liabilities. Finance costs consist of the interests and other charges, which is paid on the Group's financial indebtedness. On the other hand, Finance income consists of income earned on cash deposits in various currencies. Total cost of the three entries increased by 3.7% to reach JD 6.9 million in 2019, compared to JD 6.7 million in 2018. Increase mainly due to finance cost related to long term debt and overdraft issued in 2019.

Other income
Other income consists of gains and losses on dispositions of fixed assets and other miscellaneous income. Other income reached JD 5.1 million in 2019, compared to JD 4.2 million in 2018.

Income tax
In 2019 the Group reported JD 6.4 million as income tax, compared with JD 7.8 million in 2018.

Profit for the year
Jordan Telecom Group generated JD 19.0 million as net profit after tax for the year 2019, with a decrease of 10.6%, compared to JD 21.3 million in 2018. This decrease came mainly due to higher administrative expenses due to increase of frequency fees, higher depreciations and amortizations, and the introduction of IFRS 16 as highlighted in the financial statement and disclosure.

Net variation in cash and cash equivalent
Net cash flows from Operating Activities, main source of liquidity, increased by 22.7% to reach JD 87.2 million, compared to JD 71.1 million for 2018.

Net cash flows used in Investing reached JD 99.4 million in 2019, compared to JD 53.8 million in 2018 mainly due to 900MHz frequency licensing fees of JD 52.1 million paid to the government as per the agreement with the telecommunication regulatory commission (TRC).

Net cash flows from Financing Activities reached JD 6.4 million used in 2019, compared to JD 42.5 million used in 2018. Increase is due to proceeds of long-term debt issued to finance the 900MHz frequency licensing fees in investing activities.

Cash and cash equivalent
Cash and cash equivalent decreased by 117.5% to reach JD -2.8 million in 2019 compared to JD 15.8 million in 2018.

Capital expenditures
CAPEX for Jordan Telecom Group reached JD 61.3 million at the end of 2019, compared with JD 61.8 million at the end of 2018.

Group subscribers
Jordan Telecom Group subscribers showed a decrease of 3.9% to reach 3.1 million lines in 2019, compared to 3.2 million lines in 2018, due to legal restrictions on point of sale and taxes on new mobile lines, which impacted market volume.

Human resources
Jordan Telecom Group's number of permanent contract employees decreased by 0.7% from 1,622 in 2018 to 1,611 in year 2019. Total number of temporary contract employees decreased by 5.6% from 108 in 2018 to 102 in year 2019.

Staff efficiency
The Group's efficiency indicators decreased by 1% to reach JD 198 thousand revenue per permanent employee in 2019, compared to JD 200 thousands revenue per permanent employee in 2018. The number of lines per employee decreased to reach 1,924 lines in 2019, showing a decrease of 3.5% against 2018, where it reached 1,994 lines.

Group Business Segment Analysis:

Presented below are the revenues for each business segment of the Group:

- Orange fixed and Orange internet
- Orange mobile
- Renewable energy

(MJD)	2019	2018	Change%
Revenues			
Orange fixed & Orange internet	204.5	204.1	0.2%
Mobile communication	167.2	169.8	(1.5)%
Renewable energy	4.9	0.0	-
Intercompany	57.9	49.5	16.9%
Total revenues	318.7	324.4	(1.7)%

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 increased by 0.2% in 2019 compared to 2018 despite drop in wholesale international voice transit revenues. Increase was mainly due to the growth in fixed broadband revenues (Fiber) and enterprises services mainly in managed services projects and information and communication technology products and services.

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.

Revenues

Orange mobile witnessed a decrease in revenues by 1.5%, compared to 2018. The decrease was mainly due to the drop of local mobile termination revenues despite increase of mobile retail offers' revenues.

Renewable energy

Renewable energy operations started in 2019 following the production of electricity from the Solar farms project.

Revenues

Renewable energy registered JD 4.9 million revenues in 2019 generated from producing solar energy to Jordan Telecom Group subsidiaries (Orange fixed, Orange internet and mobile communication).

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 in 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	499
Amman	61	661
Ajloun	12	6
Irbid	58	91
Jerash	13	7
Al-Mafraq	40	14
Al-Balq'a	21	16
Madaba	9	15
Al-Zarqa	19	38
Al-Aqaba	13	22
Al-Karak	34	31
Ma'an	18	12
Al-Tafilah	12	9
Total	311	1,421

The amount of capital investment in 2019 for Jordan Telecom was JD 37,667,717 and for Jordan Telecom Group JD 61,283,324.

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%	252
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%*	- **
Petra Mobile Payment Services Company (Orange Money)	Electronic Payment Services through Mobile Phone	2.000.000	100%***	17

*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.
***Petra Mobile Payment Services Company is fully owned by Petra Jordanian Mobile Telecommunications Company.

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. He was 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. When the Cabinet resigned to pave the road for Parliamentary elections, 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). He was on the Board of Trustees of PSUT for seven years 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. He also lectured in economics for students of 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 OMEA 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

Mr. Bisher Jardaneh is currently a member of the Board of Directors of Orange Jordan. He is also the Chairman and Executive Managing Director of the Arabtech Jardaneh Group and the Chairman of Investbank.
Mr. Jardaneh is a member of the Board of Trustees of Princess Sumaya University for Technology, vice-chairman of Taawon Association (Geneva), Chairman of Arab Cultural Society (Al Raed Al Arabi School).
Formerly, he served as a member of the Royal committee of "Kulluna Al Urdun", the Royal Commission for Jordan's Water Strategy, the Executive Committee of the International Federation of Consulting Engineers (FIDIC) / Geneva, Greater Amman Municipality's Council as the head of its Financial Committee. He also held the position of the Chairman of the National Resources Investment and Development Corporation, Vice Chairman of the Abdali Investment and Development Company, the Chairman of the Abdali Boulevard Company, the Chairman of Al Daman for Development Zones Company, Chairman of Architects and Engineers Business Council (AEBC) and a Member of Jordan's National Agenda Committee.
Mr.Jardaneh is a founder and two terms vice-chairman of the Jordan Strategy Forum. He is also a member of the Young Presidents Organization (YPO), Jordan Engineers Association, Jordan Businessmen Association and Jordan European Business Association.
Mr. Jardaneh holds a Bachelor's degree in Civil Engineering from the University of Illinois, and a Master's degree 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 Director of Committees Support and Evaluation Department at the Social Security Corporation. He previously occupied the Human Resources 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 of Orange Business Services from Jan. 2014 – March 2018. She was the Head of Controlling Solutions and Referentials at Orange Group Finance from Sep. 2003 - Dec. 2013. She previously held the position of Consultant then Project Manager at France Telecom Finance Division from Sep. 1994 - Aug. 2003. Mrs. Vignalou graduated from Sciences Po Paris with a Master'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 Institute 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, In charge of compliance & Ethnic, and Network Information Security 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 the e-Dimension Company. And he is a Chairman of the Petra Mobile Payment Service Co., 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 an 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.

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

Ms. 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 19 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. 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.

Mr. Jallale Bassou
Deputy Chief Information Technology and Networks Officer
Date of Birth: 15/3/1974

Mr. Jallale Bassou is the Deputy Chief Information and Network officer at Orange Jordan and a member of the Executive Committee (ExCom) as of October 2019. . He is responsible for budget controlling, IT & Network quality of service, and Network Operations.
Mr. Bassou served as Senior Director at Orange Morocco From 2015 till 2019, where he was in charge of the roll out, operations and customers experience. He held the position of Director at Orange Tunisia.
Mr. Bassou has served over the years in key positions in telecom sector internationally. He held key managerial in telecom operators in Tunisia Ooredoo, then Orange Tunisia, and served in Orange Group's subsidiaries in Europe and South America as well.
Mr. Bassou holds a Master's Degree in International Purchasing from France's Nancy University.

4. The names of shareholders who own 5% or more of the capital as of 31st of December 2018 and 2019:

Shareholders	No. of shares 31.12.2018	Shareholding % (2018)	No. of shares 31.12.2019	Shareholding % (2019)
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	17,437,794	9.30%	17,437,794	9.30%
Total	167,212,793	89.18%	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 45%

6. The degree of dependence on specific resources:

The Jordan Telecom Group purchased more than 10% of the total purchases from:
Nokia (23%).
HUAWEI (13%).

- 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 and we are certified EFQM – Recognized for Excellence 4 star company.

