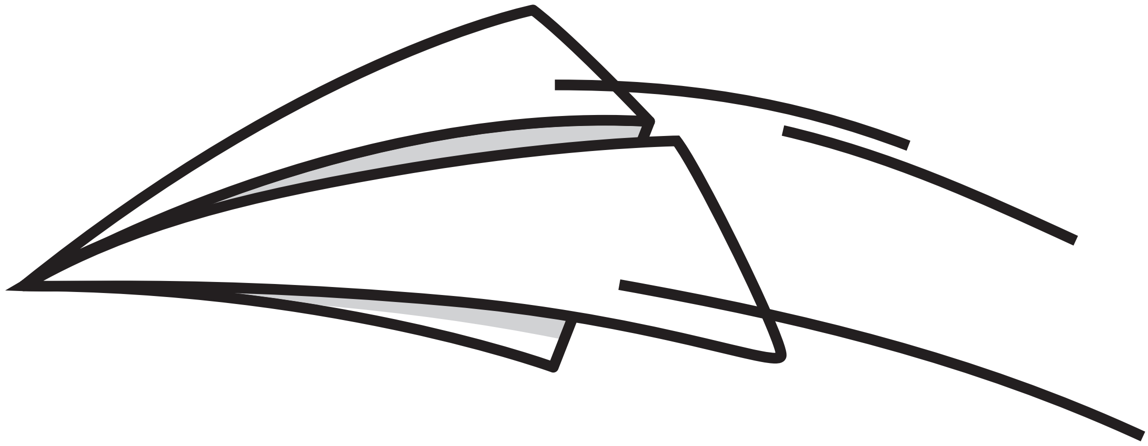
presenting 2007

jordan telecom group

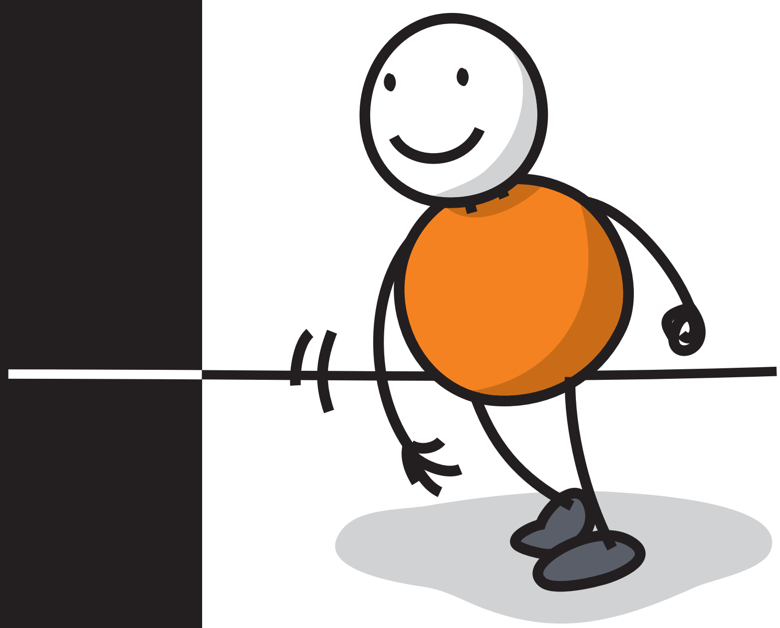
orange™

His Majesty King Abdullah II

"For the young generation of Jordan, the future holds the promise and the promise is the future. Together, I know that we can make it happen".



our report's content



letter from the chairman

The rebranding of Jordan Telecom Group services and its new organizational structure enable us to deliver a special and unprecedented customer experience while staying true to who we are. We are proud to be Jordanian. We are proud to be Orange.

Dear shareholders,

This year's annual report is different from the past ones. It is because our company is different. In fact, it is very different.

The year 2007 marked a turning point in our Group's history. Jordan Telecom Group's fixed, mobile, internet and content services are now branded as Orange, capitalizing on the globally-renowned France Telecom Group's brand. The new Orange brand has enabled us to consolidate our business units, products and services under one name. As the largest telecommunications company in Jordan, we became the single source for integrated fixed and mobile telephone services, as well as internet and content. We also remain the leader in wholesale services.

This rebranding comes as a step in a series of strategic investments we have deployed to maintain and grow on our position as leader in nearly every market segment. By the end of the year 2007, and after the full privatization of Jordan Telecom Group took place, we boasted nearly 2,4 million customers in Jordan. We commanded the largest market share in fixed lines, the largest in broadband access and the largest in internet connectivity. We have also been able to increase our healthy one third of Jordan's mobile service market hence positioning our company for long-term growth and success on both wireless and wireline.

Our skills, expertise, technology base and strategic partnership with France Telecom enabled us to start expanding and become a company with an international dimension. We own 51% of Lightspeed Communications, which offers telecom services in Bahrain and have a support agreement with Lebanon's Sodetel, an internet and broadband services company that we are helping in developing its wireless broadband services.

Our partnership with France Telecom also enabled us to become an innovation hub in the telecommunications sector, allowing us to draw on the Orange R&D laboratories as a driving force behind groundbreaking communications innovations. The laboratories are committed to developing state-of-the-art communication technologies that enable easy-to-use, high-quality and affordable communications, positioning us in an epicenter of the development of Jordan's economy and a principle driver of the knowledge economy, the noble vision of His Majesty King Abdullah II.

2007 was also a record year for us in revenues and profits. Financial indicators show that we have generated JD94.5 million net profits after tax, representing an annual increase of 8.6%. This increase in profits came as a direct result of the dedicated efforts of our management, employees, as well as the support of our shareholders and customers, which is the support that we can't succeed without.

Building on past years activities that reflected exceptional Corporate Social Responsibility (CSR), we have continued producing an overall positive impact on the Jordanian society investing more than JD3 million in CSR activities during 2007. Our cumulative contribution to social responsibility exceeded JD12 million since 2000. Key areas in last year's activities focused on education, sports and poverty alleviation in the Kingdom, all areas of great focus to our customers and us.

We enthusiastically, and as always, supported students and education in the Kingdom, supporting and adopting schools through different means such as the Injaz project. Also, the Group kept up its commitment to contribute to sustainable economic development in the Kingdom in different ways, one of which was a memorandum of understanding that the Group signed in partnership with Orange Foundation/France, and Jordan River Foundation to adopt Rasoun village, providing support to educational, health and social reform activities in the village. Additionally, the Group was heavily involved in the empowerment of women in the society, the cultural movement, the art movement and the theatre.

In 2008, we are highly determined to continue our efforts to increase our revenues and profits by offering world-class services to our customers, sustaining our growth in core businesses, continuing our operational model transformation and pursuing the right growth options. We will continue our innovations, enabling Jordanians to communicate easier, faster and using the latest technologies from their homes or offices, or in fact anywhere. In today's world, the members of the Board of Directors are keenly aware that there are checks and balances to be made at every level of our business from providing the best global services on offer, to the state of the region's economy, factors affecting the increasing cost of living and at the same time making sure our employees are well awarded and motivated to succeed in every aspect of their work and family life.

It is an honor to help lead this Group. Thank you for your continued support, commitment, and confidence in our Group that made 2007 possible.

With kindest regards,

Dr. Shabib Farah Ammari (PhD Econ)
Chairman of the Board of Directors

letter from the CEO

Jordan Telecom Group is a company with a tradition of delivering on our promises.
I am pleased to report that in 2007, we continued that tradition.

We announced a series of changes that would shape the Group in 2007, as part of our strategic plans aimed at providing the local market with world-class services and products. The most visible change, of course, was our decision to adopt the widely recognized and respected brand: Orange, for all our fixed, mobile, internet and content services.

In 2006 and 2007, our Group's business units were restructured on the basis of the market segments they address: Home, personal, enterprise, wholesale, innovations and corporate integrated solutions. The purpose of the new structure is to drive better customer service, a key differentiator in today's competitive marketplace. This new embodied structure added value that successfully simplified the lives of customers, and consequently distinguished the Group's status in Jordan.

As promised, the integration process along with the rebranding of the Group's services began to bear fruit immediately upon implementation. The results of this rebranding were an enhanced customer experience and lower tariffs, in addition to better outcomes and reduction of costs on a company level. And since the rebranding and integration processes affected all aspects of the Group's business positively, all shops were revamped to reflect the Orange look, and were comprehensively integrated to serve as one entry point for all our customers.

Living up to the Orange brand name, the Group launched innovative, world-class services in Jordan, marking a new phase in the local scene and exposing Jordanians to a new and rich experience in the world of telecoms. The first branded Orange service, World Call, was introduced in June 2007. The service is an Arabic-enabled internet calling solution, targeting the national and international markets. It was the first Orange universal product that was developed in Jordan and by Jordanians.
Presented later in September 2007 to mark the successful rebranding of all our activities, the unified pay as you go card (UPAYGC) enabled the Group's customers to recharge their pay as you go account, whether mobile, fixed or internet. The offer, which came to highlight the value of integration, was one of many distinguished offers of 2007 that we boast ourselves to have launched.

During 2007, Jordan Telecom Group remained the number one operator in Jordan with a total of 2.4 customers. At JD210.2 million, Orange Fixed remained the largest source of income for Jordan Telecom Group, despite the decline in the fixed subscriber base and traffic. Orange Mobile was able to provide Jordan Telecom Group with high profitability expanding customer base. By connecting 1.7 million customers to the mobile telecom network by the end of 2007, Orange Mobile increased the subscriber base by 21.7%, from 1.4 million at the end of 2006, generating earnings of JD174 million compared to JD132 million at the end of 2006.

Jordan Telecom Group's consolidated earnings increased by 9.6%, or JD35 million, to reach JD362.9 million in 2006 to JD397.9 million in 2007. However, the largest proportional growth in terms of income and number of subscribers, was achieved by Orange Internet where earnings rose by 28.8% and the number of customers soared by 70.2% to 65,700. At the end of 2006, earnings amounted to JD10.4 million and with 38,600 as the total number of subscribers.

We have achieved these gains by executing a strategy based on the integration, keen investment and innovation in what continues to be an intensely competitive marketplace for telecommunications services.

Jordan Telecom Group generated JD94.5 million net profits after tax at the end of 2007. Capital expenditure reached JD59.8 million at the end of 2006, an increase of 43.7% compared to the JD41.6 million, as the Group invested heavily in its network in order to be able to bear the increasing demand from its growing subscribers.

As part of the integration and investment process, the management of human resources of the Group has also undergone tremendous progression. A unified Human Relations Management System (HRMS) has been applied within the Group, significant preparations for the introduction of a sophisticated new HR portal took place towards the end of the year 2007, and the Group adopted the Management School and Leadership Model established and applied by France Telecom Group worldwide to streamline management best practices around the world. Furthermore, the Group started implementing a new grading and evaluation policy for all employees, in addition to conducting a thorough review of the employees' salary packages.

The real benefits of the partnership between France Telecom and Jordan Telecom Group have blossomed beyond expectations in 2007. Didier Lombard, CEO and Chairman of France Telecom Group visited Jordan three times in 2007 and toured the country. He reflected with admiration on the way Jordanians have welcomed Orange, and announced France Telecom Group pledge to transfer 'know-how' that is apparent in the Orange brand, through a comprehensive plan that includes the establishment of an Orange Technocentre in Jordan to Jordanians to benefit from the expertise and engineering of the Group's teams, particularly in the field of convergence.

The response from the market place following the rebranding and reorganization of Jordan Telecom Group was also strongly evident in the number and value of new major agreements set up in 2007, amongst which were Hikma Pharmaceutical PLC, Central Bank of Jordan, The Housing Bank for Trade and Finance, Jordan Ahli Bank, Cairo Amman Bank, Greater Amman Municipality, Civil Service Bureau, Ericsson, Jordan Armed Forces and more, all requiring the general provisioning of communication services.

And as the Group is known to glorify the value of giving, we continued to rise up to the social responsibilities we take on every year, putting Jordan and the wellbeing of Jordanians on top of our priorities' list. Accordingly, Jordan Telecom Group contributed more than JD3 million and launched a distinctive number of initiatives in 2007, sponsoring a wide range of projects through Jordan Telecom Group Foundation.

As to the future, we have big opportunities ahead and a big responsibility to shareholders, customers and employees. We intend to further extend our leadership in the market, with firm commitment to making the most of your investment and to delivering industry-leading innovation and performance today and tomorrow.

To end with, allow me to extend my deepest thanks and gratitude to our shareholders and clients for their faith and trust in Jordan Telecom Group. A big heartfelt thank you is also extended to all our Group's employees for being there for each client we serve all over our country. You are our foundation and our framework, and you enable us continue with our focus on His Majesty King Abdullah II's vision of a truly connected community across the Kingdom.

With greatest respect,

Mickael Ghossein
Chief Executive Officer

Board of Directors 2007

In order from top, left to right:

H.E. Faris Abdul Hameed Sharaf
Social Security Corporation

Dr. Hamzeh Jaradat
Jordanian Ministry of Finance

Mr. Gilles Vaillant
France Telecom Group

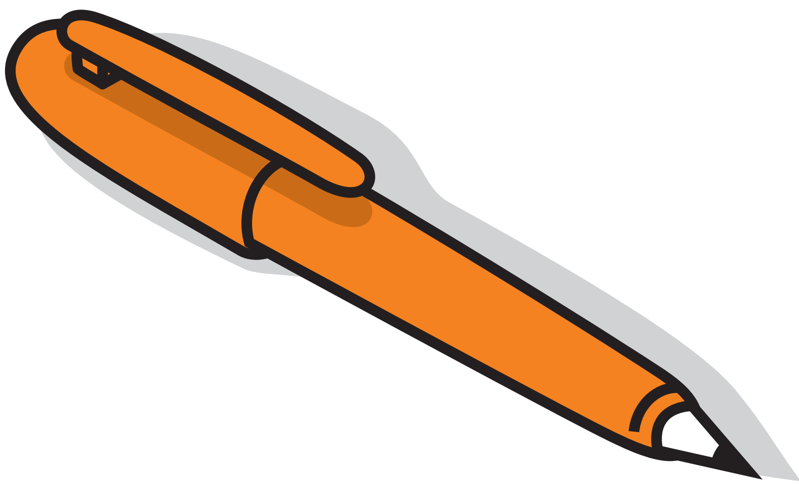
Mr. Hugues de Verdalle
France Telecom Group

Mr. Mickael Ghossein
Jordan Telecom Group

Mr. Marc Rennard
Vice Chairman
France Telecom Group

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

Eng. Abdel Rahman Al-Khatib
Executive Privatization Commission



GroupCom members 2007

Mr. Mickael Ghossein
Chief Executive Officer

Mr. Ahmed Salah
Chief Quality Assurance and Processes Officer

Mr. Alain Bridard
Chief Technical Officer

Mr. Amer Sunna
Chief Information Systems Officer

Mr. Ammar Shaheen
Chief Human Resources Officer

Mr. Clement Charron
Vice President Jordan Telecom Group Wholesale

Mr. Francois de Loynes
Executive Vice President

Mr. Jacques Ambrosia
Chief Sourcing and Logistics Officer

Mrs. Majd Shweikeh
Vice President Jordan Telecom Group
Chief Executive Officer Orange Personal

Mr. Philippe Vogeleer
Chief Strategy Officer
Secretary General

Mr. Raslan Deiranieh
Chief Finance Officer

Mr. Sami Smeirat
Vice President Jordan Telecom Group
Chief Executive Officer Orange Enterprise

Mr. Tamouh Khauli
Vice President Jordan Telecom Group
Chief Executive Officer Orange Innovation and Corporate Integrated Solutions

Mrs. Wassila Zitoune
Vice President Orange Home

Legal Advisor: Amosh Legal Advisor & Arbitration
Auditors: Ernst & Young

In order from left to right:

First row: Raslan Deiranieh, Mickael Ghossein, Majd Shweikeh.

Second row: Clement Charron, Francois de Loynes, Ahmed Salah, Philippe Vogeleer.

Third row: Tamouh Khauli, Ammar Shaheen, Jacques Ambrosia, Sami Smeirat, Alain Bridard, Amer Sunna, Wassila Zitoune.

best of 2007

"Jordan Telecom Group improves customer facing, service provisioning and fault handling. Our sales shops integrate and revamp to reflect the Orange look, feel and openness to customers."

Jordan Telecom Group's business units restructured on the basis of the market segments they address: Home, Personal, Enterprise, Wholesale, Innovations and Corporate Integrated Solutions Business Units.

"Jordan Telecom Group introduces Orange innovative offers, such as World Call, a Voice over IP for PC-PC or PC-phone communication with features in Arabic. The Group also introduces the unified prepaid card, enabling customers to recharge their prepaid account whether fixed, mobile or internet, another first for the region and the global operations of Orange."

Jordan Telecom Group's business units carry rebranding activities consecutively starting June and until August 2007. Orange became the sole commercial brand for the Group's fixed, mobile, internet and content services.

Jordan Telecom Group maintains its number one market position in the telecom market, with 2.4 million clients, 98% on fixed line, 32.7% on mobile line and 69% on broadband internet.

{Jordan Telecom Group becomes a company with an international dimension, owning 51% of Lightspeed Communications, which offers telecom services in Bahrain, and acquiring a management agreement with Lebanon's Sodetel, an internet and broadband services company.}

Jordan Telecom Group's mobile services witness 21% growth in customer base and 31.3% surge in generated income. Customer base of the Group is now over 2.4 million.

Jordan Telecom Group allocates more than JD3 million to support a variety of community activities through its voluntary arm, Jordan Telecom Group Foundation. The Group's sponsorships focused on educational, poverty alleviation and cultural initiatives.

"Jordan Telecom Group adopts "push model" in its supply chain, making Jordan the first emerging country to use this state-of-the-art methodology, used only by the major European affiliates of France Telecom."

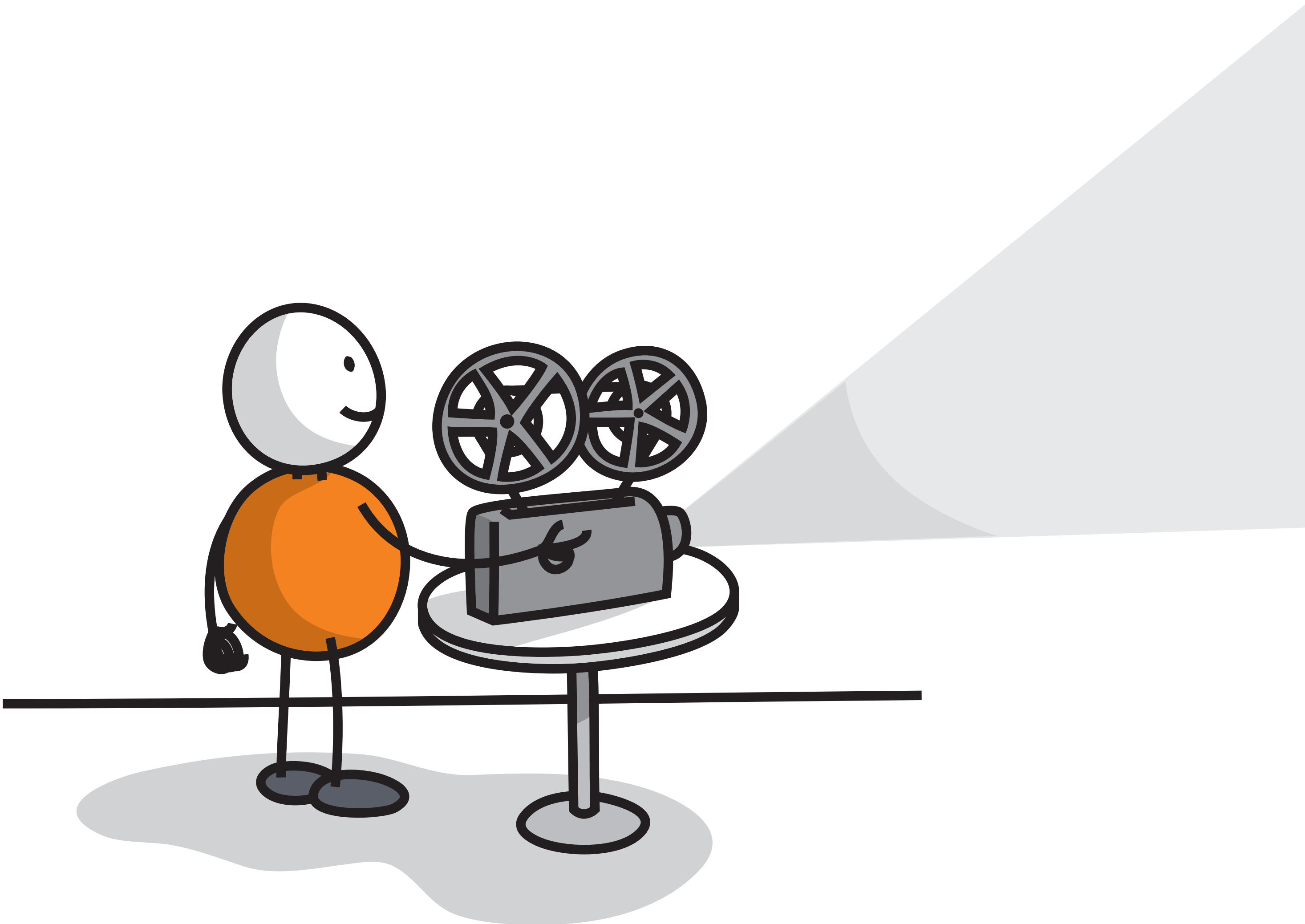
Jordan Telecom Group becomes the first integrated telecommunications operator to implement Oracle ERP R12 in the Middle East region, Europe and Africa. The new ERP system handles all the Group's activities whether financial, supply chain or human resources.

