2012
annual report

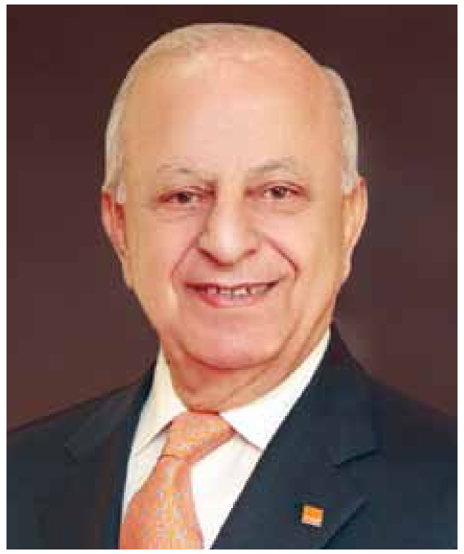
P.O.Box 1689 Amman 11118 Jordan   tel: +962 6 460 6666   fax: +962 6 460 6111   www.orange.jo

contents

His Majesty King Abdullah II

"Technology, innovation and new business processes have pushed back borders and horizons. Connectivity is a given and we all have an interest in working together".

a letter from the Chairman



working towards further investment and continued leadership

Dear Shareholders,

On behalf of myself and the members of the Board of Directors, it is with great pleasure that I release to you the annual report for Orange Jordan, for the financial year ending December 31st, 2012. It is through this document that I present to you a comprehensive record of our most notable achievements for the past year. I also share with you all here our outlook for the year to come, a year in which we hope to solidify our commitment to making Jordan a communications hub for the region at large.

Despite the fact that we, like the rest of Jordan, were affected by both the global economic recession and the outcomes of the "Arab Spring", I am delighted to affirm that our company was still able to register some notable developments on the operational and internal level last year. More specifically, the government's decision in mid-2012 to raise electricity costs did significantly raise our operational costs.

However, as a national company, we committed ourselves to supporting the government's choices, and even to sharing some of the economic burdens our Kingdom is facing.

We were, therefore, successfully able to overcome fierce competition within the telecommunications sector, alongside the outcomes of political unrest in Syria. Such unrests served to put a stop on our fiber optics project "JADI", a project that was set to link the East to the West through fiber optic cables passing through Jordan, Syria, Turkey and Saudi Arabia.

Despite these factors, we were able to record revenues of JD 408 million in the last financial year. Our rise in subscriber base, which was recorded to be more than 4 million in the last year, also enabled us to record a net profit that exceeded JD 83 million.

I primarily attribute such achievements to our ability to economize on operational costs, while also succeeding in finding low-cost income generating avenues of operation.

I am also proud to say that during the year 2012, we succeeded to strengthen the position of our brand Orange Jordan as a local and regional pioneer within the telecommunications arena. We were the official partner for the "Election Integration Project" during the Parliamentary Elections that took place in January 2013. This endeavor was completed with remarkable success, whereby we managed to link 1527 polling centers with the Independent Elections Commission Center in Amman. We achieved this goal through a Kingdom wide network of 4,069 computers which were connected to a main operations hub set up for the speedy and efficient transfer of data throughout the "Election day".

From another angle, we also spearheaded the "TMT City" project in its planning and initial stages, while we were also selected to be the telecommunications provider of choice for several private and public sector entities and educational institutions, including; the "Abdali Project", Princess Sumaya University for Technology (PSUT) and the Armed Forces with the "ArmyCell" offer and others.

From another angle, we developed and expanded our 3G+ network infrastructure, a goal we achieved through renewing our partnership with Ericsson. To this effect, we enriched the local market in the year 2012 by offering a full suit of flagship integrated voice, internet and mobile services.

Because, we strongly believe that one of the main pillars of our success is customer satisfaction, we were also very pleased to announce that we had launched a new phase in our flagship customer experience improvement initiative "Emtiyaz", initiating phase 2 of the Program last year. This endeavor embodies the customer-centric culture we adopt within our company, and we are certain that it will continue to play a key role in our infrastructure development throughout 2013.

This new phase of the program was announced on our international portal, with aims to respond to clients' needs in record time. Furthermore, we outsourced our customer calling center to ensure that we are more productively able to serve our callers, with prompt responses to their calls.

Furthering our aims to enhance our customers' experience with the Orange Jordan brand and in-line with the "Orange People Charter", we invested in the capacities of our team, a goal we achieved through launching our "Orange Sales Academy", "Orange Management Campus" and "Orange ITN Campus", thus offering suitable training opportunities to our sales teams, management teams, and IT and Networking team members respectively. From another angle, we also worked on enhancing our work environment, by encouraging a healthy work ethic, friendliness and a family like atmosphere that in turn serves to enhance employee loyalty, proactively and productivity.

Believing that we are an integral part of this community and an entity that sees its role transcending that of the telecommunications field, we also launched several CSR initiatives during the year 2012. These initiatives served to enhance the standards of living of less fortunate community sectors in Jordan.

More specifically, the year 2012, witnessed a continuation of some of our flagship CSR projects including; our knowledge units project and our free community internet training program. These initiatives were implemented in light of our long term partnership with the Ministry of Information and Communications Technology and our "Broadband Fund" initiative.

We also did our part to support the local sports scene, and to increase the competitiveness of our local sports talents. To this effect, we renewed our sponsorship agreement with the Jordan Football Association for a period of three more years. Investing a sum of JD 1 million for this cause, where we are now recognized as the exclusive telecommunications partner for the National Football Team and the Woman's Football Team as well.

We also strengthened our role as a force of empowerment for the entrepreneurial initiative through our support of; "Zee Launch Pad", while we have also played a major role in supporting national initiatives that promote our local tourism scene and authentic culture. To this effect, it was with pride that we have sponsored the 2012 Jerash Festival for Culture and Arts on account of its pivotal contribution to the local culture scene.