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 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 – Jallale Bassou
- 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)	Petra Mobile Payment Services Company (Orange Money)
Doctorate (PhD)	3	0	0	0
Master's	60	19	3	1
High Diploma	3	1	0	0
BA	896	210	17	16
Diploma	275	14	0	0
Tawjihi	64	7	1	0
Below Tawjihi	120	1	2	0
Total	1,421	252	23	17

9. c. Training programs during 2019:

No.	Description	Number of trainees
1	Financial courses	67
2	Management courses	2,508
3	Marketing & sales courses	727
4	Quality courses	93
5	Technical courses	405
6	Computers courses	105
7	Language courses	128

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 2019:

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:

	2015	2016	2017	2018	2019
Profits in (JD)	16,105,838	18,074,087	24,030,280	21,307,063	19,044,843
Distributed dividends (JD)	16,000,000	18,000,000	24,000,000	21,500,000	19,000,000*
Dividends %	6.40%	8.80%	12.80%	11.46%	10.13%
Shareholders equity in (JD)	328,639,854	268,213,941	274,244,221	273,936,814	271,481,657
Shares prices (JD)	3.51	2.31	2.14	1.39	1.44

* Proposed dividend in 2019

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 2019:

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)	5,000
Petra Mobile Payment Services Company (Orange Money)	5,000

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 31/12/2019	No. of shares as of 31/12/2018
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	3,000,001
	1.3 Brigadier General Dr. Eng. Hisham Khraisat		Member of the BoD	Jordanian	375	375

18. The remunerations and rewards in 2019 for the members of the Board of Directors and for the top management members were:

No.	BOD	Committees monthly remuneration	Transportation	Annual BOD remuneration 2018	Travel	Total
1	H.E. Dr. Shabib Ammari	107,800	7,200	5,000	175	120,175
2	Mr. Taieb Belkahia*	6,000	7,200	161	0	13,361
3	Mr. Michel Monzani*	0	0	4,839	0	4,839
4	Mr. Abdallah Abu Jamous**	6,000	7,200	5,000	525	18,725
5	Mrs. Dorothée Vignalou*	6,000	7,200	4,691	0	17,891
6	Brigadier General Dr. Eng. Hisham Khraisat	6,000	7,200	2,500	525	16,225
7	Mr. Jérôme Hénique*	0	7,200	2,542	0	9,742
8	Mr. Bisher Jardaneh**	6,000	7,200	296	525	14,021
9	H.E. Dr. Mohammad Abu Hammour**	0	0	4,059	0	4,059
10	Mr. Jean Marc Vignolles*	0	0	2,458	0	2,458
11	Brigadier General Engineer Ali Alassaf	0	0	2,500	0	2,500
12	Mrs. Sandrine Valanti*	0	0	309	0	309
13	Mr. Emad Qudah**	0	0	645	0	645
	Total	137,800	50,400	35,000	1,750	224,950

*All amounts are paid to Orange Group.

**Remuneration, commissions, and mobility allowances were paid to the Social Security Corporation.

Number of Board meetings during 2019 (6).

Paid amount to top management.

No.	Name	Salary	Additional granting	Distributed EOS indemnity	Bonus	Transportation	Travel	Others	Total
1	Mr. Thierry Marigny	69,063	0	0	0	0	3,410	0	72,473
2	Mr. Raslan Deiranieh	155,100	25,850	12,925	77,785	9,600	1,080	2,862	285,202
3	Mr. Sami Smeirat	126,636	21,106	10,553	61,016	9,600	2,160	2,470	233,541
4	Mr. Waleed Al-Doulat	116,400	19,400	9,700	57,361	9,600	5,600	2,199	220,260
5	Dr. Ibrahim Harb	99,000	16,500	8,250	49,392	9,600	2,480	2,199	187,421
6	Ms. Ghada Fares	77,080	12,847	6,423	34,970	9,600	2,580	0	143,500
7	Mrs. Naila Al Dawoud	78,000	13,000	6,500	37,518	9,600	2,445	0	147,063
8	Mr. Samer Haj	74,400	12,400	6,200	35,685	9,600	2,205	0	140,490
9	Mr. Mederic Chomel	22,902	0	0	0	0	2,790	0	25,692
10	Mr. Jallale Bassou	21,000	0	0	0	600	300	0	21,900
11	Mr. Etienne Vincens De Tapol	24,000	0	0	0	0	1,200	0	25,200
12	Mr. Tamouh Khauli	15,000	2,500	1,250	22,500	1,600	120	464	43,434
	Total	878,581	123,603	61,801	376,227	69,400	26,370	10,194	1,546,176

19. Donations and grants:

No.	Donations to	Amount
1	The General Trade Union of Workers in Public Services & Free Occupations	73,000
2	Sports Donations	12,500
3	Zakat Fund Al Gharemat	10,000
4	Donations for Several Charities	7,700
5	Retired JTG Club Association	4,000
6	Donations for Educational Competitions	3,600
7	Rehabilitation of Underprivileged Families Houses / Jordanian Engineers Association	3,000
8	Public Security	1,740
9	Arabian Women Foundation	1,500
10	Ministry of Labor	1,160
	Total	118,200

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:

Orange Jordan: A Pioneer of the Present and Future

In 2019, Orange Jordan reaped the fruits of all the hard work it has put in boosting investments in its networks and introducing new technologies that offer unparalleled services in telecom sector.
The company's strong standing in a sector, that is considered a significant economic force, exceeded its role as a service provider and has become an active participant in the Kingdom's socio-economic development process; empowering all segments of the society to use technology in developing their businesses and changing their lives.
Therefore, the company transcends the present and looks forward towards the future by bringing about the requirements of the digital future.
Orange Jordan launched several initiatives and adopted others of different ambitions and goals, but they all aimed to play a vital role in different social aspects. The company incorporated the concept of "Training for Employment" via its digital centers, entrepreneurial programs, and Coding Academy, as they all have contributed to offering youth the needed education and training to fulfill the needs of the labor market.
Orange Jordan has been a major supporter of the government's financial inclusion strategy, particularly through launching the e-wallet, Orange Money, a smart solution that ensures security and ease of use in processing a wide range of financial services.
On the level of internal operations, the company received the "Top Employer Award" certificate from the global Top Employers Institute for the fourth consecutive year. The company also received three ISO certificates for occupational health and safety management systems, effective environmental management system and private data centers free of internal environmental pollution. Orange Jordan was the first local telecom provider to obtain a four star (R4E) certificate from King Abdullah II Center for Excellence, the representative of the European Foundation for Quality Management (EFQM). Furthermore, Orange Jordan's data center was accredited by Uptime Institute, an American institute specialized in studying and evaluating global data centers by receiving Tier III Constructed Facility Certificate, which no other data center in the Kingdom has obtained before.
The company's Solar Farms project, which was officially launched in 2019, stands out as the largest project of its kind in the Kingdom's private sector, aiming to support the government in achieving the national energy strategy and transforming Orange Jordan to a green and environmentally friendly company.
In the social realm, women, youth, students, and people with disabilities were the focus of the services provided by the company, to help integrate them into their local communities and support them to be an active part of it.



The following outlines the company's most important achievements and contributions in digital transformation and social responsibility:

Education and Digital Inclusion

- Inaugurating Orange Coding Academy.
- The Graduation of the first batch of women who participated in Women's Digital Centers' program, in collaboration with the Jordanian Hashemite Fund for Human Development (JOHUD).
- Inaugurating three new community digital centers in cooperation with the Ministry of Youth.
- Holding training courses on technical and personal development skills at Orange Yarmouk Innovation Lab (OYIL).
- Signing a strategic partnership with Luminus ShamalStart to launch the Mobile FabLab, the first of its kind in the Kingdom.
- Supporting Model United Nations (MUN) in various universities and schools.
- Honoring outstanding teachers who participated in the e-learning program "Menhaji Al Tafaouli," in cooperation with the Ministry of Education.
- Allocating a total of 33 scholarships to students at Princess Sumaya University for Technology (PSUT) in technological disciplines.
- Granting 15 scholarships to underprivileged students majoring in technological disciplines in public universities, in cooperation with JOHUD.

Youth Entrepreneurship

- Organizing BIG by Orange summit, during which the results of the study on the impact of start-up companies on the Jordanian economy and GDP were announced.
- Supporting the participation of BIG 6th season startups and media representatives in Viva Technology / Paris conference, in addition to providing them with an integrated training in collaboration with Queen Rania Center for Entrepreneurship.
- Supporting the participation of two startups at the Mobile World Congress (MWC) 2019.
- Welcoming five new startups to season seven of BIG.
- Supporting "Innovate to Start" competition at the University of Jordan.
- Honoring the three winners in the third local and ninth global edition of Orange Social Venture Prize.
- Supporting THE CORE business incubator at Al Hussein Technical University with Fiber service.

Environment

- Official inauguration of three Solar Farms with a total capacity of 37 MW.
- Launching two electric car-charging stations.
- Obtaining the ISO 14001: 2015 for effective environmental management systems.
- Obtaining the ISO 14644 - Class 8 certification for Clean room.
- Sponsoring the "Best graduation projects in renewable energy" competition which the company organized in cooperation with the Jordanian German Center of Excellence for Solar Energy.

Orange Money e-Wallet

- Obtaining the Central Bank's e-payment services provider license.
- Signing a strategic partnership agreement with Gate to Pay Company to develop the electronic wallet service, Orange Money.
- Signing a strategic agreement with HyperPay for electronic payments.

Customer Experience

- Obtaining "Recognized for Excellence" certificate from King Abdullah II Center for Excellence, the representative of the European Foundation for Quality Management (EFQM).
- Inauguration of a new call center in Karak governorate.
- Renovation of Salt smart store.
- Inauguration of new smart stores in the University of Jordan, Abdali/Boulevard and Al Yasmin areas.
- Launching several offers through the eShop.