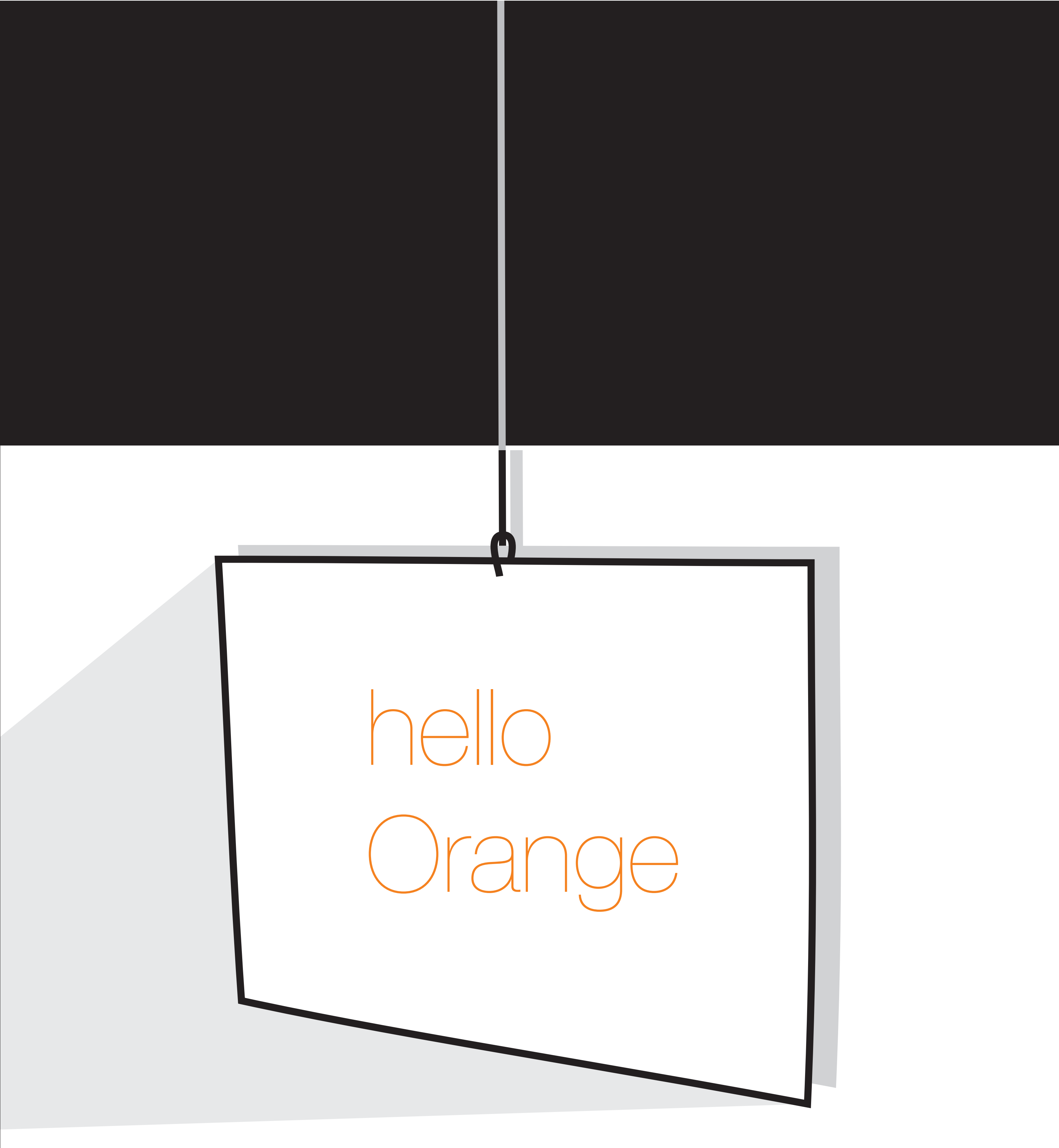
Jordan Telecom Group contributes to the Jordanian 2007 parliamentary elections, providing all internet connections, links and network needs successfully and efficiently, concluding elections throughout the Kingdom as if done in a central dorm.

Jordan Telecom Group stimulates operator growth through tailor made wholesale offers supporting retail offers. The total international traffic volumes increased by 12% compared to 2006, and the Group sustained its strong position as the main provider for data services, where revenues increased by 40% compared to 2006.

Jordan Telecom Group signs new individual licenses with the Telecommunications Regulatory Commission in May 2007, in line with the Commission's new licensing regime, enabling it to provide a wider range of telecom services including Voice over IP.

"Jordan Telecom Group secures five ISO 9001:2000 certificates for IT, technical, personal, home and enterprise business practices, as well as a new certification for the Wholesale Business Unit. These certificates were awarded to the Group by the International Organization of Standardization."




hello
Orange

a new beginning

As the commercial brand of the world's primary telecommunications service operator: France Telecom Group, Orange today serves over 170 million customers in 220 countries and territories worldwide. In August 2007, Jordan Telecom Group celebrated the conclusion of joining the 'Orange family' when Orange became the sole commercial brand for the Group's fixed, mobile and internet services.

The rebranding activities started in as early as March through the 'Orange on the ground' activities that aimed to gradually introduce the brand into the market. These activities included various sponsorships that engaged the public, including the "Vote for Petra" campaign. Then starting from June 2007, Jordan Telecom Group began to officially adopt the Orange brand name as its commercial operating brand, delivering on the Group's strategic aim of providing the local market with world-class services and products. The Group's main Business Units undertook re-branding activities consecutively where first Wanadoo's 'internet' services became Orange on June 10th then the 'fixed' line services became Orange on July 4th and finally MobileCom's 'mobile' services became Orange on August 11th.

The new branding was introduced deeper into the organization of Jordan Telecom Group and it delivered on its commitment to improve customer facing, service provisioning and fault handling. Sales shops were revamped to reflect the Orange look, feel and openness to the customers. This single and reputable provider, Orange, places its customers at the top of its priorities, offering them unmatched experiences, with staff well trained to fulfill customer needs and exceed expectations by communicating and offering first-class telecom solutions.


orange™
orange
hello
Orange
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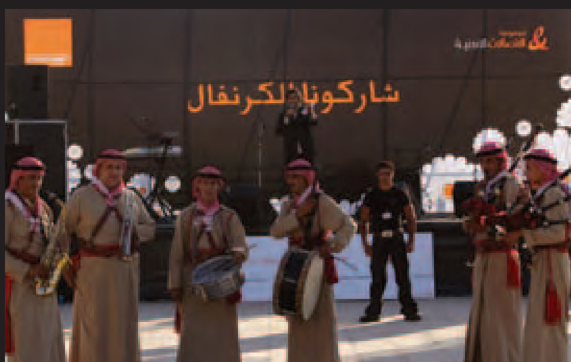



Welcoming the Orange services to the Kingdom, Jordan Telecom Group launched the Orange Carnivals, a road show that toured different governorates throughout the Kingdom and was open to the public, and the Orange VIP Gala dinner held in a modern and historic setting at the Citadel to mark the introduction of the Orange brand, featuring unique performances and entertainment.

Customers felt the effect of the Orange brand and values immediately after the re-branding was concluded. They began to enjoy a competitive range of telecom solutions and top quality services, due to the extraordinary potential of the Orange brand and the expertise of the Group’s strategic partner France Telecom Group.

The transition of Jordan Telecom Group's fixed, mobile, internet and content services to the single Orange brand repositioned the Group for long-term growth and success. Jordan Telecom Group now serves more than 2.4 million subscribers with appropriate communication technologies, at affordable prices and world-class services.

a look inside

integration and organizational restructure

Back in 2006, Jordan Telecom Group fulfilled its earlier promise of becoming an integrated telecoms operator, offering converged telecom and data services under one umbrella. Afterwards, and guided by its transformed framework, Jordan Telecom Group integrated its activities under a single management team, and the Group's headquarters were consolidated in the City Center building, where major renovations took place.

In 2007, and following the integration of services and the merger of management, the Group's business units were restructured into different lines of business. The backbone of the new structure has driven better customer service, a key differentiator in today's competitive marketplace, and has further allowed the Group to add value plus simplicity to the lives of its customers, which has consequently distinguished the Group's status in Jordan.

The Group's business units were restructured on the basis of the market segments they address: Personal, Home, Enterprise, Wholesale and Innovations and Corporate Integrated Solutions Business Units.

The Orange Home Business Unit specializes in offering fixed and internet offers to the residential customers and Small and Medium Businesses or Enterprises (SMEs) to simplify their lives. It manages also the call centers, back office and the field sales of all residential and SMEs customers.

Orange Personal Business Unit specializes in meeting the requirements of customers looking for mobile line solutions with highly focused customer service and differentiated offers. It also manages the entire distribution (shops and indirect sales) for the Group.

The Orange Enterprise Business Unit specializes in gathering and combining all aspects of a relationship with corporate customers such as companies, banks, public and private institutions under one (mobile, fixed and internet) organization instead of three. This includes marketing, sales, call centers and back office for enterprise. It also manages the contact centers for the Group.

The JTG Wholesale Business Unit specializes in managing the relations between our Group's networks and all national and international operators.

Furthermore, the Orange Innovations and Corporate Integrated Solutions Business Unit handles the Group innovative offers, such as Internet Protocol TV (IPTV) and manages projects implementation. It also provides turnkey solutions to corporate customers.

Moreover, customer care activities for mobile, fixed and internet were restructured to provide a unified interface with the customer. The ongoing integration of IT systems and networks aimed at providing customers with seamless connectivity and communication solutions. Last but not least, all shops were revamped to reflect the Orange look and feel and integrated to serve as one service point for all fixed, mobile and internet customers.

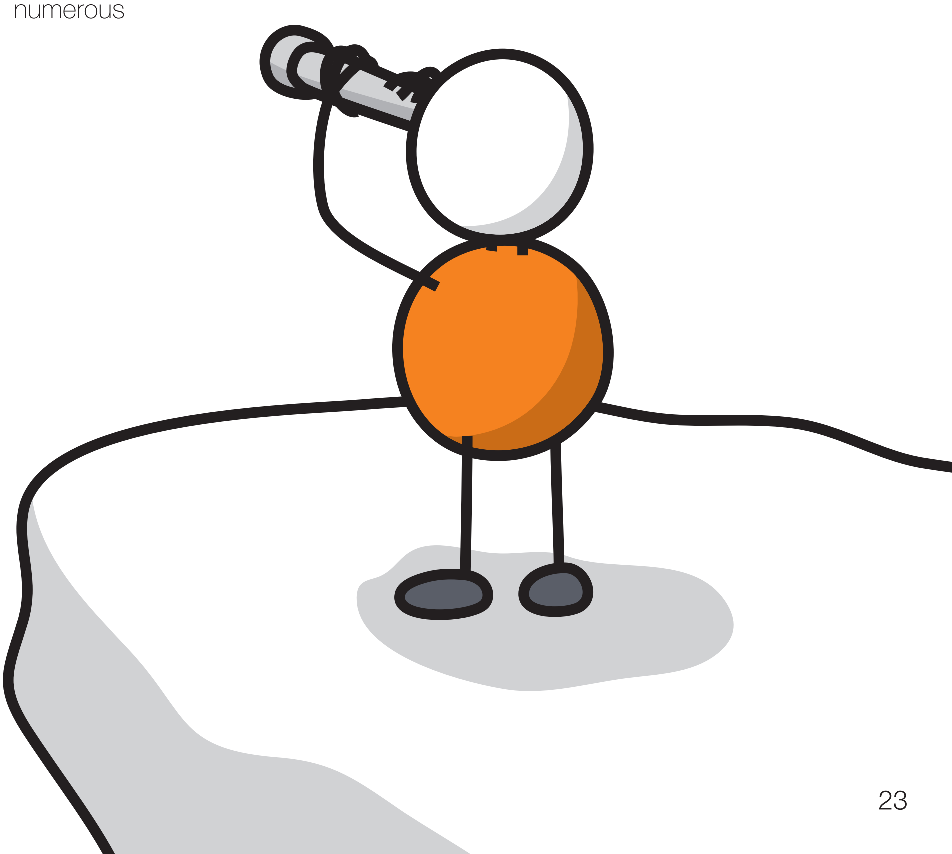
On the other hand, corporate services, which support the overall operation of the business units, remained as is: Finance, Human Resources, Information Systems, Network, Quality Assurance and Processes, Sourcing and Logistics and Strategy.

tomorrow's vision

Comparing today's telecom landscape with the scene a few years ago, we are faced with a whole new world of innovations and services. Expressed customer needs were somehow limited to voice and data calls/sessions in the past, but today customers are demanding multiple services of communications and entertainment integrated in a single device or available on all their devices.

Jordan Telecom Group being the first to anticipate this paradigm shift has pursued a dramatic transformation path to become an integrated operator offering all its customers fixed, mobile, internet and content services under the Orange brand.

Jordan Telecom Group is emerging as a powerful, effective and innovative integrated operator that can outstandingly serve both business and residential customers. The Group aims to grow its network assets that allow for the expansion of its customer base, and provide more resources to deliver Fixed-Mobile Convergence (FMC), currently one of the crucial strategic issues facing the telecommunications industry. With convergence between mobile and fixed line networks, Jordan Telecom Group will be able to provide a whole range of services to users irrespective of their location and at the same time continue its leadership in the Jordanian market and further expand its potential to grow market share within the region.
Being integrated, customers are now offered numerous choices of services to meet their communications and entertainment needs. In the coming year, Jordan Telecom Group is also going to propose to its clients the delivery of voice, video, data and wireless services on a single bill if they want it. The Group is also working with partners to integrate the experience across networks and devices, in order to give customers an access to communications virtually anywhere, anytime and on any device. Ultimately, customers should also be able to use a single device to access a range of services whenever and wherever they might be. The most recent state-of-the-art technology launched by the Group (WiFi LiveBox) is a live example on the company's efforts in this regard, with more high-tech services yet to come such as (Flybox), which will allow users to connect their PCs to the internet via the mobile network, and the (IPTV), an Internet Protocol TV that delivers television programming via a broadband connection like high speed ADSL.



innovative offerings


home and personal
business services
customer care

innovative offerings

2007 was the year of delivery. After completing major restructuring to become the sole integrated telecom operator in Jordan, Jordan Telecom Group pledged to provide innovative offers to Jordanians of all segments. Impressively, the Group brought a new dimension to the local telecom scene, introducing convergent and world-class services to customers.

home and personal

The year was full of thrilling offers. The Group's mobile arm, MobileCom, which was re-branded to Orange later in the year, launched in April a new electronic recharge denomination with JD1 for its pay as you go customers, providing them with an increased range of recharging options. The following month, MobileCom extended to its pay as you go customers the ability to make normal international calls to Jordan or anywhere in the world, while roaming, by dialing the country code followed by the requested number; resulting in a dramatic increase of GSM prepaid users benefiting from this leading edge technology. MobileCom in June introduced a bundle of innovative SMS services that brought new applications to customers.

It was in August when the Group introduced its first Orange service which was also the first Orange universal product developed in Jordan by Jordanians for Jordanians. The new service, World Call, is an Arabic enabled internet calling solution targeting the international market. World Call is the latest technology in the world of international calling via internet, which gives subscribers worldwide communication options through their personal computer to phone calling, instant messaging, voice chat, and video conferencing, anywhere across the globe. With World Call, customers can make high quality international calls from a PC-PC or PC-phone, with the latter requiring online credit that customers can buy easily.

Around August, Jordan Telecom Group presented military subscribers with extra special incentives through its army offer, in recognition of their vital role in serving the Kingdom. Following the completion of the re-branding process, Orange mobile launched its Orange World portal, enabling its customers to enjoy new games, ring tones, wallpapers, applications, video tones, themes and downloads that match different customers handset types.

Shortly afterwards, the Group, in cooperation with Ericsson, announced the launch of an innovative unified prepaid card that enables the Group's customers to recharge their prepaid account, whether mobile, fixed or internet. The offer truly highlighted the value and real benefits of integration to customers.

Other offers tailored for Orange customers came through towards the end of 2007, such as the 40% discount that Orange mobile customers receive on cinema tickets every Tuesday from Grand Cinema at Zara Center.

The Group through Orange launched a parental control service on the internet to prevent children from entering restricted sites, making parents feel at ease and worry-free whilst their children are surfing the net. In the holy month of Ramadan, the Group offered its fixed customers free local calls everyday from 6 pm to 10 pm as a reward for their loyalty.

Voice SMS was another innovation brought into the local market, which is an audio message from a sender to a recipient, therefore offering a vital messaging alternative in the form of "talk and listen" rather than "type and read" provided by the ordinary SMS service.

And when the festive season came in December, Orange offered its fixed line customers a special discount on international calls to any destination around the world. In its continuous endeavor to provide its customers with latest releases in the world of telecommunications, Orange launched the first-ever safety focused mobile phone in Jordan, designed for children, aptly branded the Teddyfone.

In spreading the internet culture, the leading integrated telecommunications provider in the Kingdom reduced the internet protocol connectivity costs by 25%, a move set to send a wave of positive change in the local internet scene, benefiting the citizens of Jordan who desire to use the services of the world wide web.

Orange mobile concluded the year with an impressive pay as you go. “A7la” offer, which enables all subscribers to talk to 2.3 million Orange fixed and mobile customers at very competitive prices for as low as ½ piaster/minute.

launch of business services

The Group introduced Orange Business Services, which represents the business communications solutions and services provided by France Telecom Group, including converged voice, data and mobile services, as well as IT expertise, all designed to transform business processes and improve productivity.

Through Orange Business Services, the Group launched many professional services for the corporate market such as hosting solutions, BlackBerry, bulk SMS, international and domestic corporate packages in addition to new corporate mobile offer, more focus on IP solutions and the introduction of a new end-2-end leased line process.

customer care

As in all other departments, in 2007, Orange customer care experienced the implementation of an environment that epitomized the international Orange quality standard of service. The Group developed a single Orange standard for communicating with all fixed, mobile and internet customers, delivering on the global brand’s values and culture.

Customer care previously received 4.5 calls monthly per customer, a number much higher than France Telecom Group standards, where each customer calls once every four months. Nevertheless, in 2007, the Group managed to improve its way to handle calls at customer care and change this ratio to one call every 3 ¾ months, by charging a symbolic amount of 3.5 piaster/call per minute. This action helped the customer care save 50% of staffing to reach the Orange efficiency standard.