We, at Orange Jordan, believe that these avenues offer opportunities to community members to excel and in turn steer the community forward towards long term sustainable development.

However, I do have to say that despite these milestones we are still well aware of the fact that the challenges we faced in 2012 will be carried over to this year as well, but we will continue to invest in the telecommunications sector with the sole aim of giving our clients a flagship experience when using our services. Our commitment to our community and our subscribers is one that stems from our sense of belonging to Jordan, and one that inspires us to continue to move forward towards further advancement of the sector and the community at large.

I assure you that we will continue to invest in the development of the telecommunications and information technology infrastructure. However, in order for us to maintain profitability we also need to find ways to reduce operational costs, in light of the high levels of inflation.

At the end of the day, we want to always be recognized as the provider of choice and as a brand always associated with pioneering status. At Orange Jordan, we see ourselves as service providers that offer an added value to the lives of our users. We strive to continue to contribute significantly to Jordan's GDP, which is an end we can only achieve by maintaining our status as a reference source for all that is new and innovative in the field of telecommunication. With your support we can make our aspirations a reality.

In closing, I want to take this opportunity to thank the Ministry of Information and Communications Technology and the Telecommunications Regulatory Commission for the ongoing support they have given to the sector. I would also like to take this opportunity to recognize the efforts and guidance of France Telecom, and its contributions to making Orange Jordan's services on par with international standards of excellence. Above all, I would also like to thank our subscribers who have inspired us to move forward in light of the trust they have placed in the Orange Jordan brand and of course I give my sincere thanks to the company's management team, and the company's Board of Directors for the ongoing support they have given to our journey.

I also want to take this opportunity to recognize the efforts of our CEO Mr. Jean-Francois Thomas who had joined us in the fourth quarter of 2012.

Within this short period of time, Mr. Thomas had demonstrated exceptional loyalty and unprecedented leadership skills, and last but certainly not least, I would also like to thank each and every member on our team in all our branches spread across the Kingdom, as it is our team members' dedication and hard work that proves time and time again that life always changes for the better with Orange.

Through our heartfelt commitment to our people and our sector, I believe we at Orange Jordan continue to play a pivotal role in realizing His Majesty King Abdullah II's Vision for making Jordan a telecommunications hub for the region at large.

Wishing you all a fruitful year to come, a year filled with further success and prosperity.

with highest regards to all shareholders

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

a letter from the CEO

Dear Shareholders,

We welcome you in our latest edition of the Orange annual report, a report reflecting our latest achievements for the year 2012. This past year has allowed us to contribute significantly to the Kingdom's ICT sector while overcoming challenges with pride

I say this statement, bearing in mind the goals we had set for ourselves upon our entry into this vibrant market, whereby; we have made the rather ambitious resolve to lead this fundamental sector. To this effect, we at Orange Jordan, have committed ourselves to the achievement of high performance standards, and today, as we move further into the year 2013, I can say with conviction that we have reaped the fruits of our hard labor.

Indeed, we have enriched the market with cutting-edge technologies. These technologies have only served to strengthen Jordan's position as a driving force for the ICT sector in the region, while more specifically defining Orange Jordan as a powerful market pioneer by the world's leading telecom operators' standards.

Progress can only be achieved by setting clear benchmarks, and for us our benchmark is his Majesty King Abdullah II's vision for making Jordan a telecommunications hub for the region. Given that technological know-how is key for such an end, our team members were our critical asset, in 2012, more so than ever before.

After all, today's dynamic pace of communications has significantly affected businesses and how business owners choose to interact with clients. News and information travel fast, so that both Orange Jordan's corporate and individual customers are well aware of what global markets have to offer, and consequently they would demand no less from our company.

Therefore, 2012 was the time for us to invest in our infrastructure, our network, our research and development units and our team's capacities, with the prime objective of ensuring that our clients receive communication services that keep them on par with their peers around the globe.

If I were to give the year 2012 a theme, I would call it "The Year of Innovation", as we had infused the market with several innovative services.

Despite the many benchmarks we have achieved in 2012, the year also did come with its own share of challenges. In the aftermath of the global economic crisis, our profit margins have been affected. Challenging economic environments affected our operational costs, whereby inflation and drops in people's spending powers had an impact especially us.

Furthermore, the fierce competition within the sector itself, had forced us to invest more in research and development. on another level, regulatory conditions and environments made it even more challenging for us to move forward due to high taxation as well as the lack of flexibility of laws and regulations.

Electricity costs became significantly higher in 2012 and consequently operational costs for us at Orange Jordan became higher as well.

However, our track record, which extends well over a decade, thoroughly reflects our ability to rise up to our challenge alongside the challenges imposed on us and the last year was no exception. Today, Orange Jordan still stands out as a leading provider of integrated telecommunication services offering the latest in fixed, mobile, internet and content communication solutions despite all obstacles.

We were still able to set new communication standards in 2012, a year in which we saw the launch of many innovative services including "Internet on TV". This particular development exemplifies our trust in local calibers, as it was developed through the vision, innovation and skills of our Jordan-based Technocenter team to effectively respond to the demands of an age in which convenience and connectivity should come together.

The same year also witnessed the launch of our "Orange Money" service, a service that echoes our commitment to fulfill people's needs and more specifically their need to carry out day to day payments via mobile.

Today, with over 65% of the Jordanian population holding smartphones, we were also driven to launch our "iPhone 5" offers, an offer which made the latest smartphone models within our subscribers' reach.

Adopting a "Something for everybody" approach, we have also launched services for all community strata in the year 2012.