Integration and Digital Inclusion for Persons with Disabilities

- Launching a program to integrate persons with disabilities under the slogan “Differently Abled, Definitely Enabled.”
- Launching a sign language interpretation service for people with hearing impairment at the stores.
- Supporting art workshops conducted by Omar Adnan Al Abdallat for children with disabilities.
- Sponsoring a workshop for persons with visual impairments.
- Granting scholarships for two university students with physical disabilities.
- Sponsoring “Qaderoon” campaign which shed light on success stories of people with disabilities.
- Sponsoring “Accessibility to Knowledge Content for Persons with Disabilities” Conference.

Social Solidarity and Philanthropy

- Renewing the agreement with Jordanian Hashemite Fund for Human Development (JOHUD).
- Launching “JO Art” initiative to support the talents of Jordanian artists, in cooperation with JOHUD’s Farah Al Nas Radio.
- Supporting “Mujadidoon” charity campaigns during Ramadan.
- Supporting King Hussein Cancer Foundation initiative “Goodness Number.”
- Distributing food parcels to underprivileged families in collaboration with Tkiyet Um Ali.
- Supporting “Al Gharemat” campaign.
- Visiting White Beds Society for the elderly that fell under “Orsom Basmeh” initiative.
- Holding a free medical day in Al-Tafilah.
- Sponsoring the winter Campaign “Bekaramak Dafahom 3,” which was organized by the Ministry of Digital Economy and Entrepreneurship.

Enterprise Business Unit

- Signing an agreement with Abdali Medical Center to provide it with integrated telecommunications and IT services
- Renewing the fixed-line agreement with the Jordanian Armed Forces.
- Receiving Tier III Certificate for Constructed Facility for the Data Center.
- Signing a partnership agreement with the Middle East and Yarmouk universities by which it has become the exclusive telecom provider for the two universities.
- Supporting Amman Baccalaureate School in the annual marathon as the exclusive telecom provider.
- Providing exclusive telecommunications sponsorship for the Health Insurance Conference which was organized by the Jordan Association for Medical Insurance.
- Signing a partnership agreement with the Capital Bank to become the exclusive telecom provider.

Corporate Sponsorship

- Sponsoring and supporting the Jordanian National Basketball Team in the World Cup Qualifiers.
- Sponsoring Women on the Front Lines conference.
- Sponsoring the French week for the fourth year.
- Sponsoring Jordan Business Awards.
- Sponsoring “Enhancing Competitiveness in Engineering Sector” Forum.
- Supporting the Ministry of Youth’s Football Championship.
- Sponsoring Akhtaboot’s job fair.

New Offers and Services

- Launching broadband home offers and the fastest Fiber in the Kingdom at 1000 Mbps speed.
- Launching lines for Filipino and Egyptian expats in Jordan, in addition to the roaming package in Saudi Arabia.
- Launching special offers to subscribers in Ramadan.
- Launching Kids’ Safety Line for the first time in the Kingdom.
- Launching the new 10 and 15 postpaid Army lines with outstanding features.
- Updating YO offers for Jordanian youth.
- Releasing “Sanza” mobile phone for the first time in the Kingdom.
- Launching “The Gift” campaign to encourage the best use of new technologies and internet in the Kingdom.
- Offering the eSIM for the first time in the Kingdom.
- Launching Samsung Galaxy S10 and Note 10 series, the iPhone 11 series, in addition to many other smartphones in Orange stores.
- Signing a strategic partnership agreement with “Talabat” and “Careem” within “Tikram” program.

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

Governance Report

We are pleased to present to you the Corporate Governance Report for 2019, 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. Taieb Belkahia (Attended all meetings).		Vice-Chairman	
	Mr. Jérôme Hénique (Attended Three meetings and was absent the 5th and 6th meetings with cause. And was absent in the 2nd meeting however was substituted by Mr. Anis Hamdani).		Member of the Board of Directors	
	Mrs. Dorothee Vignalou (Attended the 1st meeting and missed the 2nd meeting. The remaining four sessions were substituted on a session by session basis by Mr. Anis Hamdani).		Member of the Board of Directors	
2	Social Security Corporation Represented by:	Legal entity		
	Mr. Bisher Jardaneh (Attended all meetings).		Member of the Board of Directors	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 Dr. Engineer Hisham Khraisat (Attended all meetings).		Member of the Board of Directors	

All of the board members are non-executive.
Number of Board meetings during 2019 (6).

Members of the Executive Committee:

Executive Committee	
Mr. Thierry Marigny	Chief Executive Officer of Orange Jordan.
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.
Ms. Ghada Fares	Chief Human Resources Officer.
Mrs. Naila Al Dawoud	Chief Consumer Market Officer.
Mr. Samer Al Haj	Chief Consumer Sales Officer.
Mr. Mederic Chomel	Deputy Chief Strategy Officer, Chief Digital & Innovation Officer & Secretary to the Board of Directors.
Mr. Jallale Bassou	Deputy Chief Information Technology and Networks Officer (Effective 10/2019).
Mr. Etienne Vincens de Tapol	Deputy Chief Information Technology and Networks Officer (Resigned on 30/9/2019).
Mr. Tamouh Khauli	Chief Security Officer (Resigned on 28/2/2019).

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
Risk 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. Taieb Belkahia (Chairman)	Mr. Taieb Belkahia currently is the EVP of OMEA 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.	4
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 Director of Committees Support and Evaluation Department at the Social Security Corporation. He previously occupied the Human Resources 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).	4
Mrs. Dorothée 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 of Orange Business Services from Jan. 2014 – March 2018. She was the Head of Controlling Solutions and Referentials at Orange Group Finance from Sep. 2003 – Dec. 2013. She previously held the position of Consultant then Project Manager at France Telecom Finance Division from Sep. 1994 – Aug. 2003. Mrs. Vignalou graduated from Sciences Po Paris with a Master's degree in Economics & Finance Section in 1993.	1

Number of meetings of the Audit Committee during 2019 (4).
Number of meetings of the Audit Committee during 2019 with External Auditors (4).

Members of the Remuneration and Nomination Committee:

Members of the Remuneration and Nomination Committee
Mr. Bisher Jardaneh: (Attended all meetings).
Br. Gen. Dr. Hisham Khraisat: (Attended all meetings).
Mr. Taieb Belkahia: (Attended all meetings).

Number of meetings of the Remuneration and Nomination Committee during 2019 (2).

Members of the Corporate Governance Committee:

Members of the Corporate Governance Committee
Mr. Bisher Jardaneh: (Attended all meetings).
Br. Gen. Dr. Engineer Hisham Khraisat: (Attended all meetings).
Mr. Taieb Belkahia: (Attended all meetings).

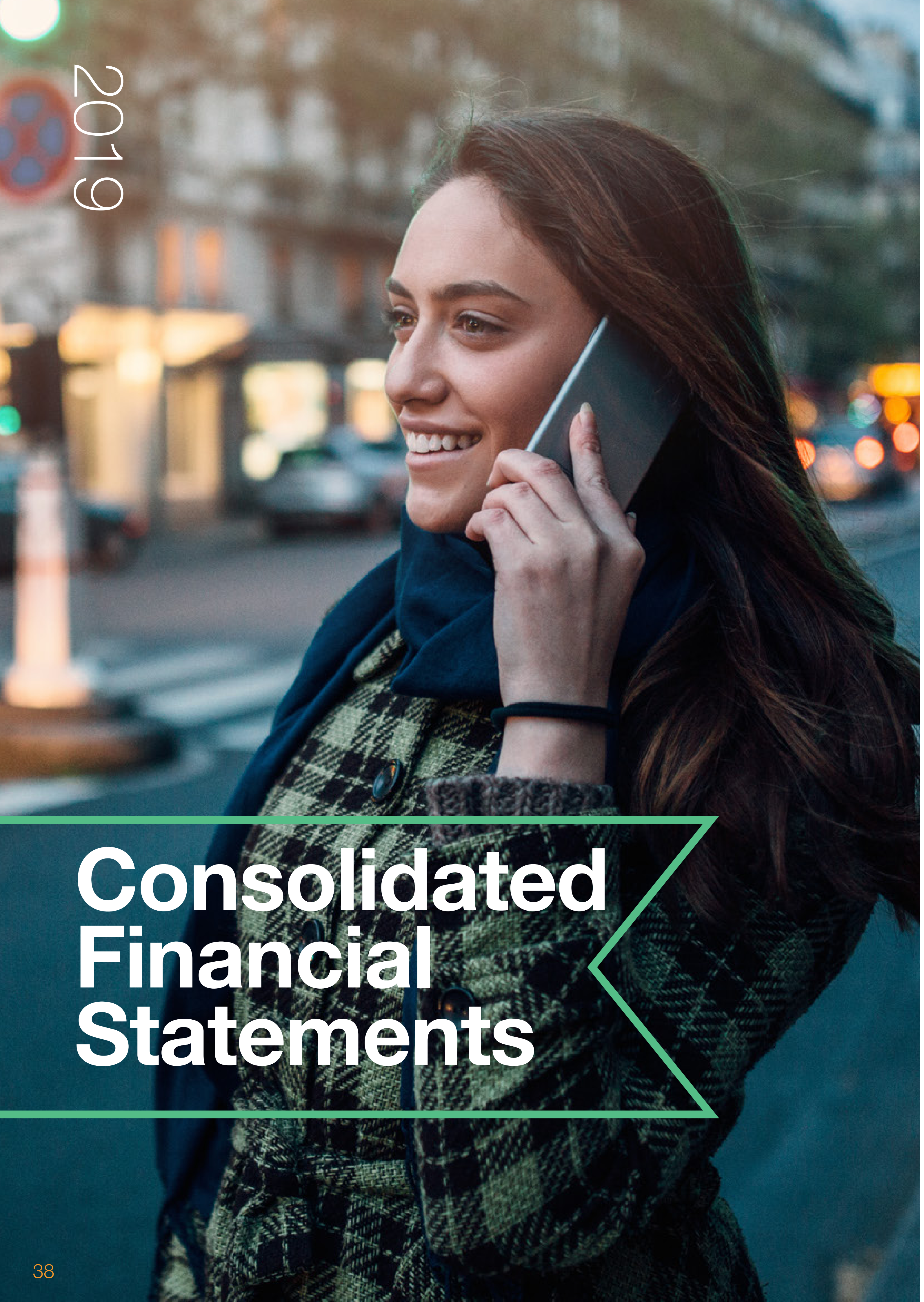
Number of meetings of the Corporate Governance Committee during 2019 (2).