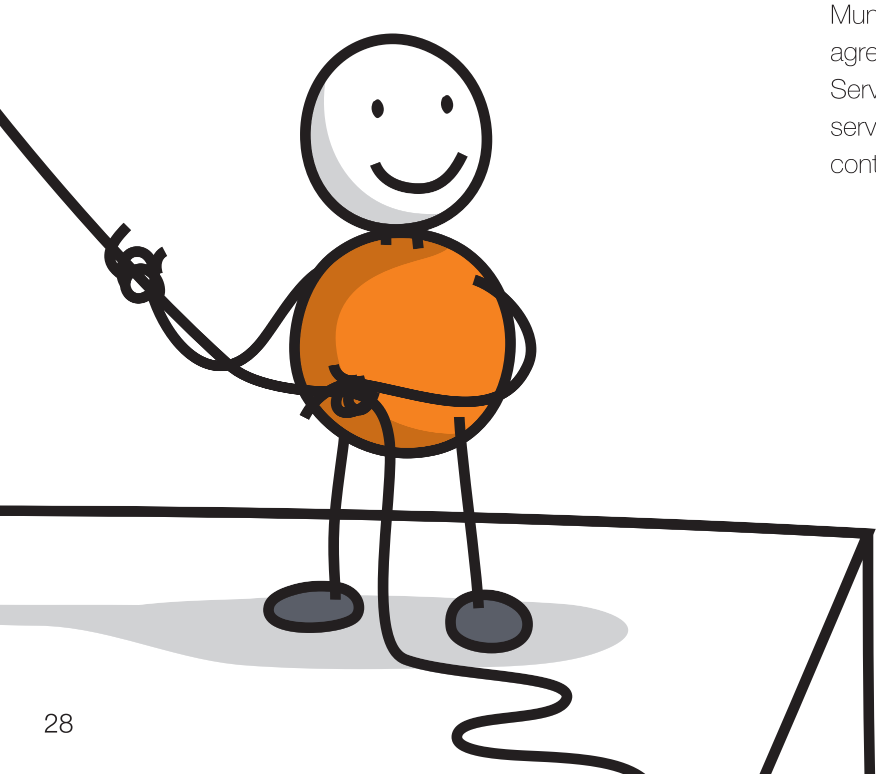
The customer care department, which was certified with the ISO 9001:2000 in 2007, recruited 57 new advisors to live up to the tremendous growth in the Group’s customer base. And to add to the department’s achievements, the efficiency level has risen to 80%, with 8,000 customers per employee, a new standard set for the international operator.

In the pursuit of giving corporate customers the special attention they deserve, Enterprise Business Unit provided two solid call centers to serve the needs of this segment. 1215 serves fixed, internet and data customers with high end trained agents and enhanced service levels, while 1780 serves mobile corporate customers with matching elite service levels.

partnerships

Supported by France Telecom experience, and run by the Enterprise Business Unit, Orange Business Services has provided state-of-the-art telecommunication solutions to the private and public sectors in Jordan during 2007. The year witnessed many engagements between Jordan Telecom Group and different business sectors such as banks, unions, airports and others, whereby different types of services were provided; fixed, mobile and internet.

The Ministry of Finance selected the services of Orange Business since they are simple and secure. The Ministry concluded an agreement with Orange Business Services for point-to-multipoint link services, to link the Ministry with its branches throughout the Kingdom, with different speeds of up to 12 Mbps. The Ministry of Finance also contracted with the Group for primary and secondary ISDN services as a backup links solution, since the ISDN from Orange Business Services is well-known as an ideal communication medium for providing efficient and high quality services. Technical training was held for the Ministry of Finance employees, illustrating the proposed solutions and the technologies used.



Orange Business Services has adopted the IP technology as a very secure and efficient technology that provides customers with trustworthy connections and services. Accordingly, an agreement was signed with Alhikma Pharmaceuticals to provide them with the IPVPN-MPLS service, connecting their head offices in Jordan with international locations in Algeria and the United States, offering safe data transfer through different connections based on IP technology over a fiber optic infrastructure.

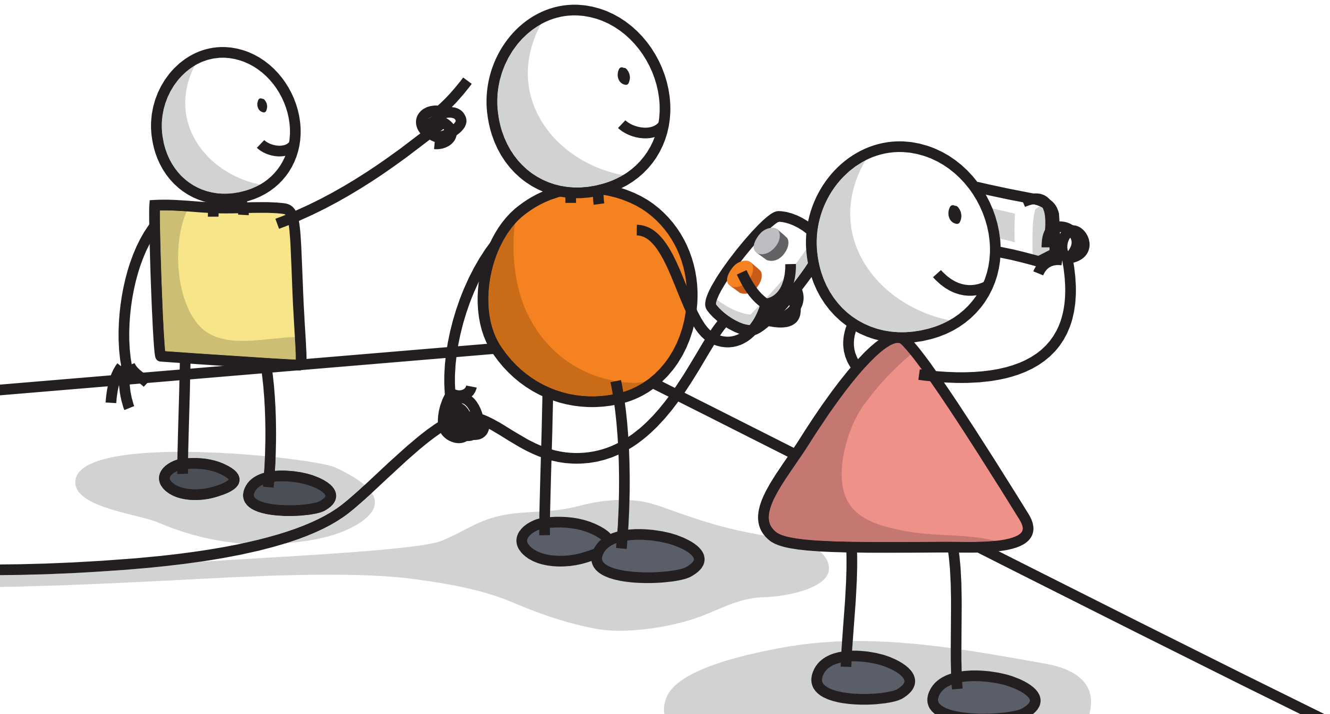
Because of the nature of banking operations, which require high levels of security, privacy and timely e-connections, Orange Business Services provides many banks with a leased line connection, such as Cairo Amman Bank, which signed an agreement with Orange Business Services to connect the Bank's headquarters in Amman to Jordanian post office sites in 101 locations throughout the Kingdom.

One of the unique projects with Greater Amman Municipality was the traffic light monitoring and controlling agreement signed last year, whereby Orange Business Services provided the Municipality with point-to-multipoint services, connecting 32 sites to the Municipality's central control room in Amman, with the speed of 512 Kbps.

In addition to local companies, Orange Business Services became the choice of global companies in 2007. As such, Ericsson signed an agreement with Orange Business Services to acquire international connectivity with Qatar, with speed of up to 2 E1.

The mobile and ADSL agreement with the Jordanian Armed Forces was renewed last year because of the good reputation and the liability of Orange Business Services. This renewal reflects the confidence of the Jordanian Armed Forces in Orange Business Services.

with and for our community




highlights

reinvesting in our community

Through Jordan Telecom Group Foundation, the corporate social responsibility arm of the Group, Jordan Telecom Group launched a huge number of initiatives in 2007, sponsoring projects, activities and campaigns, as part of the Group's commitment to contribute to sustainable economic development in the Kingdom, working with the local community at large to improve their quality of life. Corresponding to the priorities of the National Agenda and to the Group's mission and goals, Jordan Telecom Group worked around three global themes for the year: Poverty alleviation, education in addition to culture and arts.

During 2007, and as part of its annual and active contribution in the community, the Group supported for the sixth consecutive year the Goodwill Campaign to help poor families in different areas under the Jordanian Hashemite Fund for Human Development. The sponsorship included funding a mobile clinic, grants for university students, livestock breeding, home dressmaking and small shop projects, as well as distribution of school bags to students. In what has also become a yearly tradition, the Group supported a mother and her nine children from the SOS Village throughout the year.

Like in every Ramadan, Jordan Telecom Group sponsored a number of Mawa'ed Al-Rahman, as it signed an agreement with Tkiyet Um Ali whereby the Group placed several Ramadan tents in different governorates in the Kingdom to present Iftar meals to the needy fasting people. Also during Ramadan, and for the purpose of helping the community live the spirit of the Holy Month, Jordan Telecom Group sponsored Al Ghad newspaper's CDs containing the Quran and stories of the prophets that were distributed throughout Ramadan.

Additionally, and through a joint project with Orange Foundation/France, the Group signed a memorandum of understanding with Jordan River Foundation adopting Rasoun, a remote village situated within Ajloun governorate, to support educational, health and social reform activities in the village, providing capacity building and training to its residents and a revolving fund enabling residents to create their own small and micro businesses. The sponsorship of Rasoun also includes the establishment of a children's nursery, the maintenance of the current torn down school playground, the establishment of a youth center and funding its equipment, a public transportation bus for residents to/from the cities of Ajloun and Irbid and the establishment of a bakery in the village.

Jordan Telecom Group continued to work closely with students, catering for their wellbeing and development. The Group sponsored the Ein Jalout Secondary School exhibition entitled "The Computerized Day", in which it displayed its integrated services and provided the school with 20 computers connected to the internet to facilitate voting for Petra as one of the new Seven Wonders of the World. The Group participated in numerous campaigns in support of Petra all throughout the Kingdom, providing its internet tents and bus to help Jordanians and visitors vote for the ancient city.

Working with and for students, the smoking control committee at the University of Jordan, sponsored by Jordan Telecom Group, held a campaign Towards a Smoke Free University. Also under the support of Jordan Telecom Group, Princess Sumaya University of Technology held the second conference for Interactive Teaching Using Mobiles and Computers, aiming at building up the concept of mobile teaching using mobile phones and other successful ways to transfer knowledge. And again this year, in cooperation with the Jordanian Basketball Federation, Jordan Telecom Group sponsored schools and universities tournaments, in addition to supporting Al-Bak'a Youth Club football team.

Furthermore, Jordan Telecom Group adopted seven schools from seven governorates, training students on leadership skills and career orientation, improving the schools' facilities, and supporting teachers by enhancing their skills and broadening their horizons. That, in addition to sponsoring Injaz Annual Volunteer Day, the Injaz Job Fair and Training 2007, and sponsoring Jordan Job Fair and Training Expo 2007 for the recruitment and training of employees in Jordan and the Middle East.

Demonstrating its responsibility towards the society, Jordan Telecom Group supported the first of its kind in Jordan Intel ISEF, the world's only international science fair, in which students compete for scholarships and prizes. Additionally, the Group sponsored Her Majesty Queen Rania's National Entrepreneurship Competition, held by the Queen Rania Center for Entrepreneurship, located at Princess Sumaya University for Technology, which aimed at assisting Jordanian university students form long lasting profit-generating businesses. The Group's exclusive sponsorship covered all the marketing material of the competition, international jury visits, workshops, advanced training, networking events, printing material and the prizes for the first three teams.

Jordan Telecom Group has also participated in supporting and encouraging the cultural movement, the art movement, and the theatre. As such, Jordan Telecom Group supported the annual cultural and street theatre activities held by the French Cultural Centre. Furthermore, the Group sponsored "The Walk" aimed at highlighting the Jordanian cinematic industry and establishing a foundation. The Walk strode out from the Intercontinental Aqaba Hotel with the participation of several national and Arab renowned artists and ended at the Greater Arab Revolt Square.

During 2007, the Group was the number one supporter of the Amman Symphony Orchestra, with the goal to attract some 100 new musicians in order to become the Amman Philharmonic Orchestra within the next five years. And under the Amman International Dance Festival, the Group sponsored the performance of "Border Town", by providing an internet stream of both audio and video, set up between three cities (Amman-Copenhagen-Beirut). Also in the area of arts, the Group sponsored the CD by Sami Massis, a young Jordanian composer, for which revenues went to the SOS Village in Jordan.

Moreover, direct and effective involvement in the empowerment of women in the society was evident in 2007. Under Her Majesty Queen Rania's initiative to prevent domestic violence "Family support line 110", Jordan Telecom Group provided two free hotlines with fixed and mobile numbers, offering three main services; specialized consulting, psychological guidance and support, and diverting extreme cases to partner companies for further assistance and help.

To further support the Jordanian woman, the Group sponsored the First Conference for Jordanian Working Women, aimed at enhancing the role of working women and boosting the social organizations with female leaders to increase their productivity and contribution in the economy. The Group also supported Abeer Batikhi the lady driver in the National Jordan Rally 2007. Jordan Telecom Group was also the sponsor of the play "The Mask" that tackled oppression against women, at the Royal Cultural Center and Jerash Festival.

Jordan Telecom Group has also engaged its employees in various social activities and volunteer programs throughout the year. Needless to say, all of the corporate social responsibility activities that Jordan Telecom Group adopted in 2007 were a direct result of its conviction that its role goes beyond providing telecommunication services and technologies, and extends to active involvement in social, humanitarian and cultural issues.

inside the workplace

HR highlights

During 2007, HR practices played a central role in the growth of Jordan Telecom Group. The Group's aim was to create a work place that fosters good employee relations and offers a positive and productive work environment and workforce. Therefore, the Group implemented new HR tools to simplify the process of daily work for all employees, by applying innovative and improved HR practices for the benefit of employees, and consequently for the general interest of Jordan Telecom Group.

A unified Human Relations Management System (HRMS) was applied within the Group, enabling management and all employees to have a quick, easy and centralized source of data. This system enables all staff to instantly submit requests, such as a leave of absence, and provides all employees with direct access to personal information, salary slips and appraisals. This system eliminates paper work, enhances the quality of information and accelerates all requests submitted by employees.

To further simplify every day employee activities, the new HR portal, the most important feature of the intranet site, will be implemented in 2008 after prolonged planning and preparation that took place in 2007. It is expected that the portal will solve 50% of employee inquiries and needs immediately, simplifying and speeding up routine procedures and providing staff with significant benefits while acting as an effective interference between all staff and HR.

Jordan Telecom Group also adopted the Management School and Leadership Model established and applied by France Telecom Group worldwide. This School was implemented in the Group in 2007, within the ACT program, with the aim of equipping managers with the right set of competencies to mobilize and lead their team towards a successful integrated operator, through capacity building programs.

In a step to provide consistent and quality remuneration and benefits packages for all employees, and to further strengthen the unification of Jordan Telecom Group, the Group implemented a new grading and evaluation policy, based on broadband structures, and also reviewed the employees' salary scale to ensure all were in line with the market.

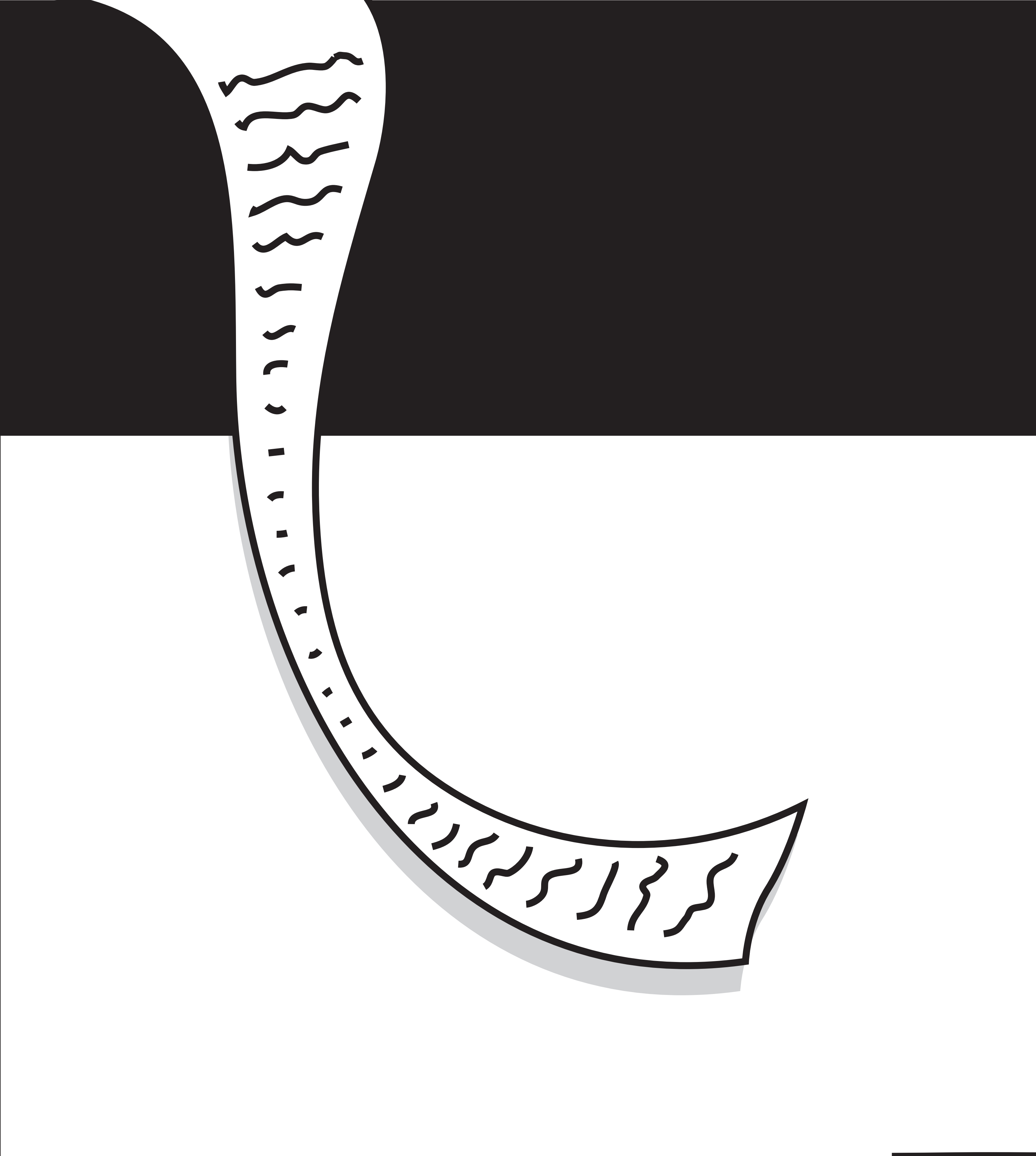
Acknowledging employee contribution to the Group's development and strong position in the Jordanian market, the Group management dedicated 10 scholarships to the children of employees, covering university credit hours, registration fees, books and other educational expenses for four years. HR Operations successfully conducted the first selection process for the year 2007/2008, after setting the mechanism for the annual selection process for the 10 winners, taking into consideration the employees' years of experience and employment grade (with priority for the lowest grade), in addition to the employees' performance and number of children.

Moreover, serving as the Group representative, HR Operations guided and managed long and fruitful negotiations that led to unique agreements signed between Jordan Telecom Group and the Labor Union, which solved many controversial issues addressed.

As part of the Group management ongoing efforts to involve employees' representatives in decision making, the Board of Directors increased the number of members of the Provident Fund's management committee within the Group to six members, three of which would be elected directly by the employees in 2008. The election event and activities will be planned, organized and conducted by the HR Operations.

Part of the Group's contribution to invigorate new life into its head office and shops was improving the overall work environment for all colleagues. A systematic investment began in reconfiguring office space and allocations for each team. A program was kicked off in mid 2007 to open up and brighten the old cluttered office space to enable an empowered and lively workforce to deliver the vision, mission and values of the Group.