Last year and for the benefit of our pre-paid subscribers, we introduced innovative services to the market, including: "No Credit Beep", thus further standing out as a provider that places accessibility at the center of our priorities. We also made calling loved ones internationally easier and more cost effective through our new "International Key" service and our "HD Voice" service, all of which were launched exclusively by Orange Jordan for the first time in the Kingdom.

We also responded in 2012 to the needs of youth, as they form about 70% of Jordan's demographic makeupwhere we launched a communication bundle that responds to their lifestyle, namely the "Min El Akher 2". The offer provides the youth with the chance to enjoy a comprehensive and entertaining telecom experience.

The year 2012 also witnessed the expansion of our geographical reach. We launched 2 new shops with the "One-Shop Design", a concept that ensures a more fulfilling customer interaction with the Orange brand.

Working further in line with our aims to ensure an optimal customer experience, we launched our first "e-Shop" in Jordan, and last but not least, we also re-located our "Orange elite lounge" to offer a more distinguished experience for elite customers.

Within the corporate sector we also recorded notable success. Orange Jordan was the official partner for the "Election Integration Project" during the Parliamentary Elections that took place in January 2013. Other similar partnerships were formed with the "Abdali Project" where we have been selected as the communication provider of choice, and the Jordanian Armed Forces, with our "ArmyCell" Orange's exclusive integrated service program for members of the Jordanian Armed Forces, the Security Forces, along with their family members.

The year 2012 also witnessed the launch of several community initiatives. We have moved forward in our support for "Orange Broadband Fund", which is geared towards spreading internet literacy.

We are also very pleased to announce that we had launched a new phase in our flagship customer experience improvement initiative "Emtiyaz". To this effect, we expanded our operational capacities.

In terms of figures, we are happy to state that despite all obstacles, Orange Jordan still enjoys sustainable stability. More specifically, we were able to record revenues of JD 408 million. We attribute this figure to the increase in the subscriber base, whereby today, we cater to over 4 million subscribers nationwide.

As 2012 marked significant progress in various aspects of our operations, we look forward to 2013 being a year that promises to be all about progress. In 2013, Orange Jordan will continue to take the lead in driving ICT growth both locally and regionally, a goal it will achieve by utilizing its sheer brand power to support innovation on multiple scales. We will focus on achieving further growth in our operations, and we will continue to work for our customers' satisfaction.

Furthermore, we will continue to train our team members and support them further, as they are our main ingredient for success. However, we also have to foster more efficient performance strategies and we need to look for ways to cut operational costs while keeping the interest of our team members in mind.

We fully intend to reinforce our business model so as to make this massive undertaking possible. This will be our prime focus in 2013, a year where both the Kingdom and the region at large will see the results of our long-term efforts in infrastructure development and innovation.

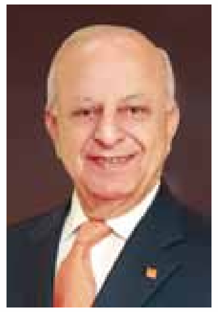
We will work with our full fledged commitment to make a positive impact on the lives of our customers. With our stakeholders and our customers' trust on our side, I am confident that success is a tangible reality.

In closing, I would like to take this opportunity to thank our customers for their undivided loyalty and for continually being the force driving us towards excellence and innovation. I would also like to thank the Orange Jordan team for their dedication, creativity and for their joint efforts towards communicating our vision to the world, and last but certainly not least I would like to thank our shareholders and the members of our Board who have supported and continue to support us in all our endeavors.

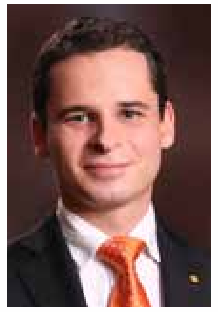
Together, we will always make life change for the better with Orange.

Jean-Francois Thomas
Orange Jordan CEO

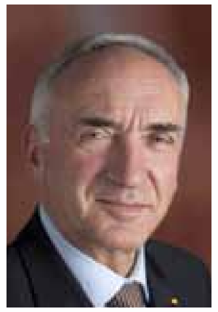
board of directors 2012



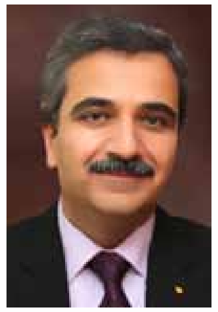
H.E. Dr. Shabib Ammari
Chairman of the Board of Directors



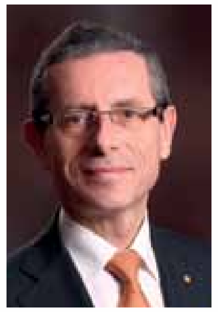
Mr. Henri De Joux
Member of the Board of Directors



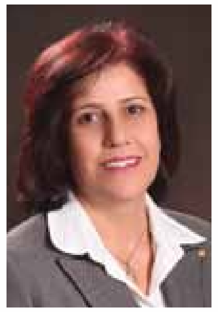
Mr. Marc Rennard
Vice Chairman of the Board of Directors



H.E. Dr. Mohammad abu Hammour
Member of the Board of Directors



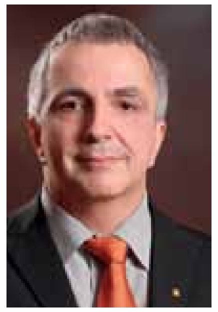
Mr. Michel Monzani
Member of the Board of Directors



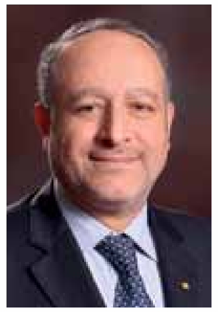
Miss Asema Doughan
Member of the Board of Directors