Members of the Risk Management Committee:

Members of the Risk Management Committee
Mr. Taieb Belkahia: (Attended all meetings).
Mrs. Dorothée Vignalou: (Attended one meeting).
Mr. Abdallah Abu Jamous: (Attended all meetings).

Number of meetings of the Risk Management Committee during 2019 (2).

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



Consolidated Financial Statements

EY
Building a better working world

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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 2019, 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 2019, 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* (including International Independence Standards) (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 2019. 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 a significant risk has been identified in respect of both the occurrence and accuracy of these revenue streams due to the complexity of systems and the high volume of transactions, including the accounting for new products and changes in tariffs. Moreover, subscription and usage-based airtime revenue is the largest revenue stream within the business. This revenue originates from wholesale, corporate and retail customers.	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, and we tested additional representative sample of transactions.
	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 revenues. 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 2019 is JD 470 Million (2018: JD 478 Million) with total additions of JD 61 Million during 2019 (2018: JD 62 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 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 2.5, 4 and 5 to the consolidated financial statements.

The valuation of trade receivables and amounts 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 9% of the Group's total assets as of 31 December 2019. 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 expected credit losses (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 expected credit losses for trade receivables and amounts due from telecom operators 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 the amounts due from telecom operators and review of credit risks of counterparties. We tested the ECL calculation for the trade receivable and the amounts due from telecom operators. We have performed detailed analyses of ageing of the trade receivables and the amounts due from telecom operators, we have assessed significant overdue individual balances including assessment of 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. Disclosure of provision for expected credit losses on the trade receivables and the amounts due from telecom operators detailed in notes 9 and 10 to 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 and relevant International Financial Reporting Standards. 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 7 to the consolidated financial statements.

Other information included in the Group's 2019 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 financial statements.

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

Amman – Jordan
26 March 2020

Ernst + Young

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 JD	2018 JD
ASSETS			
Non-current assets			
Property and equipment	4	246,965,892	233,861,850
Intangible assets	5	222,676,001	244,407,166
Contract assets	20	644,418	1,031,956
Renewable energy lease assets	6	40,568,762	-
Right-of-use assets	6	41,383,972	-
Long-term trade receivables		1,453,066	-
Deferred tax assets	7	3,152,598	2,937,110
		556,844,709	**482,238,082**
Current assets			
Inventories	8	6,728,043	5,108,760
Trade receivables and other current assets	9	84,725,075	81,689,130
Balances due from telecom operators	10	5,513,581	8,773,272
Contract assets	20	2,157,419	2,305,949
Cash and short-term deposits	11	32,445,349	44,184,568
		131,569,467	**142,061,679**
TOTAL ASSETS		**688,414,176**	**624,299,761**
EQUITY AND LIABILITIES			
Equity			
Paid in capital	13	187,500,000	187,500,000
Statutory reserve	14	62,500,000	62,500,000
Retained earnings	15	21,481,657	23,936,814
TOTAL EQUITY		**271,481,657**	**273,936,814**
Liabilities			
Non-current liabilities			
Telecommunications license payable	12	44,388,918	42,613,026
Interest bearing loans	16	50,117,267	23,064,471
Renewable energy assets lease liability	6	39,097,547	-
Lease liability	6	32,929,478	-
Contract liabilities	20	224,737	-
Employees' end of service benefits	17	316,532	312,842
		167,074,479	**65,990,339**
Current liabilities			
Trade payables and other current liabilities	18	166,119,709	172,300,086
Balances due to telecom operators	10	26,033,693	27,744,575
Telecommunications license payable	12	-	51,440,123
Renewable energy assets lease liability	6	2,187,629	-
Current portion of interest bearing loans	16	13,393,854	4,448,285
Due to banks	19	35,208,570	28,398,026
Lease liabilities	6	6,874,962	-
Employees' end of service benefits	17	39,623	41,513
		249,858,040	**284,372,608**
TOTAL LIABILITIES		**416,932,519**	**350,362,947**
TOTAL EQUITY AND LIABILITIES		**688,414,176**	**624,299,761**

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 2019

	Notes	2019 JD	2018 JD
Net revenues	20	318,739,763	324,351,983
Direct operating cost		(138,077,645)	(152,159,217)
Gross profit		**180,662,118**	**172,192,766**
Administrative expenses		(27,575,476)	(21,702,356)
Selling and distribution expenses		(38,468,916)	(39,286,625)
Government revenue share	21	(3,977,839)	(4,363,824)
Business support fees and brand fees	22	(7,083,367)	(7,047,861)
Depreciation of property and equipment	4	(45,887,058)	(45,658,302)
Amortization of intangible assets	5	(23,721,735)	(22,573,052)
Depreciation of renewable energy lease assets	6	(1,678,094)	-
Operating profit		**32,269,633**	**31,560,746**
Net foreign currency exchange difference		240,101	214,476
Renewable energy lease interest expense	6	(2,472,892)	-
Leases interest expense	6	(2,505,461)	-
Finance costs		(5,584,188)	(3,805,154)
Finance cost of telecommunications licenses	12	(2,460,769)	(3,728,862)
Finance income		889,313	653,405
Gain on disposal of property and equipment		1,758,478	4,217,558
Other income		3,353,554	-
Profit before income tax		**25,487,769**	**29,112,169**
Income tax expense	7	(6,442,926)	(7,805,106)
Profit for the year		**19,044,843**	**21,307,063**
Add: Other comprehensive income		-	-
Total comprehensive income for the year		**19,044,843**	**21,307,063**
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	23	**0.102**	**0.114**

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 2019

	Paid in capital JD	Statutory reserve JD	Retained earnings JD	Total JD
At 1 January 2019	187,500,000	62,500,000	23,936,814	273,936,814
Dividends (note 15)	-	-	(21,500,000)	(21,500,000)
Total comprehensive income for the year	-	-	19,044,843	19,044,843
At 31 December 2019	**187,500,000**	**62,500,000**	**21,481,657**	**271,481,657**
At 1 January 2018	187,500,000	62,500,000	24,244,221	274,244,221
Effect of IFRS 15 implementation	-	-	2,385,530	2,385,530
At 1 January 2018 (amended)	**187,500,000**	**62,500,000**	**26,629,751**	**276,629,751**
Dividends (note 15)	-	-	(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**

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

	Notes	2019 JD	2018 JD
Operating activities			
Profit before income tax		25,487,769	29,112,169
Non–cash adjustments to reconcile profit before income tax to net cash flows			
Finance costs		5,584,188	3,805,154
Finance cost of telecommunications licenses	12	2,460,769	3,728,862
Finance income		(889,313)	(653,405)
Leases interest expense		2,505,461	-
Renewable energy lease interest expense		2,472,892	-
Provision for expected credit losses and doubtful debts	9	1,000,177	1,030,000
Provision (reversal of provision) for slow moving inventories	8	249,692	(85,361)
Contract assets		536,068	(952,375)
Depreciation of property and equipment	4	45,887,058	45,658,302
Amortization of intangible assets	5	23,721,735	22,573,052
Depreciation of right-of-use assets	6	4,481,829	-
Depreciation of renewable energy lease assets	6	1,678,094	-
Employees' end of service benefits	17	59,932	92,521
Gain on disposal of property and equipment		(1,758,478)	(4,217,558)
Net foreign currency exchange difference		(65,585)	(114,744)
Working capital adjustments:			
Inventories		(8,442,015)	(6,038,502)
Trade receivables and other current assets		(6,701,660)	(1,452,109)
Balances due from telecom operators		3,259,691	(2,252,263)
Trade payables and other current liabilities		(8,755,769)	(11,287,475)
Balances due to telecom operators		(1,710,882)	(494,644)
Employees' end of service paid	17	(58,132)	(201,701)
Income tax paid	7	(3,774,423)	(7,161,424)
Net cash flows from operating activities		**87,229,098**	**71,088,499**
Investing activities			
Purchase of property and equipment	4	(52,719,715)	(53,975,171)
Purchase of intangible assets	5	(1,990,570)	(2,042,828)
Proceeds from sale of property and equipment		2,060,133	1,598,020
Payment of Telecommunications licenses		(47,534,185)	-
Finance income received		825,146	607,146
Net cash flows used in investing activities		**(99,359,191)**	**(53,812,833)**
Financing activities			
Proceeds from interest bearing loan	16	45,000,000	2,300,000
Repayment of interest bearing loans		(8,936,050)	(16,923,717)
Capital reduction payments		(59,738)	(87,424)
Finance costs paid		(5,584,188)	(3,805,154)
Payments of renewable energy assets lease liability		(3,434,572)	-
Dividends paid		(21,524,124)	(23,942,079)
Payments of lease liabilities		(7,290,183)	-
Payments of finance cost from telecommunication licenses		(4,590,815)	-
Net cash flows used in financing activities		**(6,419,670)**	**(42,458,374)**
Net decrease in cash and cash equivalents		(18,549,763)	(25,182,708)
Cash and cash equivalents at 1 January		15,786,542	40,969,250
Cash and cash equivalents at 31 December	19	**(2,763,221)**	**15,786,542**

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. The Company's authorized and paid in capital amounted to JD 187,500,000 divided into 187,500,000 shares.