Jordan Telecom Group believes, and will constantly do, that the key asset to any successful institution is a qualified, content and cared-for employees who form an integral part of the company's identity. For this belief, the Group will continue to exert every effort to cater for the welfare of its employees in 2008 and at all times.



2007
financial highlights

2007 financial highlights

2007 was an outstanding year for Jordan Telecom Group, continuing the success achieved in past years. The impressive progress made last year proves that we are heading in the right strategic direction. 2007 was the year of integration and re-branding, as Jordan Telecom Group rebranded the fixed line, mobile and internet services under the commercial brand of France Telecom Group, Orange. Adopting the Orange brand gave us the inspiration to enhance our services and provide our customers with exceptional products along with more determination to achieve excellence in order to remain our position as the leading group in the Jordanian market.

Jordan Telecom Group maintains a high level of transparency and disclosures to keep its shareholders informed of any significant event. In view of that, we are pleased to put between your hands our financial and non-financial results for 2007, where the healthy increase in recurring revenues was a notable feature of this year, in addition to the improved profitability and good cash flow due to the wise financial management. Our results come in line with Jordan Telecom Group's mission and policy, and are evidence not only of our good products and support capabilities, but also that our stability and long-term investment plans are a benefit for our business. Operating under one integrated operator (the first to be locally and regionally) is one of the great strengths for the company that ensures the satisfaction of customers and guarantees their loyalty.

consolidated financial and statistical highlights

Presented below is a summary of the consolidated data for 2007 against 2006.

income statement data

(MJD)	2006	2007	Change %
Revenues	362.9	397.9	9.6%
Operating expenses			
Cost of services	123.3	135.0	9.5%
Selling and distribution expenses	36.6	39.4	7.6%
Administration expenses	20.5	33.0	60.9%
Government revenue share	10.3	13.9	34.9%
Brand fees	0.0	2.6	100%
Management fees	3.1	3.7	19.3%
Total operating expenses	**193.8**	**227.6**	**17.4%**
Profit from operations (EBITDA)	**169.1**	**170.3**	**0.7%**
EBITDA margin	46.6%	42.8%	(8.2)%
Depreciation, amortization and impairment	(56.1)	(53.9)	(3.9)%
Net foreign exchange differences, finance costs, finance revenues and other income	10.5	14.8	40.9%
Other fees	(3.2)	(3.4)	6.2%
Profit before income tax	**120.3**	**127.8**	**6.2%**
Income tax	(33.3)	(34.1)	2.4%
Profit for the year	**87.0**	**93.7**	**7.7%**
Attribute to:			
Equity holders of parent	87.0	94.5	8.6%
Minority interest	0.0	(0.8)	100%
Profit margin	24.0%	23.7%	(1.3)%
Earnings per share	0.348	0.378	8.6%
Weighted average number of shares (million shares)	250	250	0.0%

summary of balance sheet data

(MJD)	2006	2007	Change %
Assets			
Total current assets	**350.9**	**406.6**	**15.9%**
Property, plant and equipment	230.3	239.7	4.1 %
Other non-current assets	15.5	18.5	19.3%
Total non-current assets	245.8	258.2	5.0%
Total assets	**596.7**	**664.8**	**11.4%**
Liabilities and equity			
Total current liabilities	149.6	206.2	37.8%
Total non-current liabilities	45.4	47.1	3.7%
Total equity	401.7	411.5	2.4%
Total liabilities and equity	**596.7**	**664.8**	**11.4%**

summary of cash flow statement

(MJD)	2006	2007	Change %
Net cash from operating activities	184.6	167.8	(9.1)%
Net cash (used in) investment activities	(28.3)	(46.9)	65.7%
Net cash (used in) financing activities	(84.4)	(86.9)	2.9%
Net increase in cash and cash equivalent	71.9	34.0	(52.7)%
Cash and cash equivalents	289.4	323.4	11.7%

financial ratio analysis

	2006	2007	Change %
Profitability ratios			
Return on total assets (ROI)	15.2%	15.0%	(1.3)%
Return on total equity	21.7%	23.2%	6.9%
Liquidity ratios			
Current ratio	2.35	1.97	(16.2)%
Cash ratio	1. 93	1.57	(18.6)%
Leverage ratios			
Total liability to equity ratio	48.5%	61.5%	26.8%
Interest – bearing debt ratio*	7.8%	7.7%	(1.3)%
Total debt ratio**	32.7%	38.1%	16.5%
Assets coverage ratio***	118.1%	94.6%	(19.9)%
Assets management ratio			
Total assets turnover ratio	63.4%	63.1%	(0.5)%
Fixed assets turnover ratio	152.8%	169.3%	10.8%
Total capital turnover ratio	83.3%	89.2%	7.1%
Growth ratios			
Dividends per share (JD)	0.34	0.38	11.8%
Dividends payout ratio	97.7%	101.3%	3.7%
Dividends yield ratio	8.25%	6.8%	(17.6)%
Valuation ratios			
Book value per share	1.61	1.65	2.5%
Market to book value ratio	2.56	3.41	33.2%
Price – earning ratio	11.8	14.9	26.3%

* debts/(debts + total equity)
** total liabilities/total assets
*** total tangible assets/total liabilities

revenues

Consolidated revenues registered a 9.6% increase from JD362.9 million in year 2006 to JD397.9 million in year 2007. This increment came as an outcome of growth witnessed by all of the Group's segments except for the fixed line segment where its revenue (pre intercompany eliminations) recorded a slight decrease with 0.2%, recording JD243.5 million by the end of 2007. While, mobile revenues grew by 31.1% reaching JD183.5 million in 2007 against JD140.0 million in the previous year. The data segment also generated JD14.1 million as revenues at the end of 2007, representing a 29.6% increase over the previous year.

operating expenses

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

Operating expenses witnessed an increase by 17.4% to reach JD227.6 million in year 2007 against JD193.8 million in year 2006; this major increase in OPEX can basically be attributed to the increase in cost of services that is primarily led by the growth in revenues. Also in year 2007 the Group took around JD9.0 million as a one-time impact expenses which are: Provision taken by Orange Mobile for some claims, exit packages and rebranding expenses.

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

Cost of services registered a 9.5% increase, reaching to JD135.0 million in year 2007 compared with the corresponding period of 2006. This increase was heavily pushed by the higher interconnection cost from mobile segment due to higher traffic volume, as well as higher transmission cost from the data segment.

Selling and distribution expenses increased by 7.6% to reach JD39.4 million in year 2007 compared to JD36.6 million in year 2006, this increase came from the rebranding expenses that Jordan Telecom Group spent in year 2007.

Administration expenses increased by 60.9% to reach JD33.0 million in year 2007 compared to JD20.5 million in year 2006, due to higher staff expenses mainly coming from the customized offer which was given to employees, in addition to the salary scale adjustment for all employees at an average of 10% of basic salaries.

Government revenue share equals to 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 JD13.9 million in year 2007 compared to JD10.3 million in year 2006, showing a 34.9% increase, pushed by the net mobile revenues growth.

Brand fees equals to 1.6% of operating revenues that Jordan Telecom Group is required to pay to Orange for using the Orange Brand in all Jordan Telecom Group subsidiaries. It was around JD2.6 million in year 2007.

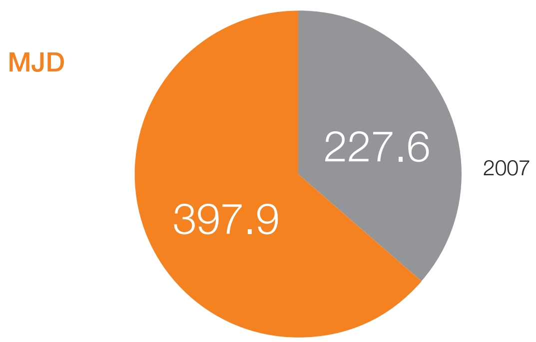
Management fees is what the Group is required to pay to France Telecom pursuant to the Business Support Agreement, management fees of the Group increased by 19.3% to reach JD3.7 million in the year 2007 compared to JD3.1 million in year 2006.

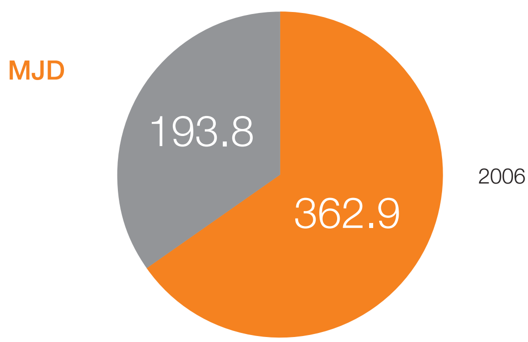
EBITDA

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

A slight 0.7% increase in EBITDA took place in year 2007 to arrive at JD170.3 million compared to JD169.1 million achieved a year earlier.

The EBITDA margin for the Group reached 42.8% as end of year 2007, down from 46.6% last year. This drop was due to the combined effect of higher revenues by JD35.0 million and higher OPEX by JD33.8 million.





revenues
OPEX

EBITDA JD170.3 million

EBITDA JD169.1 million

depreciation, amortization and impairment

Consolidated depreciation, amortization and impairment expense, dropped by 3.9% in year 2007, from JD53.9 million to JD56.1 million in year 2006.

net foreign exchange differences

Consolidated net foreign exchange differences consist of changes in valuations of deposits and loans arising from changes in foreign exchange rates. For the year 2007, they recorded a 85% decrease from JD0.03 million in year 2007 compared to JD0.2 million in year 2006.

finance costs

Consolidated finance costs consist of the interest and other charges, which is paid on our financial indebtedness. Finance costs increased by 15.8% to reach JD2.2 million in year 2007 from JD1.9 million in year 2006.

finance revenues

Consolidated finance revenues consists of revenues earned on cash deposits in various currencies. Finance revenues increased by 40.0% reaching to JD16.8 million in year 2007 from JD12.0 million in year 2006.

other income

Other income consists of gains and losses on dispositions of fixed assets and other miscellaneous income. Other income was in 2007 around JD0.16 million gain opposed to JD0.17 million in year 2006, showing a 6.3% decrease.

other fees

Jordan Telecom Group is subject to the Jordanian universities fees, scientific research and vocational training fees and vocational and technical training fund fees. The Jordanian universities fees calculated as 1.0% of profit before income tax, while the other fees are equal to 1.0% of our net profit available for distribution.

The Group's other fees for the year 2007 were JD3.4 million compared to JD3.2 million for the year 2006.

income tax

Jordan Telecom Group is subject to corporate income tax at a rate of 25% on a non consolidated basis; in year 2007 the Group posted JD34.1 million as income tax, with an increase of 2.4% from year 2006 in which it was JD33.3 million.

profit for the year

Jordan Telecom Group generated JD94.5 million as net profit after tax for the year 2007, with a remarkable increase by 8.6% compared to JD87.0 million in year 2006.

minority interest

JD(0.8) million which is Lightspeed partners share (49%) of the yearly loss or profit.

liquidity and capital resources

The primary source of liquidity is net cash from Operating Activities. For the year 2007, our net cash from operating activities decreased by 9.1%, to JD167.8 million as compared to JD184.6 million for the year 2006, mainly affected by the higher tax paid.

Net cash used in Investing Activities witnessed an increase by 65.7%, where it reached JD46.9 million in year 2007 from JD28.3 million in year 2006. This can be directly linked to the increased purchase of property, plant and equipment related to improving our mobile network and expansion in ADSL network. In addition to the higher interest on deposits, which reached JD16.8 million in 2007 compared with JD12.0 million in 2006.

For the year 2007, our net cash used in Financing Activities reached JD86.9 million in year 2007 compared to JD84.4 million, chiefly driven by the elevated dividends that were paid to shareholders for year 2006.

free cash flow

It is the difference between net cash from operating activities and net cash used in investing activities. The free cash flow in year 2007 reached JD120.9 million compared to JD156.3 million in year 2006, decreased by 22.6%.

cash and cash equivalent

Cash and cash equivalent also witnessed a significant improvement and reached JD323.4 million in year 2007, compared to JD289.4 million in year 2006, revealing a 11.7% growth.

capital expenditures

Capital expenditures for the year 2007 increased by 43.7%, reporting JD59.8 million against JD41.6 million in year 2006. As Jordan Telecom Group has invested heavily in the mobile network to cope with the increase of subscribers and traffic volumes, in addition to expanding the broadband network to handle the increase of subscribers.

group subscribers

The growth in the Group's subscriber base had largely contributed to its impressive results. The number of Jordan Telecom Group total subscribers climbed by 14.9% to reach 2,437.0 (K lines) in year 2007 compared to 2,121.2 (K lines) in year 2006.
Illustrated below is the breakdown of the Group's subscribers per entity.

human resources

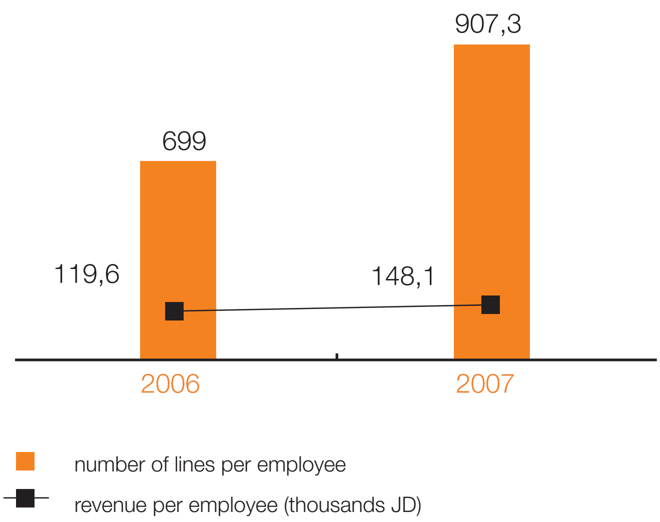
Jordan Telecom Group is proceeding in its efforts towards achieving an optimal level concerning the number of employees, which dropped by 11.5% from 3,034 in year 2006 to 2,686 in year 2007.

staff efficiency

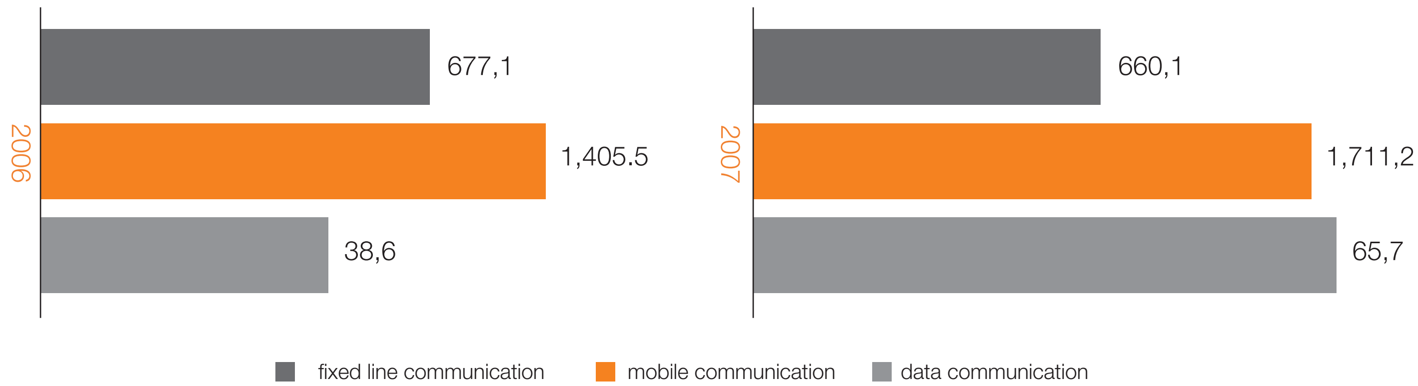
Consequently, the Group efficiency indicators improved positively in year 2007, as revenues per employee increased by 23.8% posting JD148.1 thousands in year 2007 over JD119.6 thousands in year 2006. This growth was generated from the dual effect of higher revenues and reduced staffing levels.

Also, the number of lines per employee jumped to 907.3 lines in year 2007 revealing an increase by 29.8% against year 2006, where it reached 699 lines at that time in year 2006. The boost was affected by the growth in number of lines that coincided with the drop in staff.

Group efficiency indicators



Jordan Telecom Group subscribers



segment analysis

Presented below is the detailed analysis of results of operations for each of the three business segments of Jordan Telecom Group.

- Fixed Line Communication. (Orange Fixed).
- Mobile Communication. (Orange Mobile).
- Data Communication (Orange Internet, E-Dimension and Lightspeed).

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

(MJD)	2006	2007	Change %
Revenues			
Fixed line communication	244,1	243.5	(0.2)%
Mobile communication	140,0	183.5	31.1%
Data communication	10,9	14.1	29.4%
Intercompany	(32,1)	(43.2)	34.6%
Total revenues	**362,9**	**397.9**	**9.6%**
Operating expenses			
Fixed line communication	130,2	142.2	9.2%
Mobile communication	87,3	115.3	32.1%
Data communication	8,4	13.3	58.3%
Intercompany	(32,1)	(43.2)	34.6%
Total operating expenses	**193,8**	**227.6**	**17.4%**
EBITDA			
Fixed line communication	113,9	101.3	(11.1)%
Mobile communication	52,7	68.2	29.4%
Data communication	2,5	0.8	(68.0)%
Total EBITDA	**169,1**	**170.3**	**0.7%**

fixed line communication

backdrop of vigorous competition

Fixed line segment's services is the Group's largest business segment and currently dominates more than 52.8% of total Group revenues, which consists of the activities of Jordan Telecom Group. Along with the third year of opening the market for competition; Jordan Telecom Group still occupies about 98% of market share, with competition on international traffic to and out of Jordan.

revenues

Fixed line communication revenues dropped by 0.2% in year 2007 to reach JD243.5 million against JD244.1 million in year 2006. The primary reasons for this decline were: Firstly, the intense competition in the mobile market, which made fixed line phones much less attractive in comparison. Second, continuation of the market opening, which emerged since Jordan Telecom Group monopoly was ceased as of Dec 31st, 2004, causing the revenues from international traffic volume to plunge poorly and International rates to drop.

The following table points up a detailed analysis regarding revenues from our fixed-line segment:

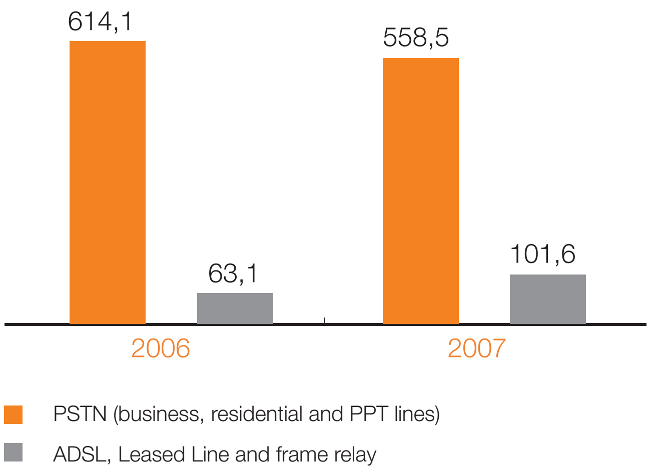
(MJD)	2006	2007	Change %
Traffic revenues	151,5	136.6	(9.8)%
Connection, subscription and others	58,2	59.4	2.0%
Leased lines and other data	34,4	47.5	38.1%
Total revenues	244,1	243.5	(0.2)%

Traffic revenues: Traffic revenues consist of all revenues generated from outgoing calls (local, national, internet, mobile and International) and all revenues from incoming calls (mobile or international). It's the main driver of revenues representing 56.1% of fixed line revenues. The year 2007 recorded a justifiable decrease of 9.8% in the traffic revenues (compared to a 16% decrease in year 2006), to reach JD136.6 million compared with the JD151.5 million achieved in 2006. The decline mainly came from the decrease in local and international traffic.

Connections, subscriptions and others: In fixed line segment, sales of services from connections and subscriptions consist of sales of services from monthly subscription fees and one-time connection fees and other tailored supplementary services fees. Others include telex and telegraph services and value added and supplementary services, such as premium services "0900" telephone numbers, 1212 directory services, prepaid calling cards, and our toll free "Call Free" 0800 number service.