Legal Advisor: Al Najdawi Law Office
Auditors: Ernst & Young

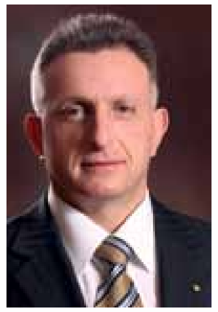
management committee (EXCOM) 2012



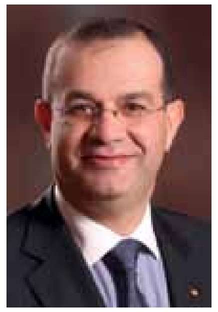
Mr. Jean-Francois Thomas
Chief Executive Officer



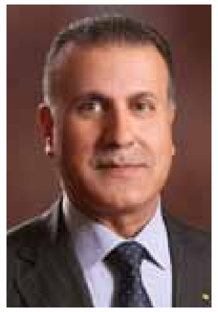
Mr. Raslan Deiranieh
Chief Financial Officer



Mr. Tamouh Khauli
Chief Information Security Officer

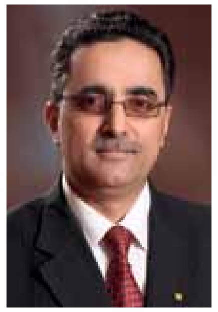


Mr. Sami Smeirat
Vice President Orange Jordan
CEO Jordan Data Communication Company Ltd.

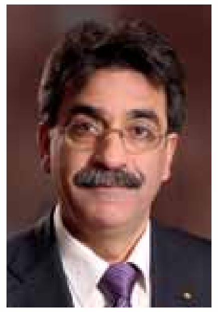


Mr. Ahmad Salah
Chief Sourcing, Logistics and Quality Officer

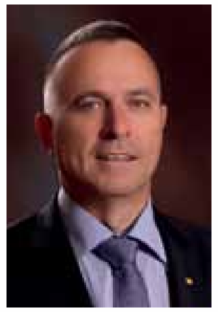
Mr. Didier Lelievre
Chief Information Technology and Networks Officer



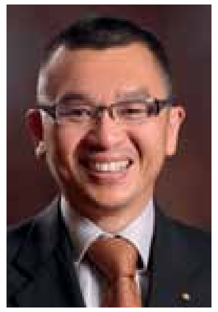
Mr. Walid Al Doulat
Vice President Orange Jordan / Wholesale Business Unit



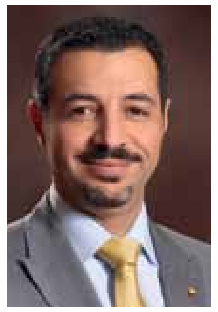
Dr. Ibrahim Harb
Chief Legal and Regulatory Officer



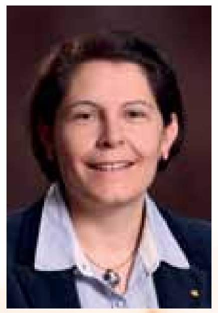
Mr. Bernard Perrillon
Chief Strategy Officer / Secretary General of the Board of Directors



Mr. Minh Tran
Chief Marketing and Communication Officer



Mr. Saed Al-Khaldi
Chief Commercial Officer / For Sales & Customer Services Business Unit



Miss Berengere Audrant
Acting Chief Officer Human Resources

2012 financial highlights

The group continued to maintain a solid financial performance and to boost its subscribers's base during 2012 despite the increasingly challenging telecom market in Jordan. This was a result of group's strategies and initiatives implemented by the group to optimize costs and diversify its products and services to suit all customer's segements.

We are keen to maintain our strong financial results and improve our position in the market every year. We also reaffirm our commitment to increase our shareholders value and provide our customers with the best quality of services & breakthrough products.

It gives us a great pleasure to present 2012 consolidated annual financial highlights of Jordan Telecom Group.

consolidated financial and statistical highlights

presented below is a summary of the consolidated data for 2012 against 2011

income statement data

(MJD)	2012	2011	change %
Revenues	**408.0**	**411.8**	**(0.9)%**
Operating Expenses			
Cost of services	(173.2)	(167.3)	3.5%
Selling and distribution expenses	(37.7)	(38.2)	(1.4)%
Adminstrative expenses	(24.8)	(24.9)	(0.2)%
Government revenue share	(9.2)	(10.2)	(9.6)%
Brand fees	(4.3)	(5.2)	(16.1)%
Business support fees	(3.3)	(3.3)	0.0%
Total Operating expenses	**(252.5)**	**(249.1)**	**1.4%**
Other Income	0.3	0.4	(14.0)%
Profit from operations (EBITDA)	**155.8**	**163.1**	**(4.5)%**
EBITDA margin	**38.2%**	**39.6%**	**(1.4)%**
Depreciation and amortization	(50.5)	(52.1)	(3.1)%
Net foreign exchange differences, finance costs and finance income	6.6	7.8	(14.6)%
Profit before Income tax	**111.9**	**118.7**	**(5.8)%**
Income tax expense	(28.7)	(29.1)	(1.3)%
Profit and comprehensive income for the year	**83.2**	**89.7**	**(7.2)%**
Attributable to:			
Equity holders of parent	83.1	89.8	(7.5)%
Non- controlling interest	0.1	(0.1)	(171.2)%
Profit margin	20.4%	21.8%	(1.4)%
Earnings per share	0.332	0.359	(7.5)%
Weighted average number of shares (million shares)	250	250	0.0%