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 2019 were authorized for issue in accordance with the Board of Directors' resolution on 30 January 2020.

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% from Dimension Company for Digital Development of Data (e-Dimension) (the remaining 49% is owned by Petra Jordanian Mobile Telecommunications Company) in addition to Petra Mobile Payment Services Company, which is a wholly owned subsidiary of Petra Jordanian Mobile Telecommunications Company that was established on 27 June 2019, and did not commence its operations up to the date of the consolidated financial statements.

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.

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

2.2 Basis of Consolidation (Continued)

- The Group's voting rights and potential voting rights.

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, liabilities, 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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized 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 (Subsidiary of Orange France), 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 2018 except for the adoption of new standards effective as of 1 January 2019 shown below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

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

2.3 Changes in accounting policies (Continued)

IFRS 16 Leases (Continued)

The Group adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year consolidated financial statements were not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	2019 JD
Non-current assets	
Right-of-use assets	41,357,029
Current assets	
Prepaid expenses	(1,276,639)
Non-current liabilities	
Lease liabilities	40,080,390
Total equity	**-**

The Group did not record any impact on the retained earnings as the balance of the accrued rentals was not material, accordingly; the impact was calculated for the contracts starting from 1 January 2019.

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under trade receivables and other current assets and trade payables and other current liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

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

2.3 Changes in accounting policies (Continued)

IFRS 16 Leases (Continued)

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	JD
Operating lease commitments as at 31 December 2018	**53,331,739**
Weighted average incremental borrowing rate as at 1 January 2019	6%
Discounted operating lease commitments at 1 January 2019	**40,811,911**
Less: Commitments relating to short-term leases	(731,521)
Lease liabilities as at 1 January 2019	**40,080,390**

b) Amounts recognized in the consolidated statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	Shops and buildings JD	Network sites (Fixed and Mobile) JD	Others JD	Total JD	Lease liabilities JD
At 1 January 2019	10,408,953	30,857,775	90,301	41,357,029	40,080,390
Additions	1,592,675	2,916,097	-	4,508,772	4,508,772
Depreciation	(1,524,677)	(2,920,845)	(36,307)	(4,481,829)	-
Interest expense	-	-	-	-	2,505,461
Payments	-	-	-	-	(7,290,183)
At 31 December 2019	**10,476,951**	**30,853,027**	**53,994**	**41,383,972**	**39,804,440**

The Group recognized rent expense from short-term leases of JD 731,521 for the year ended 31 December 2019.

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

2.3 Changes in accounting policies (Continued)

IFRS 16 Leases (Continued)

The depreciation charges of the right of use assets for the year ended 31 December 2019 was allocated as follows:

	31 December 2019 JD
Direct operating cost	2,920,845
Administrative expenses	1,109,588
Selling and distribution	451,396
	4,481,829

c) Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

2.3 Changes in accounting policies (Continued)

IFRS 16 Leases (Continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on Group's operations if a replacement is not readily available.

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.

This interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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 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 recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized 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.

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

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, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

2.4 Standards Issued But Not Yet Effective (Continued)

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an "RFR"). The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The Group has not early adopted the amendments and has concluded that the uncertainty arising from IBOR reform is not affecting its hedge relationships to the extent that the hedge relationships need to be discontinued.

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

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 recognized 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:

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

An item of property and equipment and any significant part initially recognized is derecognized 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 derecognized.

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 recognized 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 recognized at acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses (if any).

The useful lives of intangible assets are assessed to be either finite or indefinite. The Group has no intangibles with indefinite useful lives and intangibles 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 recognized in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized 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.

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

2.6 Summary of Significant Accounting Polices (Continued)

Intangible assets (Continued)

Intagible assets with finite lives are amortized over their economic lives as follows:

	Years
FLAG access rights	20
Mobile operating licenses and frequency rights	15
Other intangibles	4-25

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 revenue).

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 recognized 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

2.6 Summary of Significant Accounting Polices (Continued)

Taxation (Continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized 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 recognized 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 recognized 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 recognizes 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.

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 recognized 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 recognized in profit or loss when the liabilities are derecognized 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 consolidated statement of profit or loss.

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

2.6 Summary of Significant Accounting Polices (Continued)

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

Provisions

Provisions are recognized 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 recognized 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 realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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.

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.

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

2.6 Summary of Significant Accounting Polices (Continued)

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)

Revenue recognition (Continued)

Separate equipment sales

Jordan Telecom 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

Jordan Telecom 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, the Group 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)

Revenue recognition (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.

Fair value measurement

The fair value financial assets trade in active markets is determined by reference to closing prices at the date of the consolidated financial statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability in principal market for the assets or liability or in absence of principal market, in the most advantageous market for the assets or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group uses the following arrangement of valuation techniques and alternative in determining and presenting fair value of financial instruments:

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

2.6 Summary of Significant Accounting Polices (Continued)

Fair value measurement (Continued)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 recognized in profit or loss.

Finance costs

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

3. Segment information

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

The Fixed-line segment: constructs, develops and maintains fixed telecommunication network services, in addition to the fiber to home 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 renewable energy segment: provides the Group with its need from electricity through managing the solar farms and renewable energy projects.

The mobile payments segment: provides the customers with electronic wallets services which enable them to execute financial payments through their mobile phones, this segment is not operating up to the date of this consolidated financial statements.

The Group management monitors the operating results of the operating segment 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 2019 and 2018.

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3. Segment information (Continued)

Year ended 31 December 2019	Fixed-line JD	Mobile communications JD	Data services JD	Renewable energy JD	Petra payment JD	Total JD
Net revenues						
External customers	117,439,150	162,359,712	38,940,901	-	-	318,739,763
Inter-segment revenues	48,102,886	4,847,874	19,781	4,890,055	-	57,860,596
	165,542,036	**167,207,586**	**38,960,682**	**4,890,055**	-	**376,600,359**
Segment results						
Operating profit before depreciation, amortization, net foreign currency exchange difference, interest and tax	8,173,902	72,455,044	28,694,716	(643,891)	(11,219)	**108,668,552**
Depreciation and amortization of property, equipment and intangible assets						(69,608,793)
Depreciation of renewable energy lease assets						(1,678,094)
Net foreign currency exchange differences						240,101
Leases interest expense						(4,978,353)
Finance costs						(5,584,188)
Finance income						889,313
Finance cost of telecommunications license payable						(2,460,769)
Profit before income tax						**25,487,769**
Income tax expense						(6,442,926)
Profit and comprehensive income for the year						**19,044,843**
Assets and liabilities						
Segment assets	191,418,623	398,262,273	51,535,771	45,104,560	2,092,949	**688,414,176**
Segment liabilities	138,430,462	228,479,227	6,250,389	43,691,378	81,063	**416,932,519**
Other segment information						
Property and equipment	140,020,921	98,250,380	6,165,821	2,211,770	317,000	**246,965,892**
Intangible assets	13,411,489	206,575,824	2,688,688	-	-	**222,676,001**
Renewable energy assets	-	-	-	40,568,762	-	**40,568,762**
Right-of-use assets	8,698,126	31,370,616	-	1,315,230	-	**41,383,972**

3. Segment information (Continued)

Year ended 31 December 2018	Fixed-line 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, net foreign currency exchange difference, interest and tax	(1,947,078)	70,082,148	35,874,588	**104,009,658**
Depreciation and amortization				(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**

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4. Property and Equipment

2019	Lands and buildings JD	Telecommunications equipment JD	Other property and equipment JD	Projects in progress JD	Total JD
Cost					
At 1 January 2019	87,634,777	914,283,341	64,079,913	-	1,065,998,031
Additions	1,096,850	51,229,040	393,825	-	52,719,715
Transfers from inventories (Note 8)	-	6,573,040	-	-	6,573,040
Disposals	(949,458)	(1,094,287)	(724,496)	-	(2,768,241)
At 31 December 2019	**87,782,169**	**970,991,134**	**63,749,242**	-	**1,122,522,545**
Depreciation					
At 1 January 2019	46,549,088	731,367,815	54,219,278	-	832,136,181
Depreciation charge for the year	1,994,162	43,321,882	571,014	-	45,887,058
Disposals	(686,626)	(1,072,280)	(707,680)	-	(2,466,586)
At 31 December 2019	**47,856,624**	**773,617,417**	**54,082,612**	-	**875,556,653**
Net book value at 31 December 2019	**39,925,545**	**197,373,717**	**9,666,630**	-	**246,965,892**

4. Property and Equipment (Continued)

2018	Lands and buildings JD	Telecommunications equipment JD	Other property and equipment JD	Projects in progress JD	Total JD
Cost					
At 1 January 2018	87,333,214	856,040,007	64,075,679	6,812	1,007,455,712
Additions	821,286	52,866,014	287,871	-	53,975,171
Transfers from inventories (Note 8)	-	5,780,543	-	-	5,780,543
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**

Lands and Buildings

Lands and buildings category include the cost of land plots in the amount of JD 2,504,970 which was expropriated by Greater Amman Municipality (GAM) in previous years. During 2018 the Group signed an agreement with GAM to settle the land expropriation lawsuit in regards of all lands except for one land plot with a total cost of JD 207,882 which is not part of the settlement agreement and management is in the process of negotiating a separate settlement agreement regarding this land plot. Based on the agreement, the Group will receive plots of land in exchange for those expropriated by GAM.