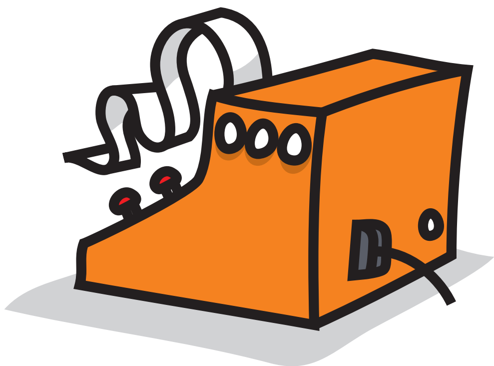
Connections, subscriptions and other revenues reached JD59.4 million in year 2007, compared to JD58.2 million in year 2006. The growth was mainly lead by higher revenues from other fixed line services, mainly due to the popularity of value-added services, such as premium "0900" number internet services, and higher revenues from prepaid cards. While for the connections and subscriptions revenues stood at a sustained level in year 2007, where no major variations were recognized.

Jordan Telecom evolution chart is illustrated below



Total fixed lines by the end of year 2007 decline by 2.5%; stood at around 660.1 K lines in year 2007 on aggregate PSTN (includes analogue and ISDN equivalent lines) contributes by 558.5 K lines approximately. ADSL, Leased Lines and Frame Relay reached around 101.6 K lines). With customers' orientation to shift towards mobile and internet services from the fixed line, PSTN lines witnessed a drop during year 2007 by 9.0% compared to year 2006, the drop was compensated outstandingly by 61.0% boost in ADSL, Leased Lines and Frame Relay over year 2006, proving the Group's strategy to focus on such services as a key contributor to growth in the near future.

Leased line and other data services posted JD47.5 million in year 2007 from JD34.4 million in year 2006, showing a 38.1% growth. This was substantially dragged by the massive growth in ADSL revenues, which concurred with the Group's plans to achieve its target by the end of 2007 and the growth in Leased Lines, which is justified by the increasing demand on high speed broadband services among governmental and business customers. In addition to the growth in ISPs' revenues that are mainly attributed to the more and more increasing usage of such services.



operating expenses

Fixed line segment operating expenses shot up by 9.2% backed by the higher services costs due to the higher cost of service.

Illustrated below are detailed analyses of the fixed line segment operating expenses and percentage changes for the periods indicated:

(MJD)	2006	2007	Change %
Cost of service	90.0	95.9	6.5%
Selling and administration expenses	38.4	43.1	12.2%
Government revenue share and management fees	1.8	3.2	77.8%
Total fixed line communication operating expenses	130.2	142.2	9.2%

Cost of services: Cost of services for our fixed line voice and data service segment consists of interconnection fees paid to operators of other telecommunications networks and expenses related to technical personnel, together with satellite and cable expenses, network operating and maintenance expenses, the operating license and spectrum license fees payable to the Telecommunications Regulatory Commission pursuant to the PSTN License Agreement, fees paid to municipalities for rights of way for our network and certain other expenses. Cost of services increased by 6.5% in the year 2007 to reach JD95.9 million from JD90.0 million in year 2006, such increase is mainly ascribed to the increase in interconnection costs.

Selling and administrative expenses: Selling expenses for our fixed line segment consist of advertising and marketing expenses, provisions for bad debts, billing and distribution costs, advertising and promotions and marketing staff salaries. Administration expenses consist of information technology, finance and human resources expenses. Selling and administrative expenses for the fixed line increased by 12.2% from JD38.4 million in year 2006 to reach JD43.1 million in year 2007, mainly from the exit packages and salary adjustments for staff.

Government revenue share and management fees: The brand and management fees showed an increase in year 2007, by 77.8% to reach JD3.2 million in year 2007 from JD1.8 million in year 2006. This increase can basically be attributed to the JD1.3 million for branding fees.

EBITDA

By the end of 2007, Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) have slightly decreased by 11.1%, reaching JD101.3 million in year 2007 over JD113.9 million in year 2006. This decrease was a combination of the higher OPEX by JD12 million and the decline in revenues by JD0.6 million.

As a result, EBITDA margin in 2007 was driven drastically by the decline in EBITDA, causing it to drop by 5.1 points, posting 41.6% as an EBITDA margin compared to 46.7% in 2006.

mobile communication

a key contributor to growth

The Group's mobile communication segment consists of the mobile communication products and services offered by Orange Mobile, which was first registered on September 1st, 1999. With an aim to build a new, highly advanced, mobile communication network to serve the Kingdom. Orange Mobile began commercial operations in September 2000. It holds place as the number two provider of mobile services in Jordan. Today, the competition has emerged with the entrance of other mobile operators causing intense price competition, and has been a factor causing increases in the number of mobile telecommunications subscribers throughout Jordan.

revenues

Revenues in our mobile communication segment consist of traffic revenue (both incoming and outgoing), roaming revenue, connection and subscription charges, value-added services, equipment sales and discounts. Mobile communication has generated revenues of 183.5 million in year 2007, growing massively by 31.1% when compared to the year 2006. The growth was achieved through maximizing traffic revenues by attracting more users.

Here are the details of mobile communication revenues:

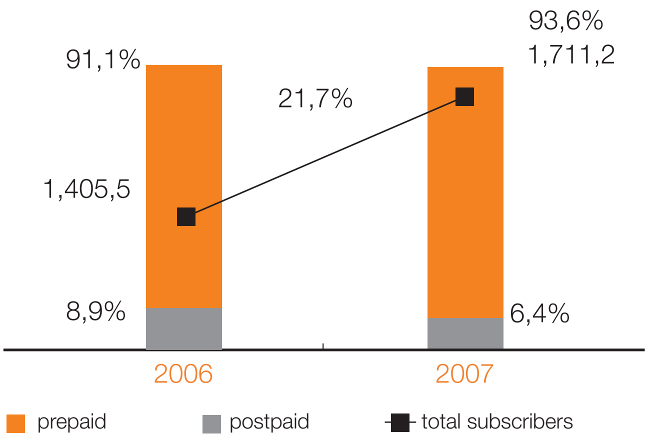
(MJD)	2006	2007	Change %
Revenues			
Traffic revenues	108,4	155.9	43.8%
Other mobile revenues	31,6	27.6	(12.6)%
Total mobile communication revenues	**140,0**	**183.5**	**31.1%**

Traffic revenues: Traffic revenue consists of sales of services earned in connection with incoming and outgoing traffic carried on the Orange Mobile network. Traffic revenue varies depending on the total number of subscribers, traffic volume, the mix of prepaid and postpaid subscribers. Total traffic revenue grew enormously by 43.8%, where it hit JD155.9 million in year 2007 against JD108.4 million in year 2006. This enviable increase was largely driven by the boost in Orange Mobile's subscriber base, which dragged the demand positively.

Other mobile revenues: Other mobile revenues consist of roaming revenues, connection and subscription charges, value-added services and equipment sales and also include upfront discounts that Orange Mobile offers distributors as an incentive to increase sales of services. Other mobile revenue decreased in year 2007, where it reached JD27.6 million in year 2007, as opposed to JD31.6 million in year 2006. This decrease came mainly from the offers revamping in year 2007 (dropping in the subscription fees).

Orange Mobile subscribers: Orange Mobile continues the expansion in its subscriber base by 21.7% to reach 1,711.2 K subscribers in 2007 compared to 1,405.5 K subscribers in year 2006. Orange Mobile has exerted an extensive effort to attract new customers through introducing distinguished new offers, and providing high quality of services. Orange Mobile is highly benefiting from its prepaid subscribers, which constitute 93.6% of its total subscribers in year 2007 compared to 91.1% in year 2006, while the postpaid proportion of total subscribers decreased by 6.4% in year 2007 from 8.9% in year 2006, marking up a drop by 28.1%, which of course can be explained by the affordable prices that prepaid lines can offer, and the high usage flexibility, in addition to the impact of cleaning up the subscriber base. Orange Mobile improved its 30.0% market share in year 2006 to reach 32.4% in year 2007.

The following charts present the numbers of mobile communication subscribers:
(thousands subscribers)



operating expenses

Mobile segment recorded JD115.3 million as operating expenses in year 2007, over JD87.3 million in year 2006, revealing a 32.1% increase.

The operating expenses of the mobile communication segment are presented in details in the table below:

(MJD)	2006	2007	Change %
Cost of service	59,4	73.5	23.7%
Selling and administration expenses	16,3	25.1	54.0%
Government revenue share and management fees	11,6	16.7	43.9%
Total mobile communication operating expenses	**87,3**	**115.3**	**32.1%**

Cost of services: In the mobile communications segment, cost of services consists of expenses relating to the cost of subsidized handsets, interconnection fees paid to operators of other telecommunications networks, expenses related to technical personnel, network operating and maintenance expenses, the operating license and spectrum license fees payable to the Telecommunications Regulatory Commission pursuant to Orange Mobile's License Agreement and fees relating to SIM cards and prepaid scratch cards and network.

Cost of services in our mobile communications segment posted an increase by 23.7% in year 2007, to stand at JD73.5 million compared to JD59.4 million in year 2006. The increase was mostly attributed to the high interconnection cost, pushed by the boost in revenues.

Selling and administration expenses: In our mobile communications segment, selling and administration expenses consist primarily of advertising and marketing expenses, provisions for bad debts, staff and consultants costs, billing and distribution costs, commissions paid to the distributors of Orange Mobile's products. Selling and administration expenses reached JD25.1 million in year 2007 over JD16.3 million in year 2006, showing an increase by 54.0% , this is led by the rebranding cost that Orange Mobile spent this year.

Government revenue share and management fees: In our mobile communications segment, government revenue share fees consist of the revenue share that Orange Mobile is required to pay to the Telecommunications Regulatory Commission annual revenue share under the Mobile License Agreement equal to 10.0% of Orange Mobile's net revenue. Branding fees equal to 1.6% of operating revenues that Orange Mobile is required to pay to Orange for using the Orange brand, and the management fees what Orange Mobile should pay to France Telecom pursuant to the Business Support Agreement, to be a fixed sum plus an incentive bonus of 30% of the fixed sum if certain targets are met at the end of the year.

Government revenue share, branding and management fees in year 2007 increased by 43.9% to reach JD16.7 million against JD11.6 million in year 2006, due to the dual effect of higher fees paid to the government and higher management fees due to higher net revenues, in addition to the branding fees that Orange Mobile paid in year 2007.

EBITDA

Orange Mobile's EBITDA grew by 29.4% in 2007 to reach JD68.2 million, implying an EBITDA margin of 37.2% in year 2007, compared to JD52.7 million in year 2006 and 37.6% as EBITDA margin. Improvement in EBITDA came as a result of an increase in revenues that coincided with the increase in operating expenses.

data communication

The Group data communication segment consists of the international data services and ISP services provided by Orange Internet, Lightspeed (Bahrain) and the internet content provider services provided by e-dimension.

Orange Internet is the leading internet service provider in Jordan. In 2001, the Group acquired Global One Communications (Jordan) Ltd. The Data communication segment entered into a Brand License Agreement with Orange Internet Interactive fully owned by France Telecom. Pursuant to this agreement, France Telecom will be paid a fee equal to 1.0% of the gross revenue of the ISP service revenue. Orange Internet provides various services such as prepaid and postpaid internet dial–up, the 090007000 internet dial-up service, whereby a customer connects to the internet without a subscription or a prepaid card. The charge will appear on the customers regular PSTN line invoice by Jordan Telecom Group, corporate internet leased lines, ADSL service for residential and corporate, web-hosting and mail-hosting solutions, internet roaming through dial-up and wireless internet (WiFi) connectivity at airports and cafes/restaurants in Jordan. The WiFi service is based on prepaid cards concept.

Moreover, e-dimension was established in December 2000, it's a company for Digital Development of Data. The company introduces a new advanced e-solution to the market. It also offers an array of services from basic web development to specialized high end-PSP (Payment Service Provider) service, ICP (Internet Content Provider) service, and ICDN (Internet Content Delivery Network) technology.

Lightspeed Communications is Bahrain's first alternative fixed line telecommunications operator, offering value-added and innovative services for residential and business customers.

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

revenues

In the synopsis that follows, the comparison combines the results of operations of Orange Internet and e-dimension for the years 2007 and 2006:

(MJD)	2006	2007	Change %
Revenues			
ISP services and content	8,7	11.3	29.9%
International data service	2,2	2.4	9.1%
Lightspeed revenues	N/A	0.44	N/A
Total data communication revenues	**10,9**	**14.1**	**29.4%**

Data communications sales of services increased by 29.4% to reach JD14.1 million in year 2007 compared to JD10.9 million in year 2006, due to the 29.9% increase in ISP services, sales of services and the 9.1% increase in international data services. The increase in ISP services sales of services was due to the increase in the internet usage, while the increase in international data services revenues was due to the increase in sales of IP Virtual Private Networks (IPVPNs) services.

ISP services and content increased by 29.9% to reach JD11.3 million in year 2007, from JD8.7 million in year 2006, this case is due to the increasing demand on ADSL, which provides internet connectivity at high speeds, and the increasing awareness of the internet, which is supported by government-sponsored initiatives, such as the "PC @ Every Home" initiative, as well as a drop in bandwidth costs that directly impacted the end user price.

Sales of services from international data services increased by 9.1% to reach JD2.4 million in year 2007 compared to JD2.2 million in the year 2006, due to increasing sales of international IPVPN services to multinational customers.

Orange Internet became the leading ISP provider in Jordan during 2007 and was able to expand its subscriber base by 70.2% where it reached 65.7K subscribers over 38.6K subscribers in year 2006. Orange Internet provides services to residential customers on a postpaid and prepaid basis, in addition to faster and higher quality data communications services, at reduced prices.

operating expenses

Operating expenses stood at JD13.3 million in year 2007, posting an increase over 2006 by 58.3% , which stood at JD8.4 million in year 2006, chiefly led by the 60.3% increase in cost of services impacted by the boost in sales of services.

The operating expenses of data communication segment is presented in details in the table below:

(MJD)	2006	2007	Change %
Cost of service	5,8	9.3	60.3%
Selling and administration expenses	2,5	3.6	44.0%
Government revenue share and management fees	0,1	0.4	300.0%
Total data communications operating expenses	**8,4**	**13.3**	**58.3%**

Cost of service for data communication in the year 2007 increased by 60.3% reaching to JD9.3 million compared to JD5.8 million in the year 2006, mainly driven by the boost in revenues.

Selling and administrative expenses reached JD3.6 million in year 2007 compared to JD2.5 million in year 2006, revealing an increase by 44.0%.

Government revenues share and management fees in year 2007 had a significant increase by 300.0% mainly from the JD0.3 million branding fees.

EBITDA

EBITDA in the data communication segments posted JD0.8 million in year 2007, a 68.0% drop compared to JD2.5 million in year 2006. This decline was primarily caused by higher operating expenses that have not been offset by the growth in sales of services.
EBITDA margin stood at 5.7% in year 2007 as opposed to 22.9% in 2006 pointing a decline by 17.5 points.

disclosure schedule report pursuant to jordan securities commission instructions for the year 2007

1. the services rendered by Jordan Telecom

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

Company's locations and number of employees of each location:

Headquarter offices, Jabal Amman, 1st Circle, City Center Building, P.O.Box 1689 Amman 11118 Jordan.

Governorate	No. of locations	No. of employees
Head Quarters	1	504
Amman	73	1005
Ajloun	12	5
Irbid	59	218
Jarash	14	12
Al-Mafraq	39	25
Al-Balq'a	25	41
Madaba	10	23
Al-Zaraqa	20	53
Al-Aqaba	24	38
Al-Karak	39	99
Ma'an	24	22
Al-Tafilah	18	15
Total	**358**	**2,060**

- the amount of capital investment in 2007 for JT was (JD12,191,250) and for JTG was (JD59,831,231)

2. subsidiaries

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

Name of the subsidiary	Nature of business	Capital JD	Equity %	No. of Emp.
Petra Jordanian Mobile Telecommunication Co. Ltd. (Orange mobile)	GSM operator	70,000,000	100%	541
Jordan Data Communication Co, Ltd. (Orange Internet)	ISP	750,000	100%	58
Dimensions Company for Digital Development of Data Ltd.	Content	1,000,000	100%	0*
Lightspeed Communication W.L.L	Tele and Internet	4,183,000	51%	27

* E-Dimensions employees became part of Jordan Communications company staff

3.a members of the board of directors

Dr. Shabib Ammari (Chairman)

Dr. Shabib Ammari is the Chairman of the Board of Directors. He has held this position since January 2000, representing originally the Government of Jordan.

Dr. Ammari was re-elected as the Chairman of the board of Jordan Telecom Group in June 2006, representing France Telecom Group.

Dr. Ammari represents the private sector in the Board of Directors of Electricity Distribution Co., and he is a Board Member of Arab Jordan Investment Bank, and he is also on the board of trustees at Princess Sumaya University for Technology.

Dr. Ammari holds a PhD Degree in Economics (1980) from the University of Southern California (USA), where he was a senior lecturer until 1985.

Mr. Marc Rennard (Vice Chairman)

Mr. Marc Rennard is the Vice Chairman of the Board of Directors. He is also the Executive Vice President of France Telecom Orange Group, in charge of Africa, the Middle East and Asia since 2006. He has also been the Chairman, and/or Board Member of several international fixed, mobile and internet subsidiaries of France Telecom Group since 2004.

He was formerly the Vice President of International Operations at the International Division of France Telecom. Prior to that, he was the Chairman and Chief Executive Officer of UNI2 Telecommunications Operator, a France Telecom subsidiary in Spain (03/04). Before that, Mr. Rennard was the Deputy Managing Director of TDF (96/02), Chairman of TDF Video Service (96/02), Chairman of TDF Cable (92/96 and 01/03), and Commercial Director of TDF (92/96).

Mr. Rennard graduated from EM Lyon (France), and holds a Postgraduate Degree in Management Science.

Mr. Hugues de Verdalle (Board Member)

Mr. de Verdalle is a Board Member. He is also the Manager of Subsidiary Financing and Treasury at France Telecom Orange Group. Since 1997, he has held several positions in France Telecom Group including Group Financing and Financial Control. Prior to that, Mr. de Verdalle worked between 1990-1995 at Sofinasia, Paris; a consulting and investment company, before moving to become an Investment Manager in DEG, a German Investment and Development Bank. Mr. de Verdalle graduated from Sciences Po. Paris in 1980 and holds a Master's Degree in Political Sciences from La Sorbonne Paris (France) and an MBA from ISA (France).

Eng. Abdel Rahman El-Khatib (Board Member)

Engineer Abdel Rahman El-Khatib has been a Board Member since Jordan Telecom was privatized in 2000.

And he is currently the chairman of the Executive Privatization Commission (EPC).

He is also the Chairman of the Technical Committee for the Restructuring of the Jordan Civil Aviation Authority and the Privatization of the Jordanian Airports, and the Head of the Technical Team tasked to restructure and privatize Royal Jordanian Airlines which was accomplished by the end of year 2007, he is now also a board member of RJ. As a Transaction Manager at the Government of Jordan's (EPC) since 1999, Engineer El-Khatib has participated in the privatization of the telecommunications sector in Jordan. During the years 1994-1998, he occupied the position of Electronic Warfare Director in Royal Jordanian Air Force.

Engineer Abdel Rahman El-Khatib achieved his BSc Degree in Electronic Engineering in 1972, a Master's Degree in Electronic Telecommunications Engineering in 1980, and a Master's Degree in Strategic Studies in 1994.

Dr. Hamzeh Jaradat (Board Member)

Dr. Jaradat has been a Board Member since November 2004. Dr. Jaradat serves as an Economic Advisor to the Minister of Finance of the Government of Jordan. Previously, he worked for the Central Bank of Jordan and taught at different universities in the United States.

Dr. Jaradat holds a BSc Degree in Economics and Computer Science from Yarmouk University (Jordan), a Master's Degree in Economics from the University of Jordan (Jordan), and a PhD Degree in Economics from the University of Tennessee (USA).