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

summary of balance sheet data

(MJD)	2012	2011	change %
Assets			
Total Current Assets	384.3	389.9	(1.4)%
Property, plant and equipment	193.4	206.6	(6.4)%
Other non-current assets	64.5	65.1	(0.9)%
Total non-current assets	257.9	271.7	(5.1)%
Total assets	**642.2**	**661.6**	**(2.9)%**
Liabilities and equity			
Total current liabilities	241.1	253.4	(4.9)%
Total non-current liabilities	6.2	6.5	(3.4)%
Total Equity	394.9	401.7	(1.7)%
Total liabilities and equity	**642.2**	**661.6**	**(2.9)%**

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

summary of cash flow statement

(MJD)	2012	2011	change %
Net cash from operating activities	111.7	134.5	(17.0)%
Net cash used in investing activities	(31.3)	(29.2)	7.0%
Net cash used in financing activities	(90.3)	(100.2)	(9.8)%
Net (decrease) increase in cash and cash equivalent	(10.0)	5.1	(294.6)%
Cash and cash equivalents as of 31 December	**270.3**	**280.2**	**(3.6)%**

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

financial ratio analysis

	2012	2011	change %
Profitability ratios			
Return on Total Assets	12.7%	13.6%	(6.4)%
Return on Total Equity	20.8%	22.1%	(5.8)%
Liquidity ratios			
Current Ratio	1.59	1.54	3.6%
Cash Ratio	1.12	1.11	1.4%
Leverage ratios			
Total Liabilities to Equity Ratio	62.6%	64.7%	(3.2)%
Interest – Bearing Debt ratio*	1.6%	1.8%	(7.4)%
Total Debt ratio**	38.5%	39.3%	(2.0)%
Assets Coverage ratio***	78.2%	79.5%	(1.6)%
Assets management ratio			
Total Assets Turnover ratio	62.6%	62.5%	0.2%
Fixed Assets Turnover ratio	204.0%	194.2%	5.0%
Total Capital Turnover ratio	101.6%	100.7%	0.9%
Growth ratios			
Dividends per Share (JD)	0.332	0.359	(7.5)%
Dividends Payout Ratio	99.3%	100.2%	(0.9)%
Dividends Yield Ratio	6.2%	6.5%	(4.4)%
Valuation ratios			
Book value per Share	1.58	1.61	(1.7)%
Market to Book Value ratio	3.36	3.44	(2.5)%
Price – Earning ratio	15.95	15.40	3.6%

* Total Debt (Total Debt + Total Equity)

** Total Liabilities/Total Assets (Capital)

*** Total Tangible Assets/Total Liabilities

revenues

performance of this year witnessed a drop in the group revenue by (0.9)%, as the group achieved JD 408.0 million in year 2012 compared with JD 411.8 million in year 2011 due to the high competition in the market and the stressing economic situation in the region especially the business sector.

operating expenses

the term Operating Expenses (OPEX) means the cost of services, selling and distribution expenses, adminstrative expenses, government revenue share, brand fees and business support fees. the group OPEX witnessed an increase by 1.4% to reach JD 252.5 million in year 2012 against JD 249.1 million in year 2011. This increase is attributable to higher electricity expenses as a result of the government decision to increase telecom electricity charges by around 150%, and interconnection costs, mainly from higher international interconnection volumes. These increases were partially offset by a decrease in the commercial expenses compared to last year.

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

cost of services registered an increase by 3.5% reaching JD 173.2 million in year 2012 compared with JD167.3 million in year 2011. This increase came as a result from the increase in the interconnection volumes and costs in addition to the increase in technical electricity expenses.

selling and distribution expenses decreased by (1.4) % to reach JD 37.7 million in year 2012 compared to JD 38.2 million in year 2011. adminstrative expenses decreased by (0.2) % to reach JD 24.8 million in year 2012 compared to JD 24.9 million in year 2011. This decrease in selling, distribution and adminstrative expenses came as a result of the cost optimization program implemented by the group.

government revenue share equals 10% of net revenue that Orange mobile is required to pay to the "Telecommunications Regulatory Commission" pursuant to the mobile license agreement.

government revenue share reached JD 9.2 million in year 2012, decrease by (9.6)% from year 2011.

brand fees represent 1.6% of operating revenues that Jordan Telecom Group is required to pay to Orange for using the Orange Brand in all Jordan Telecom Group subsidiaries. It was around JD 4.3 million in year 2012 compared to JD 5.2 million in 2011.

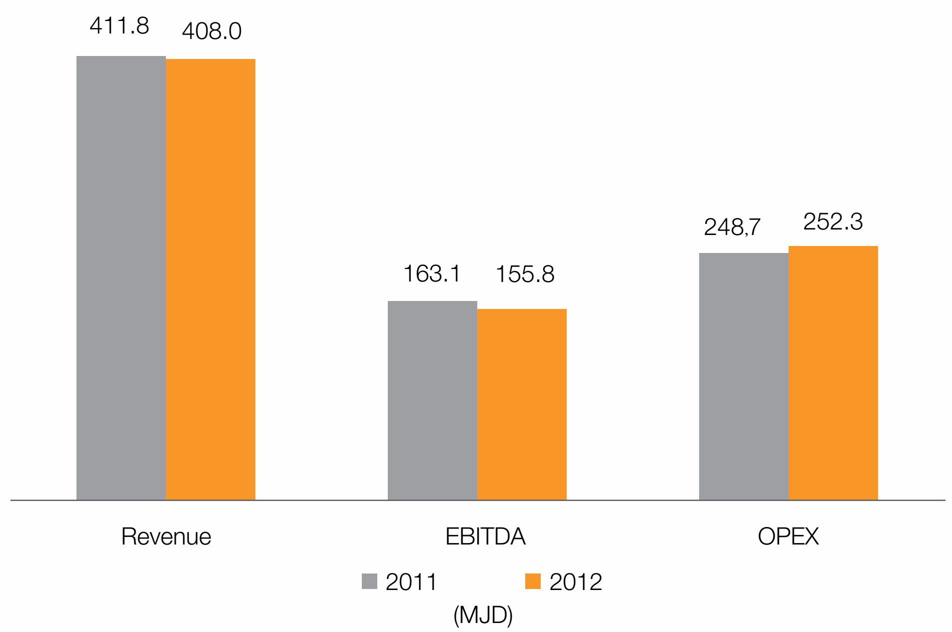
business support fees represent what the group is required to pay to France Telecom pursuant to the business support agreement. Business support fees of the group reached JD3.3 million in the year 2012 the same amount as year 2011.