During August 2019 the management received a list of plots of land suggested by GAM in order for management to choose the most suitable plots for which the ownership will be transferred to the Group in exchange of the expropriated land plots. Management performed a valuation of all parcels within the list and provided GAM with a list of plots of land which they have selected.

As per the agreement, GAM will perform a valuation for the plots of land selected by Jordan Telecom Group before approving the transaction and transfers of ownership. The Group has received GAM and Land and Survey Department's valuation, which came in at a higher valuation than the Group's valuation. The final approval was not obtained up to the date of the consolidated financial statements.

Depreciation

During 2018 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 increase the useful lives of these assets in order to be consistent with the expected pattern of economic benefits, the increase in the useful lives for these assets resulted in a decrease of the depreciation expense amounted to JD 895,447.

5. Intangible Assets

2019	FLAG access rights JD	Mobile operating licenses and frequency rights JD	Other intangibles JD	Total JD
Cost				
At 1 January 2019	27,677,477	334,430,294	9,210,677	371,318,448
Additions	1,390,136	312,750	287,684	1,990,570
Disposals	-	-	(700,000)	(700,000)
At 31 December 2019	**29,067,613**	**334,743,044**	**8,798,361**	**372,609,018**
Amortization				
At 1 January 2019	14,220,636	107,769,888	4,920,758	126,911,282
Amortization	1,435,487	21,448,372	837,876	23,721,735
Disposals	-	-	(700,000)	(700,000)
At 31 December 2019	**15,656,123**	**129,218,260**	**5,058,634**	**149,933,017**
Net book value at 31 December 2019	**13,411,490**	**205,524,784**	**3,739,727**	**222,676,001**

2018	FLAG access rights JD	Mobile operating licenses and frequency rights JD	Other intangibles JD	Total JD
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 at 31 December 2018	**13,456,841**	**226,660,406**	**4,289,919**	**244,407,166**

6. Leases

a) Right-of-use leases

The Group has lease contracts for various items of shops, buildings, network sites and other items used in its operations. Leases of shops and buildings generally have lease terms between 2 and 15 years, while network sites and others generally have lease terms between 2 and 20 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of apartments for expatriate employees with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	Shops and buildings JD	Network sites (Fixed and Mobile) JD	Others JD	Total JD
At 1 January 2019	10,408,953	30,857,775	90,301	41,357,029
Additions	1,592,675	2,916,097	-	4,508,772
Depreciation	(1,524,677)	(2,920,845)	(36,307)	(4,481,829)
At 31 December 2019	**10,476,951**	**30,853,027**	**53,994**	**41,383,972**

Lease liabilities related to right-of-use assets are discounted at rates ranging between 4.4% (for liabilities with a remaining duration of 2 years) up to 7.56% (for liabilities with a remaining duration of 20 years) in line with the Group's discount policy. Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Lease liabilities JD
At 1 January 2019	40,080,390
Additions	4,508,772
Interest expense	2,505,461
Payments	(7,290,183)
At 31 December 2019	**39,804,440**
Current	**6,874,962**
Non-current	**32,929,478**

6. Leases (Continued)

a) Right-of-use leases (Continued)

The following are the amounts recognized in the consolidated statement of comprehensive income:

	2019 JD
Depreciation expense included in Direct operating cost	2,920,845
Depreciation expense included in Administrative expenses	1,109,588
Depreciation expense included in Selling and distribution expenses	451,396
Interest expense on lease liabilities	2,505,461
Short-term leases expense included in Administrative expenses	731,521
	7,718,811

b) Renewable energy finance lease

During the year 2018 the Group entered through its subsidiary e-Dimension in a Design, Build, Finance and Operate solar photovoltaic power plants agreement to self-generate electricity for the Group's own use from different locations in Jordan. According to the agreement the Group engaged a private sector entity to plan, design, engineer, procure, turnkey construct, finance, operate, maintain and transfer, the PV power plants after 20 years from the date of operations.

Based on the agreement terms the management assessed if the contract contains a lease in accordance with the requirements of IFRS 16 "Leases" and concluded that the contract contains a lease.

During 2019 the private entity engaged to plan, design, engineer, procure, turnkey construct, finance, and operate the power plants completed the construction and starts the operations in all locations. Accordingly, the Group finance lease was capitalized at the commencement of the lease at the present value of the minimum lease payments amounted to JD 42,246,856 in accordance with the requirements of IFRS 16 "Leases", using the incremental borrowing rate of 7.56%. The renewable energy lease asset is depreciated over the lease term which is 20 years, lease payments are apportioned between interest (recognized as finance costs) and reduction of the renewable energy lease liability.

Set out below the carrying amount of the renewable energy lease assets and the movements during the year:

	Renewable energy lease asset JD
At 1 January 2019	-
Additions	42,246,856
Depreciation	(1,678,094)
At 31 December 2019	**40,568,762**

6. Leases (continued)

b) Renewable energy finance lease (continued)

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

	31 December 2019 Payments JD
Within one year	4,272,689
After one year but not more than five years	17,245,506
More than five years	56,265,086
Total minimum payments	**77,783,281**
Less: Amounts representing finance charges	(36,498,105)
Present value of liability	**41,285,176**

During the year 2019, an amount of JD 2,472,892 was recognized as an interest expense.

The allocation for the renewable energy assets lease liabilities between current and non-current is as follows:

	31 December 2019 JD
Non-current portion of lease liabilities	39,097,547
Current portion of lease liabilities	2,187,629
	41,285,176

7. Income Tax

Major components of income tax expense for the years ended 31 December 2019 and 2018:

	2019 JD	2018 JD
Consolidated statement of comprehensive income		
Income tax charge – current year	6,079,527	5,676,377
Social contribution – current year	578,887	-
Deferred tax assets adjustments		
IFRS 16 deferred tax	(215,488)	-
Carried forward losses	-	2,128,729
Income tax expense reported in the consolidated statement of comprehensive income	**6,442,926**	**7,805,106**

7. Income Tax (continued)

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 2019 and 2018 is as follows:

	2019 JD	2018 JD
Accounting profit before income tax	25,487,769	29,112,169
At statutory income tax rate of 26% (2018: 24%)*	6,626,820	6,986,921
Tax adjustments for:		
ECL and doubtful accounts provision (note 9)	260,046	247,200
Debts written off (note 9)	(1,244,598)	(2,623,069)
Non-tax deductible expenses and provisions	1,194,379	4,231,312
Non-taxable gain on disposal of land	(393,721)	(988,850)
Previous years' tax returns differences	-	(48,408)
Income tax expense reported in the consolidated statement of comprehensive income at effective income tax rate of 25.3% (2018: 26.8%)	**6,442,926**	**7,805,106**

* The Group's statutory tax rate in accordance with the income tax law No. (38) of 2018 and income tax law No. (34) of 2014 includes statutory tax rate amounting to 24% and national contribution amounting to 2%.

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

	2019 JD	2018 JD
At 1 January	9,727,013	11,247,088
Income tax charge for the year	6,079,527	5,676,377
	15,806,540	**16,923,465**
Less: Income tax paid	(3,774,423)	(7,161,424)
Less: Income tax refund	(3,353,554)	-
Less: Withholding tax on interest income	(54,337)	(35,028)
At 31 December (note 18)	**8,624,226**	**9,727,013**

Deferred tax assets at 31 December relate to the following:

	2019 JD	2018 JD
Carried forward losses	2,576,742	2,576,742
IFRS 16 deferred tax	215,488	-
Legal cases provision	360,368	360,368
	3,152,598	**2,937,110**

7. Income Tax (continued)

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.

The Group submitted income tax returns for the years 2015 until 2018. The Income and Sales Tax Department has reviewed Jordan Telecom and Jordan Data Communications for the years 2015 and 2016, however, no final settlement has been reached up to the date of these consolidated financial statements.

8. Inventories

	2019 JD	2018 JD
Materials and supplies*	5,766,485	4,001,133
Handsets and others	2,383,897	2,280,274
Provision for damaged and slow moving inventories	(1,422,339)	(1,172,647)
	6,728,043	**5,108,760**

* During 2019, an amount of JD 11,198,614 (2018: JD 11,700,093) was recognized as a direct operating cost.