His Excellency Faris Sharaf (Board Member)

Mr. Sharaf was appointed a Board Member in July 2006. He is also the Deputy Governor of the Central Bank of Jordan. Before his appointment as Deputy Governor, he held the position of Executive Director of Banking Supervision at the Central Bank of Jordan. Prior to joining the Central Bank, he was the Managing Director for Investment Banking, Capital Markets and Research at the Export and Finance Bank in Jordan. Mr. Sharaf also held positions as an investment analyst with the International Finance Corporation in Washington DC and an Economic Researcher with the Amman Financial Market.

Mr. Sharaf holds a Master's Degree in Economics, a Master's Degree in Money and Banking and a BA in Economics and Political Science.

He resigned from the board on 3/9/2007.

Mr. Gilles Vaillant (Board Member)

Mr. Vaillant is a Board Member. He has been the Vice President of the International Division of France Telecom Group since 2001, with a supervisory role for the Middle East, the Indian Ocean, Asia and the Pacific.

His extensive experience in the telecom industry started when he joined France Telecom in 1973. Since then, he has held various positions at a regional level in both technical and management roles and as a Regional Director between 1984 and 1991; when he moved to the

international arena as the Managing Director of France Telecom's venture in Indonesia from 1995 to 2000; in addition to various board level roles of ventures established in Jordan, Lebanon, Mauritius and Singapore.
Mr. Vaillant graduated from the French Polytechnique School as an Engineer in High School for Telecommunications (France). Mr. Vaillant is also an Officer of National Order of Merit (France).

3. b top management (executives)

The management is in charge of managing the work of Jordan Telecom Group and its subsidiaries.

Mr. Mickael Ghossein (Chief Executive Officer)

Mr. Ghossein has been the Chief Executive Officer of Jordan Telecom Group since September 2006. Prior to taking up this position, Mr. Ghossein was the Executive Vice President of Jordan Telecom Group (January 2006); Chief Executive Officer of MobileCom (now Orange Personal) (August 2002 - December 2005); Chief Executive Officer of Orange Reunion, the subsidiary of France Telecom in La Reunion (2000 - 2002); Commercial Chief Officer of Mobilerom; and Marketing and Communications Chief Officer of Mobilerom, the subsidiary of France Telecom in Romania (1997 - 2000). Mr. Ghossein also worked for France Telecom, EGT and Thomson in France and Iraq. He graduated in Engineering from University of Valenciennes (France - Radio), Institute Superieur Electronique Nord ISEN (France - Telecommunications), and University of Lyon (France - Master Electrotechnics Automatisation), and in Marketing from HEC Paris (France - Services Marketing) and IFG Paris (France - Products Marketing), and in Sales from Learning International.

Mr. Francois de Loynes (Executive Vice President)

Mr. de Loynes joined the Group in September 2006 as the Executive Vice President. From the late 70s, Mr. de Loynes has held various positions within France Telecom Group, primarily in the domains of Marketing and Sales, Budget and Finance. From 2001 until prior to his appointment at Jordan Telecom Group, he was responsible for the Pays de la Loire, a region in the west part of France, handling all local France Telecom activities as network, sales through distribution channels, customer care and after sales activities.
Mr. de Loynes holds a degree in law from ESSEC Business School.

Mr. Jacques Ambrosia (Chief Sourcing and Logistics Officer)

Mr. Ambrosia has been the Chief Sourcing and Logistics Officer since July 2006. Before joining the Group, he held the role of Corporate and Wholesale Director in Ivory Coast Telecom, a France Telecom subsidiary.
Mr. Ambrosia graduated from the Ecole Polytechnique (class of 1977) and the Ecole Nationale Superieure des Telecommunications (class of 1982) - France.

Mr. Alain Bridard (Chief Technical Officer)

Mr. Bridard has been the Chief Technical Officer since July 2006. He joined Jordan Telecom Group in mid 2004 as MobileCom’s (now Orange Personal) Chief Technical Officer. Mr. Bridard joined France Telecom in 1990 and after holding several positions as a System Department Manager in the Group, he has worked as CTO in various international locations (Reunion Island, Luxembourg) since 2000. Mr. Bridard graduated in Engineering from CESI (France).

Mr. Clément Charron (Vice President Jordan Telecom Group Wholesale)

Mr. Charron, is VP of Jordan Telecom Group wholesale, and has been working within Jordan Telecom's wholesale department since October 2004, bringing with him extensive international experience in France Telecom Group.
In 1997, Mr. Charron joined France Telecom Group in the Regional Representative Office in Jakarta, Indonesia (1997-1998) before moving to hold Sales and Business Development positions within the Wholesale Market at France Telecom Long Distance (1998-2000) and at Mobistar's (Belgium) Roaming and Interconnect department (2000-2004).

Mr. Raslan Deiranieh (Chief Finance Officer)

Mr. Deiranieh has been the Chief Financial Officer since May 2001. He joined Jordan Telecom Group in 1998 as Manager of the Treasury Department. Prior to this, Mr. Deiranieh held the role of Foreign Investment Section Head for the Central Bank of Jordan.
Mr. Deiranieh holds a BA Degree in Accounting and Computer from Al-Yarmouk University (1985) and a Master's Degree in Accounting from the University of Jordan in (1992).

Mr. Tamouh Khauli (VP JTG/CEO Orange Innovation and Corporate Integrated Solutions)

Mr. Khauli has been the CEO of E-Dimensions (now Orange Innovation and Corporate Integrated Solutions) since 2002, and he is also a Vice President of Jordan Telecom Group.

Prior to that, he worked for 23 years in various positions in the USA, including Senior Vice President of Operations at Novell USA, and spent four years working at the United States Department of Defense (USDOD), where he worked on the Class 3 Public Key Infrastructure (PKI). During his career, Mr. Khauli led several research teams from various foremost companies and universities in the US including the MIT. His research included telecommunication network infrastructure, communication platform security, e-commerce, e-payment, e-government and other related topics.

Mr. Khauli holds a Bachelor's Degree in Business Administration and Computer Science from Oxford University (UK), and a Master's Degree from New York University (USA). He is also certified by Novell as a Certified Network Engineer (CNE) since 1990. In 1994 he was awarded his Microsoft CNE certification, which he combined with a third certification from Lucent USA as Platform Security Engineer (PSE).

Mr. Ahmed Salah (Chief Quality Assurance and Processes Officer)

Mr. Salah has been the Chief Quality Assurance and Processes Officer since January 2006. Prior to that, he was the Chief Quality Assurance and Processes Officer for MobileCom (now Orange Personal) since 2003. During his tenure with Jordan Telecom Group, he also acted as the Chief Sales Officer for MobileCom, as well as the Chief Human Resources Officer for both MobileCom and Jordan Telecom. Mr. Salah studied, lived and worked in the UK for 32 years and worked for British Telecommunication (BT) in various senior technical, managerial and commercial roles for 16 years. Mr. Salah also acted as a Senior Consultant to the International Telecommunications Union and the Commonwealth Telecommunication Organization. He graduated in Computer Science.

Mr. Ammar Shaheen (Chief Human Resources Officer)

Mr. Shaheen has been the Group Chief Human Resources Officer since September 1st, 2007.

Mr. Shaheen joined MobileCom (now Orange Personal) in June 2000; four months before the official launch of the services as the second GSM operator in Jordan. He was heading the control department that includes accounting, budgeting and business planning, reporting and financial analyses.

Mr. Shaheen started his career life in the airline industry with Royal Jordanian Airlines as financial analyst, budget controller, and then head of management accounting and business planning.

Mr. Shaheen holds an MBA Degree in Finance from University of Jordan in 1997 with an overall experience of 20 years.

Noting that he took over the responsibilities of CHRO from Mr. Ramzi abu Gazaleh.

Mrs. Majd Shweikeh (VP JTG/CEO Orange Personal)

Mrs. Shweikeh has been the Chief Executive Officer of Orange Personal (formerly MobileCom) since January 2006 and a Vice President of Jordan Telecom Group. Mrs. Shweikeh is also a Board Member in the Investment Unit - Social Security Corporation.

Prior to becoming CEO of MobileCom, she was the Chief Financial Officer and Member of the Operating Committee of MobileCom since 2000; Finance Manager at DHL, the international carrier service, since 1992; Project Accountant for budgeting and project planning at the American International Contractor Inc. (AICI) from 1988 to 1992; and an Auditor with Arthur Anderson.

Mrs. Majd Shweikeh holds a first class Honors Bachelor's Degree in Finance from Yarmouk University (Jordan) in 1987. In 1999, she received the Certified Management Accountant certification from the USA.

Mr. Sami Smeirat (VP JTG/CEO Orange Enterprise)

Mr. Smeirat has been the CEO of Orange Enterprise since 2007, and a Vice President of Jordan Telcom Group. In 2003, he was the Chief Executive Officer of Wanadoo until it was re-branded to Orange. 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; the Corporate Sales Manager at Global One since 1996, before moving to manage Consumer and Corporate Sales from 1999; and an Assistant of Teaching and Research at the University of Jordan for two years. Mr. Smeirat holds a Bachelor's Degree in Electrical Engineering from the University of Jordan (Jordan), a Master's Degree in Electrical Engineering and an MBA from NYIT (Jordan).

Mr. Amer Sunna (Chief Information Systems Officer)

Mr. Sunna has been the Chief Information Officer since January 2006. Prior to that, he worked since 2000 as the IT Director and then Chief Information Officer for MobileCom (now Orange Personal). Before joining the Group, he worked as a Technical Analyst at Emirates Telecommunication Corporation (ETISALAT/UAE).

Mr. Sunna holds a BSc Degree in Electrical Engineering from the University of Jordan (Jordan - 1992).

Mr. Philippe Vogeleer (Chief Strategy Officer/ Secretary General)

Mr. Vogeleer is the Chief Strategy Officer and Secretary General of Jordan Telecom Group. He joined Jordan Telecom Group in March 2006. Prior to that he has notably been working as the General Counsel and Head of the Program Office for the Open Seamless Alliance, an alliance coordinating the activities of the fixed and mobile affiliates of France Telecom and their partners in the field of international wholesale and retail products and services. He also worked as Head of Regulatory Affairs for Mobistar, the Belgian subsidiary of France Telecom. Prior to joining France Telecom, he worked as Manager for Deloitte and

Touche Tohmatsu International, where he provided consulting services to various media and telecommunications companies. Mr. Vogeleer is trained in Management from INSEAD (France) and Stirling University (Scotland), and in Law from King's College London (England), KUL (Belgium), Universita di Padova (Italy), and UCL (Belgium).

Mrs. Wassila Zitoune (VP Orange Home)

Mrs. Wassila Zitoune is a Vice President Orange Home since July 2007. She made her career mostly in France Telecom in various positions since 1994, before moving to Jordan Telecom Group in January 2007 as a Transversal projects VP.

Mrs. Wassila Zitoune was formally responsible for Marketing Strategic Segmentation in 1994, then as Senior Product Leader in GSM and Paging activities from 1995 to 1998, then as a Sales Director in Paris region.

She was appointed in 2001 as the francetelecom.com channel Director until 2004 before implementing and leading for France activities the Commercial Processes for all distribution channels from 2004 to 2006. She joined AMEA early 2006 as a Project Manager for International Business Development.

Mrs. Wassila Zitoune-Dumontet is a Civil Engineer and holds a Master's Degree in Marketing from HEC France. Noting that she took over the responsibilities of VP Orange Home from Mr. Nicolas Budin.

4. the names of shareholders who own 5% or more of the capital as of 31/12/2006, 31/12/2007

Shareholders	No. of shares 31/12/2006	Shareholding% (2006)	No. of shares 31/12/2007	Shareholding% (2007)
Government of Jordan	36,631,991	14.65%	36,631,991	14.65%
Joint Investment Telecommunications Co.	127,499,999	51%	127,499,999	51%
Social Security Corporation	43,953,260	17.58%	43,514,790	17.40%
Noor Telecom	25,000,000	10%	25,000,000	10%
Total	**233,085,250**	**93.23%**	**232,646,780**	**93.05%**

5. the competitive situation of the company

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

6. the degree of dependence on specific resources

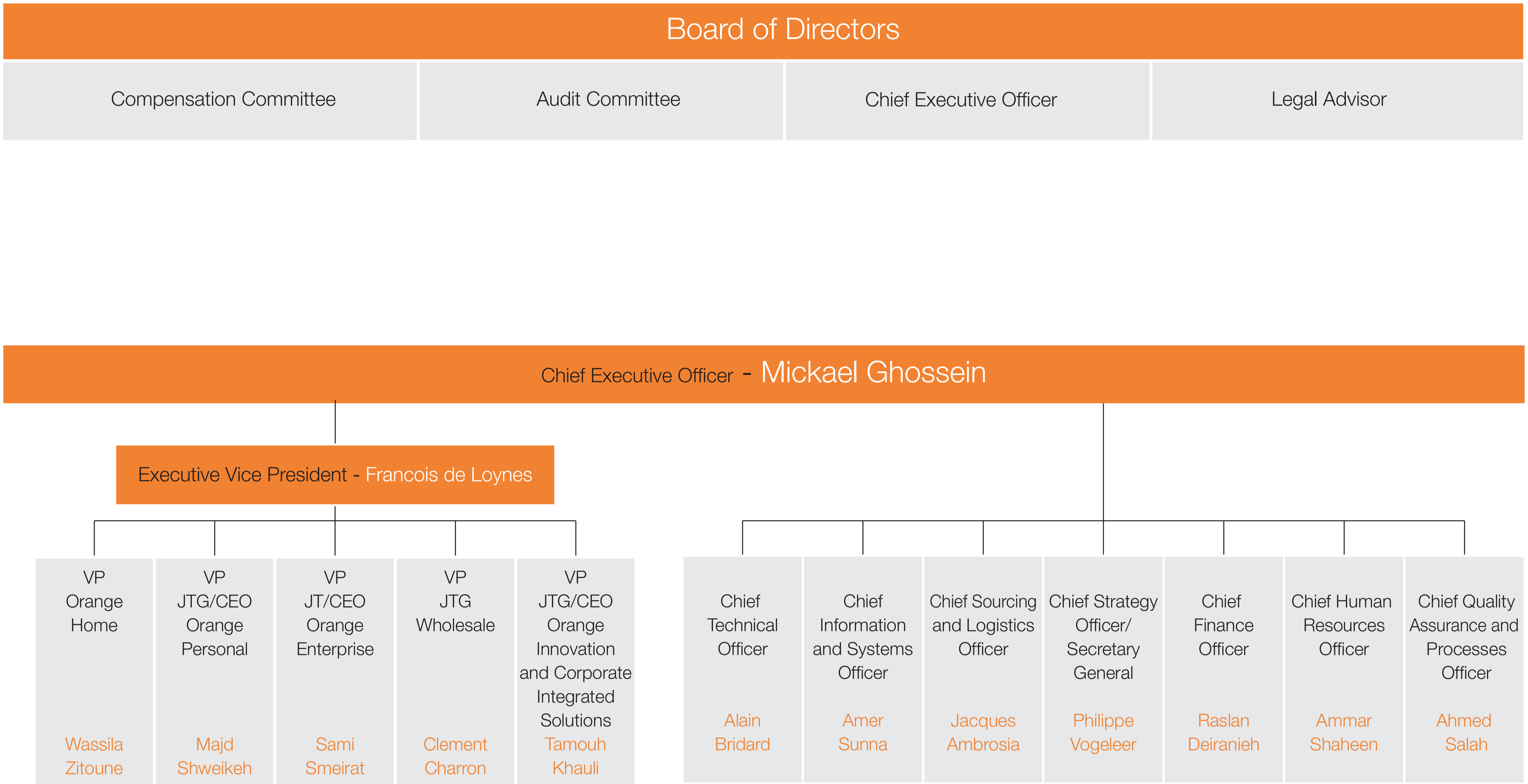
The company does not depend on specific suppliers or clients who represents 10% from its purchases or sales.

7. the privileges enjoyed by the company

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

8. There are no decisions issued by the government or international organizations or others, which have material effect on the company's business, products or competitive ability, pursuant to the license issued to it, the company complies with international quality standards. Also, it applies the following quality standards:
ISO 9001:2000 standards
COBIT
Six Sigma

9.a the organizational structure of the company



9.b number of employees and type of qualifications

Qualification	Mother Company JT (Orange Fixed)	Petra Jordanian Mobile Tel.Com. (Orange Mobile)	Jordan Data Communication Co. (Orange Internet)	Lightspeed
Doctorate (PHD)	3	0	0	0
Master's	48	13	2	4
High Diploma	10	3	0	0
BA	767	245	42	13
Diploma	490	19	2	2
Tawjihi	316	11	5	7
Below Tawjihi	426	250	7	1
Total	**2,060**	**541**	**58**	**27**

9.c training programs during 2007

No.	Description	Number of trainees
1.	Financial Courses	57
2.	Management Courses	1270
3.	Marketing Courses	82
4.	Quality Courses	104
5.	Sales Courses	1366
6.	Technical Courses	1053
7.	Computers Courses	622
8.	Language Courses	5
9.	Orange Ambassadors Courses	3715

10. the risks to which the company is exposed to

The company faces risks of competition from mobile telecommunications and other telecom companies who serve fixed line services. However, its performance in 2007 was impressive as mentioned in the consolidated financial statements.

11. the achievements realized by the company

The achievements were mentioned in the Group's results.

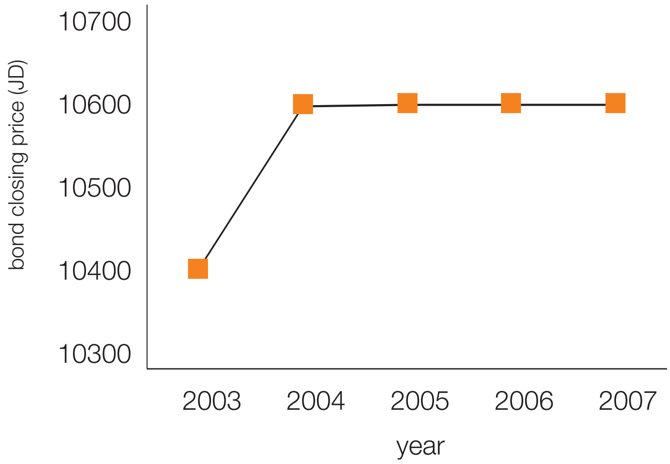
12. the operations of infrequent nature during 2007

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

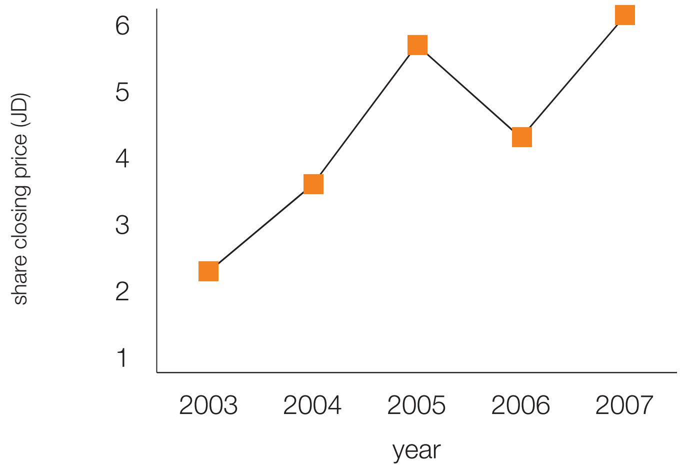
13. the time series of profits, distributed dividends, shareholders' equity and shares prices issued by the company for five years

Description	2003	2004	2005	2006	2007
Profits in (JD)	34,627,805	46,145,972	86,361,691	86,986,351	94,500,428
Distributed dividends (JD)	45,000,000	45,000,000	85,000,000	85,000,000	95,000,000
Dividends %	18%	18%	34%	34%	38%
Shareholders equity (JD)	359,311,525	360,520,507	399,709,253	401,703,981	411,204,409
Shares prices (JD)	2.22	3.64	5.50	4.12	5.62
Bond prices (JD)	10,400	10,600	10,600	10,600	10,600

bond price trend



share price trend



14. the analysis of the financial position of the company

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

15. future outlook

This part mentioned in page 23 "tomorrow's vision"

16. the remuneration of the external auditor of the company and its subsidiaries during 2007

The company	Auditing remuneration (JD)	Other remunerations (JD)
Jordan Telecommunications Co. (Orange Fixed)	42,853	24,147
Petra Jordanian Mobile Telecommunication Co. Ltd. (Orange Mobile)	44,000	10,000
Jordan Data Communication Co. Ltd. (Orange Internet)	7,000	6,000
Dimension Company for Digital Development of Data Ltd. (e-Dimension)	2,700	1,500

17. the shares owned by the members of the board of directors and top management

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

18. the remunerations and rewards in 2007 for the members of the board of directors were (JD136,086) and for the top management members were (JD1,540,432).