EBITDA

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

group EBITDA showed a decrease by (4.5) % to reach JD 155.8 million in year 2012 compared with JD 163.1 million in year 2011. This drop is mainly linked to the increase in the operating expenses and the decrease in our revenue.

The EBITDA margin for the group decreased to reach 38.2% at year end 2012 compared to 39.6 % last year.



depreciation and amortization

depreciation and amortization expenses decreased by (3.1)% compared to JD 52.1 million in year 2011 to reach JD 50.5 million in year 2012.

net foreign exchange differences

net foreign exchange differences consist of changes in valuations of deposits and loans arising from changes in foreign exchange rates. For the year 2012, gain by JD 0.2 million in 2012 compared with a gain by JD 0.5 million in 2011.

finance costs

finance costs consist of the interests and other charges, which is paid on the group's financial indebtedness. Finance costs decreased by (14.7)% to reach JD 0.10 million in year 2012 compared to JD 0.12 million in year 2011.

finance revenues

finance revenues consists of revenues earned on cash deposits in various currencies. Finance revenues decreased by (11.8)% reaching JD 6.5 million in year 2012 from JD 7.4 million in year 2011.

other income

other income consists of gains and losses on dispositions of fixed assets and other miscellaneous income. Other income was in 2012 around JD 0.34 million gains opposed to JD 0.39 million in year 2011, showing a (14)% decrease.

income tax

in year 2012 the group reported JD 28.7 million as income tax, with a decrease of (1.3)% from year 2011 in which it was JD 29.1million.

profit for the year

Jordan Telecom Group generated JD 83.2 million as net profit after tax for the year 2012, with a decrease of (7.2)% compared to JD 89.7 million in year 2011. This decrease was linked mainly to the drop in our gross operating income.

non-controlling interest

non-controlling interest in Lightspeed represents 49% of the yearly loss or profit.
It came at JD 0.1 million in year 2012 as a gain while in 2011 it was a JD 0.1 million as a loss.

liquidity and capital resources

the primary source of liquidity is net cash from Operating Activities. For the year 2012, our net cash from operating activities decreased by (17.0) %, to JD 111.7 million as compared to JD 134.5 million for the year 2011.

Net cash used in Investing Activities witnessed a increase by 7.0%, where it reached JD 31.3 million in year 2012 from JD 29.2 million in year 2011.

For the year 2012, our net cash used in financing activities reached JD 90.3 million compared to JD 100.2 million in year 2011.

Free cash flow in year 2012 reached JD 117.8 million compared to JD 126.6 million in year 2011, with a decrease by (6.9)%.

cash and cash equivalent

cash and cash equivalent witnessed an decrease by (3.6)% from JD 280.2 million in year 2011 to JD 270.3 million in year 2012.

capital expenditures

CAPEX for Jordan Telecom Group reached JD 38.0 million at the end of 2012 compared with JD 36.5 million in 2011.

group subscribers

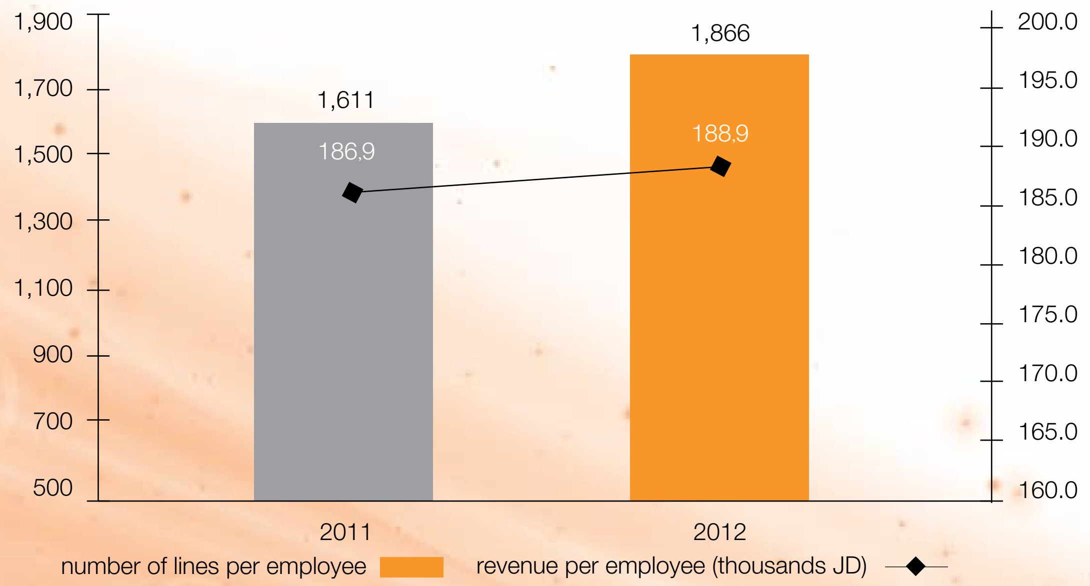
Jordan Telecom Group subscribers showed a significant increase by 13.5% to reach 4.030 million subscribers in year 2012 compared to 3.551 million subscribers in year 2011. This increase is linked to the high demand on our distinguished mobile and “Internet Everywhere” offers in addition to the continued demand on our competitive offers for the ADSL.