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

During 2019, the Group transferred inventories amounting to JD 6,573,040 (2018: JD 5,780,543) in materials and supplies to property and equipment.

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

	2019 JD	2018 JD
At 1 January	1,172,647	1,258,008
Additions (reversal)	249,692	(85,361)
At 31 December	**1,422,339**	**1,172,647**

9. Trade Receivables and Other Current Assets

	2019 JD	2018 JD
Trade receivables	57,358,081	53,675,866
Contract assets - unbilled revenue	6,530,397	8,411,448
Amounts due from related parties	60,038	3,775,924
	63,948,516	**65,863,238**
Allowance for expected credit losses and doubtful accounts	(7,930,380)	(11,717,120)
	56,018,136	**54,146,118**
Other current assets	28,706,939	27,543,012
	84,725,075	**81,689,130**

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.

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

	2019 JD	2018 JD
At 1 January	11,717,120	21,616,574
Provision for the year	1,000,177	1,030,000
Write offs	(4,786,917)	(10,929,454)
At 31 December	**7,930,380**	**11,717,120**

Set out below is the information about the credit risk exposure on the Group trade receivables and contract assets:

31 December 2019	Days past due					
	Current JD	1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
Expected credit loss rate	0%	5%	5%	5-20%	20-100%	
Estimated total gross carrying amount at default	8,945,166	11,967,853	9,005,228	7,253,688	26,776,581	**63,948,516**
Expected credit loss	-	598,393	450,261	797,906	6,083,820	**7,930,380**

9. Trade Receivables and Other Current Assets (Continued)

31 December 2018	Days past due					
	Current JD	1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
Expected credit loss rate	0%	5%	5%	5-20%	20-100%	
Estimated total gross carrying amount at default	7,585,319	11,879,674	8,059,272	5,233,531	33,105,442	**65,863,238**
Expected credit loss	-	593,984	402,964	889,700	9,830,472	**11,717,120**

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 customer's 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.

10. Balances Due From / To Telecom Operators

The Group has agreements with local and foreign telecom operators, whereby amounts due from and to the same operator are subject to the right of offset. The net balances as of 31 December 2019 and 2018 are as follows:

	2019 JD	2018 JD
Balances due from telecom operators	8,819,489	11,893,344
Amounts due from related parties (note 24)	611,585	797,421
Allowance for expected credit losses and doubtful accounts	(3,917,493)	(3,917,493)
Balances due from telecom operators	**5,513,581**	**8,773,272**
Balances due to telecom operators	24,538,943	27,147,879
Amounts due to related parties (note 24)	1,494,750	596,696
Balances due to telecom operators	**26,033,693**	**27,744,575**

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

10. Balances Due From / To Telecom Operators (Continued)

Set out below is the information about the credit risk exposure on the Group's balances due from telecom operators:

31 December 2019	Days past due					
	Current JD	1-90 days JD	91-180 days JD	180-270 days JD	>271 days JD	Total JD
Expected credit loss rate	0%	30-50%	50%	50%	50%	
Estimated total gross carrying amount at default	2,681,423	2,086,193	2,514,864	778,898	1,369,696	**9,431,074**
Expected credit loss	-	1,016,823	1,257,432	389,449	1,253,789	**3,917,493**

31 December 2018	Days past due					
	Current JD	1-90 days JD	91-180 days JD	180-270 days JD	>271 days JD	Total JD
Expected credit loss rate	0%	20-40%	20-40%	50%	50%	
Estimated total gross carrying amount at default	2,391,348	4,025,733	2,222,128	781,518	3,270,038	**12,690,765**
Expected credit loss	-	1,006,433	885,282	390,759	1,635,019	**3,917,493**

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

11. 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 32,162,711 as of 31 December 2019 and JD 43,802,124 as of 31 December 2018 with an effective interest rate of JD 2.11% and USD 1.68%, respectively (2018: JD 2.05% and USD 2.53%).

12. Telecommunications License Payable

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

The Group has calculated the cash price equivalent of the deferred payments by discounting the liability and recognized an amount of JD 86,595,425 as intangible assets and a liability. The discount rate used was 4%, which represents the average borrowing rate for the Group at the date of the agreement.

The difference between this amount and the total payments will be recognized as interest expense over the credit terms. During the year 2019, an amount of JD 2,460,769 (2018: JD 3,728,862) was recognized as an interest expense.

12. Telecommunications License Payable (Continued)

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

	2019 Payments JD	2018 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
Total payments	**52,125,000**	**104,250,000**
Less: Amounts representing finance charges	(7,736,082)	(10,196,851)
Present value of liability	44,388,918	94,053,149
Telecommunications License Payable - Current	**-**	**51,440,123**
Telecommunications License Payable - Non-current	**44,388,918**	**42,613,026**

13. Paid in Capital

Jordan Telecommunications Company (Jordan Telecom) authorized and paid in capital consists of 187,500,000 shares (2018: 187,500,000 shares) with par value of one Jordanian Dinar each.

14. 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 balance of the reserve reaches 25% of the paid in capital. The Group has elected not to transfer any amount to the statutory reserve starting from the year 2005. The statutory reserve is not available for distribution to the shareholders.

15. Dividends Paid and Proposed

The Board of Directors will propose to the General Assembly in its meeting that will be held during 2020 a cash dividend for 2019 of JD 0.1013 per share totaling JD 19,000,000.

On 23 April 2019, the general assembly approved cash dividends for JD 0.1146 per share totalling JD 21,500,000 (2018: JD 24,000,000).

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16. Interest-Bearing Loans

	2019 JD	2018 JD
Current		
French Government Protocol / Second loan	311,597	319,928
French Government Protocol / Third loan	30,851	123,064
Arab Bank loan	3,258,000	3,258,000
Societe Generale De Banque – Jordanie loan	793,406	747,293
Housing Bank for Trade and Finance loan	5,000,000	-
Cairo Amman Bank loan	4,000,000	-
	13,393,854	**4,448,285**
Non-current		
French Government Protocol / Second loan	1,804,204	2,172,366
French Government Protocol / Third loan	30,171	62,655
Arab Bank loan	13,026,000	16,284,000
Societe Generale De Banque – Jordanie loan	3,756,892	4,545,450
Housing Bank for Trade and Finance loan	17,500,000	-
Cairo Amman Bank loan	14,000,000	-
	50,117,267	**23,064,471**

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 an 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.

The principal payments of each withdrawal is payable in 40 equal semi-annual installments, the first installment 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 an 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.

16. Interest-Bearing Loans (Continued)

The principal payments of each withdrawal are payable in 30 equal consecutive semi-annual 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. Repayment of this loan started on 31 March 2005.

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 2600MHz 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 14 equal semi-annual installments, the first installment was due and paid 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 2600MHz 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 14 equal semi-annual installments, the first installment was due and paid on 30 June 2018 and the final installment is due in seven years from the date of the loan agreement.

Housing Bank for Trade and Finance Loan

On 8 May 2019, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has signed a JD 25,000,000 loan agreement with Housing Bank for Trade and Finance to finance the first instalment of the 900MHz spectrum license (note 12).

The interest rate is fixed at 6.5% and is calculated and paid on a semi-annual basis.

The utilized loan balance is payable in 10 equal semi-annual installments, the first instalment was due and paid on 7 November 2019. This loan is secured by Jordan Telecommunications Company.

Cairo Amman Bank Loan

On 8 May 2019, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) signed a JD 20,000,000 loan agreement with Cairo Amman Bank to finance the first instalment of the 900MHz spectrum license (note 12).

The interest rate is fixed at 6.5% and is calculated and paid on a semi-annual basis.

The utilized loan balance is payable in 10 equal semi-annual installments, the first instalment was due and paid on 7 November 2019. This loan is secured by Jordan Telecommunications Company.

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16. Interest-Bearing Loans (Continued)

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

	JD
2021	13,437,577
2022	13,485,716
2023	13,537,850
2024	9,098,311
2025 and after	557,813
	50,117,267

17. Employees' End of Service Benefits

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.

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 recognized in the consolidated statement of financial position in respect of end of service benefits are as follows:

	2019 JD	2018 JD
Provision at 1 January	354,355	463,535
Expenses recognized in the consolidated statement of comprehensive income	59,932	92,521
End of service benefits paid	(58,132)	(201,701)
Provision at 31 December	**356,155**	**354,355**
Employees' end of service benefits – current	**39,623**	**41,513**
Employees' end of service benefits – non-current	**316,532**	**312,842**

18. Trade Payables and Other Current Liabilities

	2019 JD	2018 JD
Trade payables	66,632,228	70,006,416
Other provisions	36,870,765	32,704,589
Accrued expenses	18,692,477	19,009,458
Subscribers' deposits	16,765,558	16,684,891
Income tax payable (note 7)	8,624,226	9,727,013
Contract liabilities - deferred revenue (note 20)	7,146,858	6,085,294
Government revenue share payable	3,977,839	4,363,824
Amounts due to related parties (note 24)	5,759,066	11,984,047
Dividends payable	1,372,712	1,396,836
Capital reduction payable to shareholders	277,980	337,718
	166,119,709	**172,300,086**

19. Due To Banks

This item represents the utilized amount of the credit facilities granted during 2016 to the Group from three Jordanian commercial banks with a ceiling of JD 30 million. During May 2019, the Group has increased the ceiling for one of the credit facilities by JD 10 million to reach JD 40 million. Interest rates on the credit facilities granted ranges from 6.02% to 6.50%. These overdrafts are unsecured.