19. donations and grants

No.	Donations to	Amount
1.	Teachers housing project	125,000
2.	King Abdulla II Fund for development/poverty pockets	50,000
3.	Royal Scientific Society	10,000
4.	Islamic Center Association	3,190
5.	Red Crescent Society	1,000
6.	White Beds Society	950
7.	Society For the Care of Inmates	250

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

A management agreement was signed between Jordan Telecom and France Telecom on 23/5/2005 for three years.

21. major contributions by the company for the environment and the local community

A. The company's contribution to environmental protection:

towards a smoke free university

The smoking control committee at the University of Jordan sponsored by JTG held a campaign for smoke free University. The opening ceremony included medical and theatrical performances about the diseases and problems caused by smoking in addition to experiences of people who quit smoking. A parade calling for quitting smoking and an exhibition were also held at the campus where posters and brochures were distributed.

B. The company's contribution to local community service:

"QRNEC" Queen Rania National Entrepreneurship Competition

"QRNEC Queen Rania National Entrepreneurship" Competition sponserd by JTG.
The aim of the "QRNEC" is to be a platform to increase the interest of Jordanian universities students to dream and to set plans to achieve these dreams through a business plan competition between Jordanian universities students.

Queen Rania initiative to prevent domestic violence "Family support line 110"

JTG provided a fixed line and a mobile line for cases concerning family support through the Jordan River Foundation. The line provides three main services, which are specialized in consulting, psychological guidance and support and diverting these cases to partner companies which include the legal council, the Ministry of Education, the Ministry of Health, the Ministry of Social Development, the Higher Youth Council, the National Council of Family Cases, the General Security Directorate, the Jordan River Foundation, the Jordanian Hashemite Fund for Human Development, the Jordanian Women Union, the legal group for human rights and the family guidance and counseling centre.

the rosy city "Petra"

Jordan Telecom Group Foundation (JTGF) participated in many campaigns that supported Petra to become one of the New Seven Wonders of the World and in most of the provinces through its internet tents and bus to help Jordanians and visitors vote for Petra through the internet. Furthermore, JTGF announced the presence of its tent in Petra's visitors' yard during the voting period till the 7th of July. The special day that was held at Petra in cooperation with The Ministry of Culture, Jordanian universities and Jordanian artists.

14th LG Dead Sea ultra marathon

A number of JTG employees participated in the 14th Dead Sea Ultra Marathon organized annually by the Society for Care of Neurological Patients. JTG was also one of the sponsors of this event which started from Amman International Motor Show/Airport Road and ended at the lowest point on earth - The Dead Sea - Amman Tourists Beach. The Ultra marathon's human aim is to support the SCNP program through providing treatment to neurological patients.

Princess Sumaya University of Technology

The Second International Conference on Interactive Mobile and Computer Aided Learning.
Under the support of JTG, Princess Sumaya's University of Technology held the second conference for interactive teaching using mobiles and computers, which aimed at building up the concept of mobile teaching using mobile phones and other successful ways to transfer knowledge to the area. In addition to that, the conference also aimed at developing the Information Technology and Communication sector in Jordan and the area.

EduFun

EduFun is an E-Learning, E-Education, entertainment, communication and search, information website in both Arabic and English. It includes the curricula of the Ministry of Education and Jordanian universities to facilitate their learning through a secured content.
JTGF presented 20 PCs as a gift for the users for these services.

- Rasoun village

Orange Foundation/France and Jordan Telecom Group Foundation signed a memorandum of understanding with Jordan River Foundation (JRF) adopting Rasoun Village/Ajloun to support educational, health and social reform activities.

- Holy Quran and Prophets' stories CDs

Orange sponsored Al-Ghad initiative to distribute CDs of the Holy Quran. 28 CDs containing the Holy Quran and 15 CDs containing the Prophets' stories were distributed with the daily newspaper issue throughout Ramadan.

- Amman governorate

Sponsored the renovation of Amman Governorate meeting room.

- school bags campaign

A number of school bags were distributed to needy students and orphans supported by the Islamic Center Charity Society to reduce the suffering of our young needy children.

- Sami Massis

Orange sponsored a CD containing six musical pieces composed by him. All revenues from selling the CD will go to SOS.

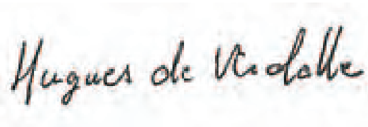
- the National Music Conservatory/Amman Symphony Orchestra
- the French Cultural center the annual cultural and theatre activities (2007)
- no budget films "The Walk…Moving Forward"
- the mask directed by Majd Al Qassas
- Jordan job fair and training expo
- annual identity branding forum
- 3rd annual advertising and marketing communications conference
- Amman international dance festival/19 April – 3rd of May 2007
- The general federation of Jordanian trade unions. first conference for Jordanian working women.
- Jordan Rally Championship (Abeer Batikhi)
- tennis pioneers club
- Ein Jalout secondary school "The Computerized Day"
- Jordanian basketball league Jordanian basketball tournaments for schools and universities
- the night of the Adeaters
- Injaz volunteer day
- SOS
- operation smile campaign
- MIT Linc 2007
- water aid to Mafraq/Manshiyet Bani Hassan and Rihab governorate
- orphans' iftar
- mawa'ed al-rahman
- al-Baq'a club
- historical and civilization development in Jordan
- Injaz program/schools support program
- Jordanian Hashemite Fund for Human Development
- candles lit in Al Hashemiyeen era

Confirmation

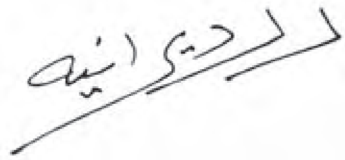
1.The Board of Directors confirms that there are no substantial matters which may affect the continuation of the company in the next fiscal year.

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	Members of the Board
Dr. Shabib Farah Ammari	Mr. Marc Rennard	Mr. Gilles Vaillant
		

Members of the Board	Members of the Board	Members of the Board
Eng. Abdel rahman El- Khatib	Dr. Hamzeh Jaradat	Mr. Hugues de Verdalle
		

3.The company confirms the accuracy and completion of the information and statements set out in the report.

Chairman of the Board	Chief Executive Officer	Chief Financial Officer
Dr. Shabib Farah Ammari	Mr. Michael Ghossein	Mr. Raslan Deiranieh
		

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

We have audited the accompanying financial statements of Jordan Telecommunications Company (Jordan Telecom) - Public Shareholding Company and its subsidiaries ("the Group" or the "Company") which comprise the consolidated balance sheet as at 31 December 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Regulatory Requirements

The Company maintains proper books of accounts and the accompanying consolidated financial statements and financial information in the Board of Director's report are in agreement with.

Amman – Jordan
17 January 2008

A Member of Ernst & Young Global

Jordan Telecommunications Company (Jordan Telecom)
Public shareholding company
Consolidated balance sheet
As of 31 December 2007

	Notes	2007 JD	2006 JD
ASSETS			
Non-current assets			
Property and equipment	4	239,667,671	230,282,854
Goodwill	5	3,542,760	-
Intangible assets	6	8,203,799	9,955,790
Deferred tax assets	7	6,748,052	5,572,932
		258,162,282	**245,811,576**
Current assets			
Inventories	8	4,574,787	4,452,700
Trade receivables and other current assets	9	61,874,996	50,122,664
Balances due from telecom operators	10	16,810,382	6,850,371
Cash and short-term deposits	11	323,368,757	289,427,704
		406,628,922	350,853,439
TOTAL ASSETS		**664,791,204**	**596,665,015**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Paid in capital	12	250,000,000	250,000,000
Statutory reserve	13	62,500,000	62,500,000
Retained earnings	14	98,704,409	89,203,981
		411,204,409	401,703,981
Minority interests		331,669	-
Total equity		**411,536,078**	**401,703,981**
Non-current liabilities			
Interest- bearing loans	15	8,986,162	8,678,900
Bonds	16	25,000,000	25,000,000
Employees' end of service indemnities	17	13,045,935	11,675,800
		47,032,097	45,354,700
Current liabilities			
Trade payables, accruals and other current liabilities	18	166,133,436	126,029,380
Balances due to telecom operators	10	39,544,098	23,118,145
Interest- bearing loans	15	545,495	458,809
		206,223,029	149,606,334
TOTAL EQUITY AND LIABILITIES		**664,791,204**	**596,665,015**

The attached notes 1 to 28 form part of these consolidated financial statements.

Jordan Telecommunications Company (Jordan Telecom)
Public shareholding company
Consolidated income statment
For the year ended 31 December 2007

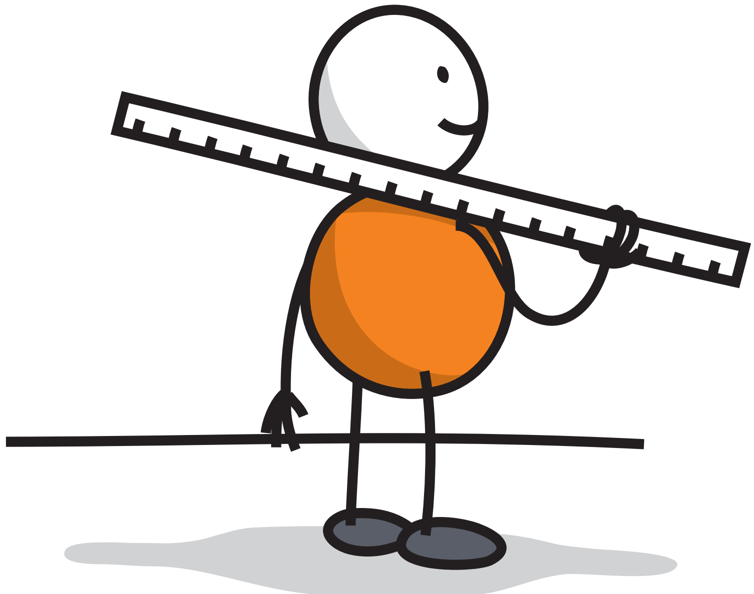
	Notes	2007 JD	2006 JD
Net revenues		397,868,139	362,856,757
Cost of services		(135,032,861)	(123,258,873)
Gross margin		**262,835,278**	**239,597,884**
Administrative expenses		(32,974,071)	(20,489,739)
Selling and distribution expenses		(39,367,370)	(36,621,728)
Government revenue share	19	(13,873,938)	(10,308,157)
Management and branding fees	20	(6,317,298)	(3,072,127)
Depreciation, amortization and impairment of assets		(53,819,585)	(56,108,435)
PROFIT FROM OPERATIONS		**116,483,016**	**112,997,698**
Net foreign exchange differences		34,056	241,297
Finance costs		(2,190,526)	(1,918,834)
Finance revenue		16,782,349	12,019,626
Other income		159,576	174,387
Other fees	21	(3,447,840)	(3,198,428)
PROFIT BEFORE INCOME TAX		**127,820,631**	**120,315,746**
Income tax expense	7	(34,074,845)	(33,329,395)
PROFIT FOR THE YEAR		**93,745,786**	**86,986,351**
Attribute to:			
Equity holders of the parent		94,500,428	86,986,351
Minority interests		(754,642)	-
		93,745,786	86,986,351
Earnings per share			
For profit for the year attributable to the equity holders of Jordan Telecom	22		
• Basic and diluted		**0.378**	**0.348**

The attached notes 1 to 28 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 2007

	Attributable to equity holders of the parent.						
	Paid in capital JD	Statutory reserve JD	Cumulative changes in fair value JD	Retained earnings JD	Total JD	Minority interests JD	Total equity JD
Balance at 1 January 2007	250,000,000	62,500,000	-	89,203,981	401,703,981	-	401,703,981
Dividends paid (Note 14)	-	-	-	(85,000,000)	(85,000,000)	-	(85,000,000)
Minority interest	-	-	-	-	-	1,086,311	1,086,311
Profit for the year	-	-	-	94,500,428	94,500,428	(754,642)	93,745,786
Balance at 31 December 2007	250,000,000	62,500,000	-	98,704,409	411,204,409	331,669	411,536,078
Balance at 1 January 2006	250,000,000	62,500,000	(8,377)	87,217,630	399,709,253	-	399,709,253
Dividends paid (Note 14)	-	-	-	(85,000,000)	(85,000,000)	-	(85,000,000)
Profit for the year	-	-	-	86,986,351	86,986,351	-	86,986,351
Movement in cumulative change in fair value	-	-	8,377	-	8,377	-	8,377
Balance at 31 December 2006	250,000,000	62,500,000	-	89,203,981	401,703,981	-	401,703,981

The attached notes 1 to 28 form part of these consolidated financial statements.



Jordan Telecommunications Company (Jordan Telecom)
Public shareholding company
Consolidated statement of cash flows
For the year ended 31 December 2007

	Notes	2007 JD	2006 JD
Cash flows from Operating activities			
Profit before income tax		127,820,631	120,315,746
Adjustments to reconcile profit before tax to net cash flows			
Adjustment for:			
Finance costs		2,190,526	1,918,834
Finance revenue		(16,782,349)	(12,019,626)
Bad debts expense		6,585,068	4,679,324
Provision for obsolete and slow moving inventories		272,155	33,582
Depreciation and impairment of property and equipment		51,789,270	55,067,880
Amortization and impairment of intangible assets		2,030,315	1,040,555
Employees' end of service indemnities		1,362,098	409,321
Gain from sale of property and equipment		(264,410)	(175,501)
Foreign currency exchange differences		881,984	908,919
Working capital changes:			
Inventories		(394,242)	(291,703)
Trade receivables and other current assets		(16,717,283)	(10,204,474)
Balances due from telecom operators		(9,960,011)	5,587,757
Trade payables, accruals and other current liabilities		25,466,435	22,781,086
Balances due to telecom operators		16,425,953	8,361,849
Finance costs paid		(2,190,526)	(1,918,834)
Income tax paid		(20,747,567)	(11,847,507)
Net cash flows from operating activities		**167,768,047**	**184,647,208**
Cash flow from investing activities			
Held to maturity investments		-	1,500,000
Purchase of property and equipment		(59,806,231)	(41,630,953)
Proceeds from disposal of property and equipment		360,798	329,392
Increase in intangible assets		(25,000)	(38,500)
Acquisition of a subsidiary	5	(3,158,278)	-
Finance income received		15,692,383	11,574,411
Net cash flows used in investing activities		**(46,936,328)**	**(28,265,650)**
Cash flows from financing activities			
Repayments of interest bearing loans		(1,929,060)	(259,872)
Dividends paid		(84,961,606)	(84,195,461)
Net cash flows used in financing activities		**(86,890,666)**	**(84,455,333)**
Net increase in cash and short term deposits		33,941,053	71,926,225
Cash and short term deposits at 1 January		289,427,704	217,501,479
Cash and Short term deposits at 31 December		**323,368,757**	**289,427,704**

The attached notes 1 to 28 form part of these consolidated financial statements.

1. Corporate information

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

The consolidated financial statements of Jordan Telecommunications Company (Jordan Telecom) - Public Shareholding Company for the year ended 31 December 2007 were authorized for issue in accordance with a resolution of the Board of Directors on 17 January 2008.

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

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Jordanian Dinars, which represents the functional currency of the company.
The consolidated financial statements of Jordan Telecommunications Company – Public Shareholding Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Jordan Telecom and its wholly owned subsidiaries, which are: Petra Jordanian Mobile Telecommunications Company, Jordan Data Communications Ltd. and Dimension Company For Digital Development Of Data (e-dimension), in addition to its partially owned subsidiary of 51%, Light Speed Communications W.L.L. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The Company has adopted the following new and amended IFRSs and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial position or performance of the Company. They did however give rise to additional disclosures.

IAS 1 Presentation of Financial Statements

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital.

IFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments.

IFRIC 8 Scope of IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to employees in accordance with the employee share scheme, the interpretation had no impact on the financial position or performance of the Company.

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Company has no embedded derivative requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the Company.

IFRIC 10 Interim Financial Reporting and Impairment

This interpretation requires that an entity must not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Company.

2.3 New and amended standards and interpretations issued but not yet effective

Standards issued but not yet effective

IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

IAS 23 Borrowing Costs

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after 1 January 2009.

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions

The Group has elected to adopt IFRIC Interpretation 11 as of 1 January 2007, insofar as it applies to consolidated financial statements. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed.

IFRIC 12 Service Concession Arrangements

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008, This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements.

IFRIC 13 Customer Loyalty Programmes

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008, This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled.

The Company's management expects that the above interpretations and standards will have no material impact on the financial position and performance of the Company when become effective.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements and applying the accounting polices requires the Company's management making judgments and estimates that may affect the amounts of financial assets and liabilities and disclosing contingent liabilities. Those judgments and estimates also affect the revenues, expenses and provisions and also the changes on cumulative fair value that appears as part of equity. It is required also from the Company to do significant judgments to estimate the amounts and timing of future cash inflows to determine the level of the allowance for doubtful accounts and the impairment of financial assets. Those judgments and estimates are based on different assumptions and factors that have different degrees of uncertainty, and the actual results could materially differ from estimates due to changes in future.

The Company's management uses significant assumptions relating to future and other sources to assess the degree of uncertainty at the end of each year which could have significant effect on the amounts recognized in the current and subsequent financial statements.

2.5 Summary of significant accounting polices

Accounts receivable

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

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.

Interest bearing loans and bonds

All loans and bonds are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and bonds are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when liabilities are derecognised as well as through the amortisation proceeds.

Available-for-sale investments

Available for sale investments are recorded at cost at acquisition and measured subsequently at fair value. Gains and losses resulted from revaluating the investment at fair value are reported as a separate component of equity until the investment is derecognized or determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported in equity is recognized in the income statement for the year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight line basis, the depreciation rates are estimated according to the estimated useful lives of assets as follows:

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

The carrying values of property and equipment are reviewed periodically for impairment when events or changes in circumstances that indicates that the assets are recorded at values exceeding their recoverable amounts, consequently, the assets are written down to their recoverable amounts, and impairment is recognized in the income statement.

Finance costs

Finance costs are recognized as an expense when incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

Trade and other payables

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

Employees' end of service indemnities

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

Taxation

Current income tax:

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

Deferred income tax:

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Sales tax

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

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

• The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Business combinations and Goodwill

Business combinations are accounted for using the purchase method.

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

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

The company assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generated units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment and unrecoverability of financial assets

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

Provisions

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

Revenue recognition

Revenues from Jordan Telecom activities are recognized as follows:

Service revenues:

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

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

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

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

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

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

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

3. Segment information

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced.

The company'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 voice segment constructs, develops and maintains fixed telecommunication network services.

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

The data services segment provides, furnish, 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 following tables present revenue and profit and certain asset and liability information regarding the company's business segments for the years ended 31 December 2007 and 2006.

Year ended 31 December 2007

	Fixed line voice JD	Mobile communication JD	Data services JD	Total JD
Net revenues				
Net revenues to external customers	210,168,089	173,942,842	13,757,208	397,868,139
Inter-segment revenue	33,287,173	9,578,880	376,979	43,243,032
Total net revenues	**243,455,262**	**183,521,722**	**14,134,187**	**441,111,171**
Segment results				
Operating profit before depreciation, amortization and impairment of assets	75,416,375	87,378,764	7,507,462	170,302,601
Depreciation, amortization and impairment				(53,819,585)
Gain from foreign exchange differences				34,056
Finance costs				(2,190,526)
Finance income				16,782,349
Other income				159,576
Income tax expense				(34,074,845)
Other fees				(3,447,840)
Profit for the year				**93,745,786**
Assets and liabilities				
Segment assets	**419,515,734**	**234,663,249**	**10,612,221**	**664,791,204**
Segment liabilities	**156,535,440**	**89,123,089**	**7,596,597**	**253,255,126**
Other segment information				
Property and equipment	135,475,538	102,093,959	2,098,174	239,667,671
Intangible assets	3,517,479	4,465,333	220,987	8,203,799

The assets and liabilities of data services segment as 31 December 2007 include the assets and liabilities of acquired subsidary Lightspeed communications W.L.L.