human resources

Jordan Telecom Group’s number of employees dropped slightly by (0.2)% from 2,203 in year 2011 to 2,159 in year 2012. Total number of temporary employees reached 187 in year 2012 compared with 278 in year 2011.

staff efficiency

consequently, the Group’s efficiency indicators improved positively, as revenue per employee increased to reach JD 188.9 thousand in year 2012 compared to JD 186.9 thousand in year 2011. This growth was due to reduced staffing levels.
Also, the number of lines per employee jumped to 1,866 lines in year 2012 showing an increase of 15.8% against year 2011 where it reached 1,611 lines. The boost was affected by the growth in number of lines.



segment analysis

presented below are the detailed operational results for each business segment of the group:

- fixed / line voice services segment (Orange fixed), Data services segment (Orange internet) and Lightspeed / Bahrain
- mobile communication segment (Orange mobile)

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

summery of consolidated income statement

(MJD)	2012	2011	change %
Revenues			
Orange fixed, Orange internet & Lightspeed	297.6	289.7	2.7%
Orange mobile	195.1	203.6	(4.2)%
Intercompany	(84.7)	(81.5)	3.9%
Total Revenues	**408.0**	**411.8**	**(0.9)%**
Operating Expenses			
Orange fixed, Orange internet & Lightspeed	(211.7)	(196.0)	8.0%
Orange mobile	(125.2)	(134.2)	(6.7)%
Intercompany	84.7	81.5	3.9%
Total Operating Expenses	**(252.3)**	**(248.7)**	**1.4%**
EBITDA			
Orange fixed, Orange internet & Lightspeed	85.8	93.7	(8.4)%
Orange mobile	69.9	69.4	0.7%
Total EBITDA	**155.8**	**163.1**	**(4.5)%**

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

Orange fixed, Orange internet and Lightspeed

Orange fixed service is the group’s largest business segment. After the opening of the market to competition, Jordan Telecom Group still holds about 98% market share.
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 band license agreement with Orange internet interactive, Orange internet provides various services such as 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, cafes and restaurants in Jordan. The WiFi service is based on the prepaid cards concept.
On April 16th, 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.
Lightspeed Communications is Bahrain’s first alternative fixed line telecommunications operator, offering value added and innovative services for residential and business customers.

Orange fixed, Orange internet & Lightspeed revenues

Orange fixed, Orange internet and Lightspeed revenue grew by 2.7% in year 2012, driven by the growth in the wholesale activities.
ADSL service maintains its growth in year 2012, despite the tough competition from the 3G+. Thanks to our new offer “differentiate your home” that was launched at the end of 2011 it continues the great success in year 2012.

Orange fixed, Orange internet & Lightspeed operating expenses

Orange fixed, Orange internet and Lightspeed operating expenses increased by 8.0% in year 2012 to reach JD 211.7 million up from JD 196.0 million in year 2011. This increase is linked to the increase in revenue and the higher cost specially coming from the wholesale activities.

Orange fixed, Orange internet & Lightspeed EBITDA

by the end of 2012, Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) showed a decrease by (8.4)%, reaching JD 85.8 million in year 2012 over JD 93.7 million in year 2011.
EBITDA margin in 2012 decreased to reach 28.8% compared with 32.3% in year 2011.

Orange mobile

the group’s mobile communication segment consists of the mobile communication products and services offered by Orange mobile, which was registered first on September 1st, 1999. With an aim to build a new, highly advanced, mobile communication network to serve the Kingdom. Orange mobile began commercial operations in September 2000. It is ranked as the number two provider of mobile services in Jordan. The competition emerged with the entrance of other mobile operators resulting in renewed and intense price competition.
In 2010 Orange mobile was the first to get 3G+ license in Jordan mobile market. In 2012, Orange mobile grew stronger, expands its family and provided the market with a more and more innovative services.

Orange mobile - revenues

Orange mobile had a drop in its revenues by (4.2)% compared to 2011. In year 2012 Orange faced a tough competitive market and a reduction in the prices.