The cash and cash equivalents at 31 December 2019 in the consolidated statement of cash flows represent the balance of cash and short-term deposits netted by the balance of the overdrafts as of 31 December 2019.

	2019 JD	2018 JD
Cash and short-term deposits	32,445,349	44,184,568
Less: Due to banks	(35,208,570)	(28,398,026)
	(2,763,221)	**15,786,542**

20. Customer Contracts

a) Revenues

Revenues are presented by strategic business unit in the segment information (see note 3).

Revenues are broken down by type of customers and product line as follows:

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

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20. Customer Contracts (Continued)

a) Revenues (Continued)

Data Services
Data services revenues are 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 revenues represent all equipment sales (mobile phones, broadband equipment, connected objects and accessories) revenues from infrastructure services, applications services, security services, as well as sales of equipment related to the above products and services.

The details of revenues per type of customer and revenue are as follows:

	2019 JD	2018 JD
Consumer Business Unit		
Voice services	76,510,659	79,451,715
Data services	95,418,080	84,403,813
Other services	2,867,033	4,731,129
	174,795,772	**168,586,657**
Enterprise Business Unit		
Voice services	35,460,877	36,684,979
Data services	21,452,216	21,032,029
Other services	10,092,888	7,903,062
	67,005,981	**65,620,070**
Whole Sales Business Unit		
Voice services	65,670,104	77,487,600
Data services	7,080,190	7,529,292
Other services	4,187,716	5,128,364
	76,938,010	**90,145,256**
Total revenues	**318,739,763**	**324,351,983**

b) Contract Assets

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 an 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.

20. Customer Contracts (Continued)

b) Contract Assets (Continued)

Movements on the contract assets are as follows:

	2019 JD	2018 JD
At 1 January	3,337,905	2,385,530
Additions	4,555,143	2,894,906
Amortization	(5,091,211)	(1,942,531)
	2,801,837	**3,337,905**

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

	2019 JD	2018 JD
Non-current portion of contract assets	644,418	1,031,956
Current portion of contract assets	2,157,419	2,305,949
	2,801,837	**3,337,905**

Set out below the maturities pattern of the long-term contract assets:

	JD
2021	592,451
2022	48,252
2023	3,715
	644,418

c) Contract Liabilities

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 revenues).

The allocation of contract liabilities is as follows:

	2019 JD	2018 JD
Non-current portion of contract liabilities	224,737	-
Current portion of contract liabilities (note 18)	7,146,858	6,085,294
	7,371,595	**6,085,294**

20. Customer Contracts (Continued)

c) Contract Liabilities (Continued)

Set out below the maturities pattern of the long-term contract liabilities:

	JD
2021	205,639
2022	-
2023	19,098
	224,737

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 a period of 10 years starting from July 2017.

23. Earnings Per Share

	2019	2018
Profit for the year attributable to the equity holders of parent (JD)	19,044,843	21,307,063
Weighted average number of shares during the year	187,500,000	187,500,000
Basic earnings per share	**0.102**	**0.114**

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
		2019	2018	
Petra Jordanian Mobile Telecommunications Company	Jordan	100%	100%	Mobile communications
Jordan Data Communications Ltd.	Jordan	100%	100%	Data service
Dimension Company for Digital Development of Data	Jordan	100%	100%	Content service, renewable energy
Petra Mobile Payment Services	Jordan	100%	-	Mobile payment

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:

	2019 JD	2018 JD
Consolidated statement of financial position items:		
Government of Jordan and Orange Group and its subsidiaries (shareholder)		
Amounts due from related parties	671,623	4,573,345
Amounts due to related parties	7,253,816	12,580,743
Consolidated statement of comprehensive income items:		
Orange Group and its subsidiaries (shareholder)		
Business support fees and brand fees	7,083,367	7,047,861
Operating expenses	6,193,896	6,806,102
Revenues	4,216,051	3,831,190
Government of Jordan		
Government revenue share	3,977,839	4,363,824
Revenues	9,340,962	9,672,355
Key management personnel		
Executives' salaries and bonus	1,519,806	1,574,368
Board of Directors remuneration	224,950	220,955

Balances due from and to related parties are disclosed in notes 9, 10 and 18 to these consolidated financial statements.

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25. Commitments and Contingences

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 25,336,027 as of 31 December 2019 (2018: JD 20,584,146).

Legal claims

The Group is a defendant in a number of lawsuits with a value of JD 26,336,659 (31 December 2018: JD 14,964,561) representing legal actions and claims in the ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Accordingly; a provision of JD 9,538,985 has been made (2018: JD 1,538,985).

During July 2019 the Group was notified of a lawsuit that was filed against the Group by another telecom operator relating to the fixed geographic numbers services. The Group has submitted its list of defense documents to the court. In the opinion of the Group's management and legal consultant the Group's position is strong and no provision is needed at this stage of the litigation.

Guarantees

The Group has issued letters of guarantee amounting to JD 19,235,087 as of 31 December 2019 (2018: JD 19,388,912) 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 2019.

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.

2019	Changes in interest rate %	Effect on profit for the year JD
Currency		
JD	1	527,685
USD	1	3,582
EUR	1	70

2018	Changes in interest rate %	Effect on profit for the year JD
Currency		
JD	1	531,566
USD	1	3,557
EUR	1	341

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

26. Risk Management (Continued)

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 monitors its risk of a shortage of funds by performing analysis for cash projection in addition to performing a detailed analysis of accounts payables. The Group's current liabilities exceeds its current assets. Management has assessed the liquidity risk associated with having the negative working capital and based on the analysis the management believes that the Group is not subject to a significant risk, in addition to the fact that the Group can manage its cash demands through the use of bank overdrafts and bank loans.

The table below summarises the maturities of the Group's financial liabilities at 31 December 2019 and 2018, based on contractual undiscounted payment.

	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	> 5 years JD	Total JD
31 December 2019					
Trade creditors and amounts due to related parties	47,000,348	35,976,656	14,352,569	11,932,485	109,262,058
Telecommunications licenses payable	-	-	52,125,000	-	52,125,000
Balances due to telecom operators	15,697,179	2,679,042	7,657,472	-	26,033,693
Loans	98,835	17,059,951	56,921,221	402,014	74,482,021
Lease liabilities	-	6,874,962	7,109,198	25,820,280	39,804,440
Renewable energy lease liability	-	2,187,629	5,756,623	33,340,924	41,285,176
Total	**62,796,362**	**64,778,240**	**143,922,083**	**71,495,703**	**342,992,388**
31 December 2018					
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**

26. Risk Management (Continued)

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
	%	
2019		
EUR	5	(108,102)
2018		
EUR	5	(124,187)

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

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 271,481,657 as at 31 December 2019 (2018: JD 273,936,814).

29. Comparative Figures

The 2018 figures have been reclassified in order to conform to the presentations in 2019. Such reclassification does not affect previously reported profit or equity.

Engage 2025: The Road to Sustainable Growth

As an international company operating with a national spirit and a local touch of adaptation, we share Orange Group's main ambitions towards the future. Back in December 2019, Orange Group announced its strategic plan for the coming five years, Engage 2025, replacing its predecessor, Essentials 2020.

The Group's strategic plans are considered a framework to achieve Orange Jordan's utmost purpose, which is to empower people's digital lives to boost sustainable growth in Jordan.

Engage 2025 is based on four ambitions: reinvent Orange's operator model, accelerate in growth areas, place data and Artificial Intelligence (AI) at the heart of its innovation model, and build the company of tomorrow.

This new strategy is a strong commitment guided by social and environmental responsibility, as it will embrace fostering a business model that is devoted and liable to its employees, its customers and society.

It also sets the Group and its subsidiaries in 26 countries committed to tackling the climate challenge, so the company will work to achieve carbon neutrality by 2040.

In order to tackle the changing ecosystem and to ensure that everyone can benefit from the digital revolution, Orange will offer enhanced connectivity to its retail and wholesale customers by focusing on two main pillars: offering Internet speeds up to 10 times faster and new associated services.

Orange Group will also optimize, develop, and derive greater value from its infrastructure, whilst still retaining its competitive advantage.

The acceleration of growth areas requires; the development of IT services for B2B customers and continuing to expand in financial services. Orange Jordan will focus its efforts in the coming year to leverage its financial solution, Orange Money, an e-Wallet that enables its users to pay bills, transfer money, shop online, and refill balance easily and securely.

AI and data will gain momentum in our innovation model. The advancements in digital technology and AI will reshape our customer experiences and transform our operating efficiency and capital.

Engage 2025 aspires to take on the skills challenge. Orange's teams have played a significant role in delivering excellent services and fostering outstanding customer journeys. We will enable, empower, and support each employee at Orange.

At Orange Jordan, we are convinced that change is essential to achieve sustainable growth and excellence. Smart developments will lead to more profound customer journeys and contribute to a more inclusive, digital, balanced, and sustainable world.