3. Segment information (continued)

Year ended 31 December 2006

	Fixed line voice JD	Mobile communication JD	Data services JD	Total JD
Net revenues				
Net revenues to external customers	219,950,866	132,444,008	10,461,883	362,856,757
Inter-segment revenues	24,118,504	7,526,902	447,349	32,092,755
	244,069,370	**139,970,910**	**10,909,232**	**394,949,512**
Segment results				
Profit from operations before depreciation, amortization and impairment of assets	96,865,098	66,584,940	5,656,095	169,106,133
Depreciation, amortization and impairment				(56,108,435)
Gain from foreign exchange differences				241,297
Finance costs				(1,918,834)
Finance income				12,019,626
Other income				174,387
Income tax expense				(33,329,395)
Other fees				(3,198,428)
Profit for the year				**86,986,351**
Assets and liabilities				
Segment assets	**423,184,390**	**162,201,802**	**11,278,823**	**596,665,015**
Segment liabilities	**132,627,140**	**57,653,768**	**4,680,126**	**194,961,034**
Other segment information				
Property and equipment	152,586,037	76,779,320	917,497	230,282,854
Intangible assets	4,831,792	5,123,998	-	9,955,790

4. Property and equipment

	Land and buildings JD	Telecommunications equipment JD	Other property and equipment JD	Projects in progress JD	Total JD
Cost:					
At 1 January 2007	80,160,370	512,252,721	58,311,669	10,062,375	660,787,135
Additions	217,866	46,105,771	2,848,565	10,634,029	59,806,231
Related to the new acquisition (Note 5)	-	-	2,079,806	-	2,079,806
Completed projects transferred to property and equipment	38,815	6,774,951	3,985,826	(10,799,592)	-
Disposals	-	(297,852)	(618,436)	-	(916,288)
Other adjustments	115,262	-	(115,262)	-	-
At 31 December 2007	80,532,313	564,835,591	66,492,168	9,896,812	721,756,884
Depreciation:					
At 1 January 2007	26,801,180	352,510,772	51,192,329	-	430,504,281
Depreciation and impairment of assets	2,226,320	45,530,365	4,032,585	-	51,789,270
Related to the new acquisition (Note 5)	-	-	615,562	-	615,562
Disposals	-	(214,664)	(605,236)	-	(819,900)
Other adjustments	106,659	-	(106,659)	-	-
At 31 December 2007	29,134,159	397,826,473	55,128,581	-	482,089,213
Net book value:					
At 31 December 2007	**51,398,154**	**167,009,118**	**11,363,587**	**9,896,812**	**239,667,671**

Land and buildings include land amounting to JD 481,138 (2006: JD 481,138) owned by the Government of Jordan, which is used by the company for the public benefit.

During 2007, an amount of JD 511,461 was reported as impairment in property and equipment relating to mobile segment. The impairment was recorded by writing down the value of the related property and equipment to its recoverable amount.

During 2007, the Company has reviewed the classifications within the property and equipment. This has resulted in reclassifying part of the property and equipment with a net book value amounting to JD 1,082,627 to intangible assets category. The reclassification made did not have any material impact on the depreciation charge for 2007.

	Land and buildings JD	Telecommunications equipment JD	Other property and equipment JD	Projects in progress JD	Total JD
Cost:					
At 1 January 2006	80,030,808	482,794,959	54,530,224	10,336,520	627,692,511
Additions	105,781	28,808,667	1,543,721	11,172,784	41,630,953
Completed projects transferred to property and equipment	232,111	7,979,472	3,235,346	(11,446,929)	-
Disposals	(208,330)	(7,330,377)	(997,622)	-	(8,536,329)
At 31 December 2006	80,160,370	512,252,721	58,311,669	10,062,375	660,787,135
Depreciation:					
At 1 January 2006	24,785,611	310,839,192	48,194,036	-	383,818,839
Depreciation and impairment of assets	2,144,187	48,942,015	3,981,678	-	55,067,880
Disposals	(128,618)	(7,270,435)	(983,385)	-	(8,382,438)
At 31 December 2006	26,801,180	352,510,772	51,192,329	-	430,504,281
Net book value:					
At 31 December 2006	**53,359,190**	**159,741,949**	**7,119,340**	**10,062,375**	**230,282,854**

During 2006, an amount of JD 4,039,067 was reported as impairment in property and equipment which represents a write down of certain property and equipment in the fixed line segment of JD 2,076,787 and JD 1,962,280 in the mobile segment to the recoverable amount.

The revocable amount was estimated based on a revised estimated useful lives of certain telecommunications equipment as the company has a plan to upgrade part of existing telecommunications equipment.

5. Business combination

Acquisition of Light Speed Communications W.L.L.

On 15 April 2007, the company acquired 51% of the voting shares of Light Speed Communications W.L.L. an unlisted company in the Kingdom of Bahrain Offering telecommunication services. The consolidated financial statements include the results of Light Speed Communications W.L.L. for the period from the date of acquisition to 31 December 2007.

	Carrying values of assets recognized on acquisition JD
Property and equipment	1,464,241
Intangible assets	253,317
Trade receivables and other currents assets	112,913
Cash and bank balances	2,444
	1,832,915
Non-current portion of finance lease obligations	(935,174)
Trade payables and accruals	(1,257,463)
Current portion of finance lease obligations	(506,490)
Equity minority interests	484,174
	(2,214,953)
Net assets acquired	(382,038)
Goodwill arising on acquisition	3,542,760
Total acquisition cost	**3,160,722**

The total acquisition cost comprised cash payment attributable to the acquisition:

	JD
Cash out flow on acquisition:	
Cash paid	(3,160,722)
Net cash acquired with the subsidiary	2,444
Net cash out flow	**(3,158,278)**

The initial accounting for the acquisition of Light Speed Communications W.L.L has been determined provisionally due to non-availability of fair value amounts for the acquiree's assets and liabilities. The Company is in the process of finalizing the estimates of the fair values of the acquiree's assets and liabilities at the acquisition date.

6. Intangible assets

	Flag access rights JD	Mobile operating license and frequency rights JD	Other intangibles JD	Total JD
Cost:				
At 1 January 2007	6,321,139	8,997,657	565,115	15,883,911
Additions	-	-	25,000	25,000
Acquisition of a subsidiary (Note 5)	-	-	277,119	277,119
At 31 December 2007	6,321,139	8,997,657	867,234	16,186,030
Amortization and Impairment				
At 1 January 2007	1,489,339	3,970,509	468,273	5,928,121
Amortization and impairment	1,314,321	647,940	68,054	2,030,315
Acquisition of a subsidiary (Note 5)	-	-	23,795	23,795
At 31 December 2007	2,803,660	4,618,449	560,122	7,982,231
Net book value -				
31 December 2007	3,517,479	4,379,208	307,112	8,203,799
31 December 2006	4,831,800	5,027,148	96,842	9,955,790

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

During 2007, an impairment of JD 909,588 has been booked due to decrease of FLAG rates comparing to 2006 rates.

7. Income tax

Major components of income tax expense for the years ended 31 December 2007 and 2006:

	2007 JD	2006 JD
Consolidated income statement		
Income tax charge – current year	35,249,961	24,939,210
Deferred income tax income expense (benefits):		
Accumulated losses	-	2,078,350
Allowance for doubtful accounts	(1,394,482)	4,156,398
Impairment of property and equipment	391,998	2,402,729
Legal cases provision	-	(418,141)
Interest capitalized	75,000	175,000
End of service indemnities	(247,632)	(61,856)
Others	-	57,705
Income tax expense reported in the consolidated income statement	**34,074,845**	**33,329,395**

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 31 December 2007 and 2006 is as follows:

	2007 JD	2006 JD
Accounting profit before income tax	128,575,273	120,315,746
At statutory income tax rate of 25%	32,143,818	30,078,937
Subsidiaries' losses	251,141	52,294
Accumulated losses	-	(2,078,350)
Debts written off	-	(5,202,993)
Allowance for doubtful accounts	1,643,267	1,131,081
Impairment of property and equipment	-	490,570
Previous years' tax returns differences	(290,646)	(437,018)
Expenses and provisions not allowable for income tax purposes	1,502,382	904,689
Deferred tax assets	(1,175,117)	8,390,185
Income tax expense reported in the consolidated income statement at effective income tax rate of 26.5% (2006: 27.7%)	**34,074,845**	**33,329,395**

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

	2007 JD	2006 JD
Consolidated balance sheet		
Allowance for doubtful accounts	2,478,375	1,083,893
Impairment of property and equipment	303,360	695,356
Legal cases provision	418,142	418,141
Interest capitalized	175,000	250,000
End of service indemnities	3,373,175	3,125,542
	6,748,052	**5,572,932**

Income tax assessments have been agreed with the Income Tax Department for all the years up to 31 December 2005. Currently the Income tax Department is reviewing the company income tax position for 2006.

8. Inventories

	2007 JD	2006 JD
Materials and supplies	4,473,303	4,547,873
Handsets and others	1,874,405	1,450,150
Provision for obsolete and slow moving materials and supplies	(2,129,147)	(1,875,649)
	4,218,561	4,122,374
In transit materials and supplies	356,226	330,326
	4,574,787	**4,452,700**

The materials and supplies are held for own use and are not for resale.
Movements on the provision for obsolete and slow moving materials and supplies were as follows:

	2007 JD	2006 JD
Balance as at 1 January	1,875,649	1,845,416
Additions	272,155	33,582
Write off	(18,657)	(3,349)
Balance as at 31 December	**2,129,147**	**1,875,649**

9. Trade receivables and other current assets

	2007 JD	2006 JD
Trade receivables	80,489,797	71,959,751
Unbilled revenue	15,430,558	12,176,112
	95,920,355	84,135,863
Allowance for doubtful accounts	(52,653,706)	(46,930,824)
	43,266,649	37,205,039
Amounts due from related parties	1,322,872	906,174
Other current assets	17,285,475	12,011,451
	61,874,996	**50,122,664**

Trade receivables are non-interest bearing and no guarantees were taken from trade receivables except for certain receivable from dealers and other companies.
As at 31 December 2007, trade receivables at nominal value of JD 52,653,706 (2006: JD 46,930,824) were impaired.

Movement in the allowance for doubtful accounts were as follows:

	2007 JD	2006 JD
Balance as at 1 January	46,930,824	61,574,970
Charge for the year	6,585,068	4,679,324
Write offs	(862,186)	(19,323,470)
Balance as at 31 December	**52,653,706**	**46,930,824**

As at 31 December, the ageing analysis of trade receivables after deducting the allowance for impaired receivable is as follows:

	Neither past due nor impaired	Past due but not impaired				
	JD	1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
2007	15,430,558	11,913,826	9,758,017	3,442,800	2,721,448	43,266,649
2006	12,176,112	9,224,497	8,004,718	5,721,915	2,077,797	37,205,039

The management determines the level of impaired receivables specifically at the customers' account level and collectively based on the receivables ageing.

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

10. Balances due from/to telecom operators

The company has agreements with local and foreign telecom operators, whereby amounts due from and to the same operator are subject to the right of set-off. The net balances as of 31 December 2007 and 2006 are as follows:

	2007 JD	2006 JD
Balances due from telecom operators	20,568,486	10,608,475
Allowance for doubtful accounts	(3,758,104)	(3,758,104)
Balances due from telecom operators	**16,810,382**	**6,850,371**
Balances due to telecom operators	**39,544,098**	**23,118,145**

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

As at 31 December, the ageing of balance due from telecom operators after deducting the allowance for impaired balances is as follows:

	Neither past due nor impaired JD	Past due but not impaired				
		1-90 days JD	91-180 days JD	180-270 days JD	>271 days JD	Total JD
2007	1,597,814	12,232,606	2,307,817	535,515	136,630	16,810,382
2006	957,805	3,533,733	2,134,677	161,265	62,891	6,850,371

11. Cash and short- term deposits

Short term deposits represent deposits with commercial banks in Jordan for periods between one day and three months in Jordanian Dinars, Euro and US Dollars amounting to JD 335,170,268 as of 31 December 2007 and JD 291,857,918 as of 31 December 2006 with an effective interest rate of 6.25%, 3.6% and 4.5% respectively (2006: JD 6%, Euro 2.9% and US $ 4.8%).

12. Paid in capital

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

13. Statutory reserve

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

The statutory reserve is not available for distribution to the shareholders.

14. Dividends paid and proposed

The Board of Directors in its meeting held on 17 January 2008 proposed a cash dividends for 2007 of JD 0.38 per share totalling JD 95,000,000 which is subject to the approval of the General Assembly.

During the year, dividends of JD 0.34 per share totalling JD 85,000,000 relating to 2006 were declared and paid.

15. Interest-bearing loans

	2007 JD	2006 JD
Current		
French government protocol/second loan	389,644	328,788
French government protocol/third loan	155,851	130,021
	545,495	**458,809**

	2007 JD	2006 JD
Non-current		
French government protocol/ second loan	7,192,436	6,903,743
French government protocol/ third loan	1,793,726	1,775,157
	8,986,162	**8,678,900**

French government protocol/second loan

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

The repayment of this loan started on 31 March 2006.

French government protocol/third loan

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

The repayment of this loan started on 31 March 2005.

16. Bonds

On 9 July 2002, the Company issued bonds for a total of JD 25 million. The purpose of the issue is to finance MobileCom's (fully owned subsidiary) operations. The bonds were listed on Amman Stock Exchange and bear a fixed interest rate of 7.25% for the first five years and the average of Prime Lending Rates of reference banks minus 0.25% will apply for the remaining period. The interest is payable on 9 January and 9 July of each calendar year. The bonds are due on 9 July 2010.

17. Employees' end of service indemnities

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

	2007 JD	2006 JD
Provision at 1 January	11,683,837	11,266,479
Expenses recognized in the income statement	4,212,875	1,930,981
End of service indemnities paid	(2,850,777)	(1,521,660)
Provision at 31 December	**13,045,935**	**11,675,800**
The principal actuarial assumptions used:		
Discount rate at 31 December	5.5%	5.5%
Expected rate of increase of employee remuneration	4%	4%
Average length of employee service	16.5 years	15.9 years
Present value of end of service provision	**13,045,935**	**11,675,800**

There are no material unrecognized actuarial gains or losses.

18. Trade payables, accruals and other current liabilities

	2007 JD	2006 JD
Accrued expenses	64,079,401	71,367,385
Subscribers' deposits	18,071,687	17,740,629
Deferred revenues	15,422,848	15,460,927
Amounts due to related parties	435,414	920,673
Government revenue sharing	13,873,938	7,037,085
Trade creditors	53,749,057	13,039,842
Contracts retentions	501,091	462,839
	166,133,436	**126,029,380**

19. Government revenue share

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

20. Management fees

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

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

21. Other fees

	2007 JD	2006 JD
Jordanian universities fees	1,180,616	1,151,084
Scientific research and vocational training fees	952,247	1,151,084
Educational, vocational and technical training fund fees	1,314,977	896,260
	3,447,840	**3,198,428**

22. Earnings per share

	2007	2006
Profit for the year	94,500,428	86,986,351
Weighted average number of shares during the year	250,000,000	250,000,000
Basic earnings per share	**0.378**	**0.348**

No figure for diluted earning per share has been calculated as there is no dilutive potential ordinary share outstanding.

23. Related parties disclosures

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

	Country of incorporation	% of equity interest		Description of Service
		2007	2006	
Petra Jordanian Mobile Telecommunications Company	Jordan	100 %	100 %	Mobile Communications
Jordan Data Communications Ltd.	Jordan	100 %	100 %	Data
Dimension Company for Digital Development of Data	Jordan	100 %	100 %	Content
Light Speed Communications Company W.L.L	Kingdom of Bahrain	51 %	-	Data

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

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

	2007 JD	2006 JD
Management and branding fees	6,317,298	3,072,127
Operating expenses	4,214,406	3,278,689
Revenues	35,301,066	26,963,468
Government revenue share	13,873,938	10,308,157
Executives salaries and bonus	1,540,433	1,007,994
Board of directors bonus	136,086	79,334

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

24. Commitments and contingencies

Operating lease commitments

The company has entered into operating leases on land and building. These leases have an average life between 1 to 3 years.

	2007 JD	2006 JD
Within one year	4,429,963	3,212,507
After one year but less than five years	42,417	42,417
	4,472,380	**3,254,924**

Capital commitments

The Company 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 13,649,670 as of December 31, 2007 (2006: JD 5,611,374).

Legal claim

The company is a defendant in a number of lawsuits with a value of JD 17,202,270 (2006: JD 12,202,270) representing legal actions and claims incident to its ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Accordingly, a provision of JD 1,672,567 has been made.

Guarantees

The group has given letters of guarantee limited to JD 13,443,299 (2006: JD 376,217) in respect of legal claims and performance bonds.

25. Risk management

Interest rate risk

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

The following table demonstrates the sensitivity of the income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2007.

There is no impact on the Company's equity.

2007	Increase (decrease) in interest rate	Effect on profit for the year JD
JD	1	3,075,678
USD	1	148,038
EUR	1	127,987
JD	(1)	(3,075,678)
USD	(1)	(148,038)
EUR	(1)	(127,987)

2006	Increase (decrease) in interest rate	Effect on profit for the year JD
JD	1	2,598,622
USD	1	207,735
EUR	1	112,233
JD	(1)	(2,598,622)
USD	(1)	(207,735)
EUR	(1)	(112,233)

Credit risk

It is the risk that other parties will fail to discharge their obligations to the Company. The Company manages the credit risk with its customers by establishing credit limits for customers' balances and also disconnect the service for customers exceeding certain limits for certain period of time. Also, the diversity of the Company's customers base (residential, corporate, government agencies) limits the credit risk.

The Company has also credit department that continuously monitors the credit status of the Company's customers.

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

Liquidity risk

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

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2007, based on contractual payment dates and current market interest rates.

Year ended 31 December 2007	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	> 5 years JD	Total JD
Bonds	-	-	27,975,000	-	27,975,000
Accounts payables and accruals	45,381,629	40,748,467	-	-	86,130,096
Balances due to telecom operators	19,772,049	19,772,049	-	-	39,544,098
Term loan	137,576	413,376	3,369,768	7,485,375	11,406,095
Total	**65,291,254**	**60,933,892**	**31,344,768**	**7,485,375**	**165,055,289**

Year ended 31 December 2006	Less than 3 months JD	3 to 12 months JD	1 to 5 years JD	> 5 years JD	Total JD
Bonds	-	-	29,037,500	-	29,037,500
Accounts payables and accruals	25,181,223	13,557,006	-	-	38,738,229
Balances due to telecom operators	11,559,072	11,559,073	-	-	23,118,145
Term loan	89,654	373,745	3,076,974	7,495,501	11,035,874
Total	**36,829,949**	**25,489,824**	**32,114,474**	**7,495,501**	**101,929,748**

Currency risk

Most of the Company's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinars exchange rate is fixed against the U.S. Dollar (US $ 1.41 for JD 1), accordingly the company is not exposed to significant currency risk.

During 2007 the company invested in Light speed (Bahraini company), accordingly the consolidated financial statements might be affected with changes in Bahraini Dinar exchange rate against Jordanian Dinars. Management believes that the effect will be immaterial since the total assets of Light speed represent less than 0.5% of the company total assets.

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

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

	Increase (decrease) in Euro rate to the %	Effect on profit before tax JD
2007		
EUR	5	24,644
2006		
EUR	(5)	(24,644)

26. Fair values of financial instruments

Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and receivables. Financial liabilities consist of bank overdrafts, term loans, obligations under finance leases, and payables. Derivatives consist of foreign exchange contracts.

The fair values of financial instruments, with the exception of certain available-for-sale investments carried at cost, are not materially different from their carrying values.

27. Capital management

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

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2006. Capital comprises share capital, statutory reserve and retained earnings, and is measured at JD 411,204,409 as at 31 December 2007 (2006: JD 401,703,981).

28. Comparative figures

The 2006 figures have been reclassified in order to conform with the presentations in 2007. Such reclassification does not affect previously reported profit or equity.

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