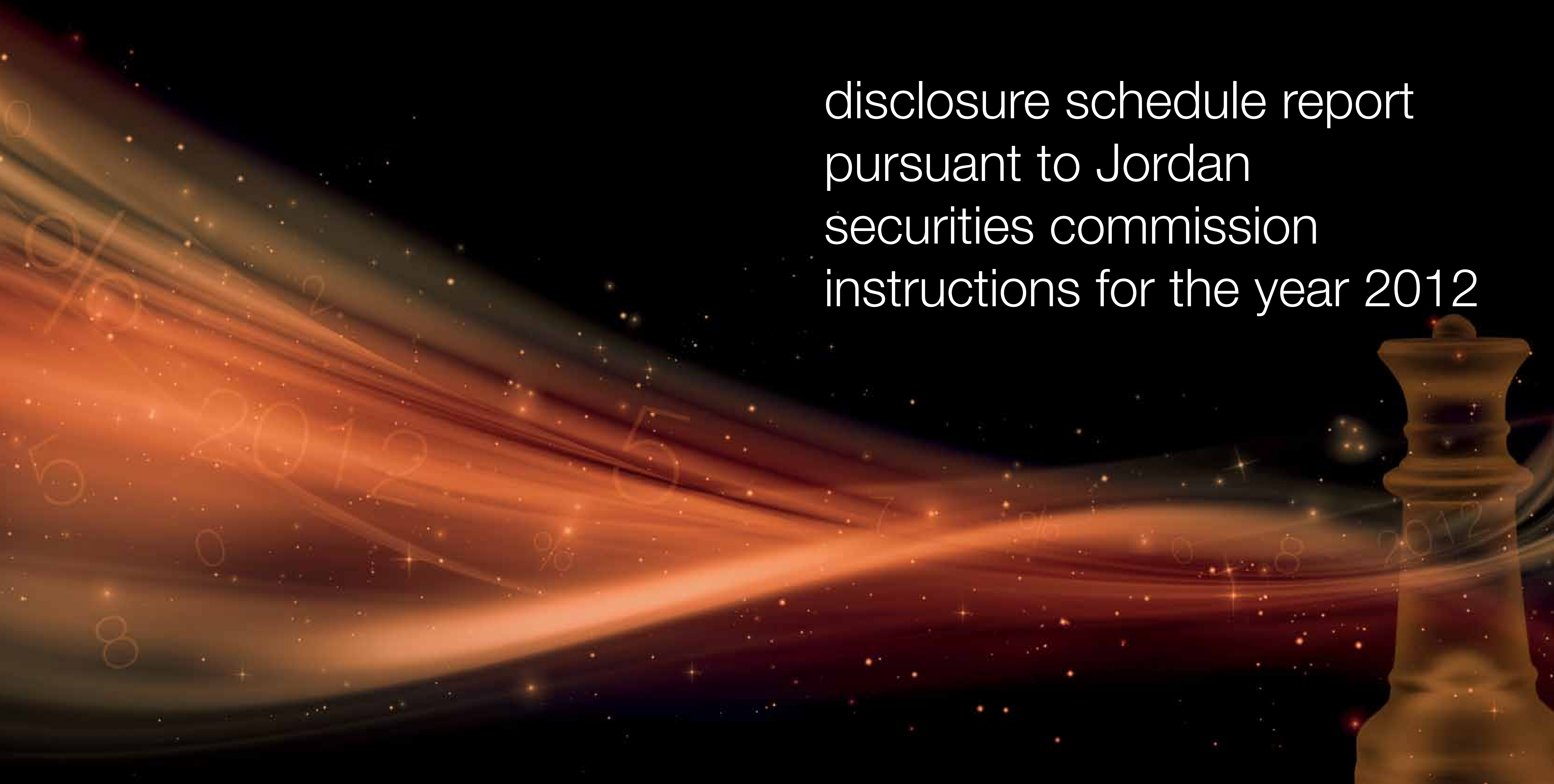
Orange mobile - operating expenses

mobile segment recorded JD 125.2 million as operating expenses in year 2012 compared to JD 134.2 million in year 2011, showing a decrease of (6.7)%. thanks to cost optimizata program.

Orange mobile - EBITDA

Orange mobile’s EBITDA increased by 0.7% in 2012 to JD 69.6 million, implying an EBITDA margin of 35.8% in year 2012 compared to JD 69.4 million in year 2011 and EBITDA margin 34.0%.

disclosure schedule report pursuant to Jordan securities commission instructions for the year 2012



1. the services rendered by Jordan Telecom Group - Orange

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

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	556
Amman	69	990
Ajloun	11	7
Irbid	59	116
Jarash	14	8
Al-Mafraq	39	16
Al-Balq'a	23	30
Madaba	10	15
Al-Zaraqa	19	53
Al-Aqaba	15	26
Al-Karak	39	47
Ma'an	24	19
Al-Tafilah	18	13
Total	341	1,896

the amount of capital investment in 2012 for Jordan Telecom was (17,838,722) and for Jordan Telecom Group was (JD 37,957,372)

2. subsidiaries

all subsidiaries headquarter offices, Jabal Amman 1st circle, City Center building, P.O.Box 1689 Amman 11118 Jordan, except headquarters offices of 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%	379
Jordan Data Communication Co, Ltd. (Orange internet)	ISP	750,000	100%	34
Dimension Company for Digital Development of Data Ltd. (e-dimension)	Content	220,000	100%	-*
Lightspeed Communication W.L.L	Telecom & internet	5,076,000	51%	37

* e-dimensions employees became part of Jordan communications company staff

3. a. members of the Board of Directors

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

Dr. Shabib Ammari is the Chairman of the Board of Directors of Jordan Telecom Group - Orange Jordan. He has held this position since 2000, originally representing the government of Jordan.
Dr. Ammari was repeatedly elected as the Chairman of the Board of Directors representing France Telecom Group in the year 2006 until now.
A Royal decree included Dr. Ammari as a Minister of Industry and Trade in His Majesty's government of H.E. Dr. Fayez Tarawneh from 2/5/2012 to 7/10/2012. Dr. Ammari rejoind the Board on 24/10/2012 and was elected as the Chairman of the Board of Directors on that date.
Dr. Ammari is a member of the Privatization Council, the National Economic Dialogue, the Board of Trustees of King Hussein Bin Talal University and the Board of Directors of the Arab Jordan Investment Bank.
Dr. Ammari holds a PhD degree in Economics (1980) from the University of Southern California (USA), where he worked as a Senior Lecturer until (1985).

- **Mr. Marc Rennard**
  Vice Chairman of the Board of Directors

Mr. Marc Rennard is the Vice Chairman of the Board of Directors of Jordan Telecom Group - Orange Jordan. He is also a member of the France Telecom Orange Group Executive Committee. He has held this position as of 2010. He supervises the group's operations throughout the AMEA region. Since 2006, he served as the Executive Vice President International of the France Telecom - Orange Group in charge of the Africa, Middle East and Asia region which is made up of 22 affiliates, 3 listed companies, 21000* people and more than 94 million customers (*including non consolidated affiliates).
Mr. Rennard began his career in 1979 as a surveys manager at ISEOR. In 1982, he was appointed as a consultant at CEREP Communication, becoming Agency Director in 1984 and Managing Director in 1986. Between 1989 and 1992, he worked as Managing Director at Société des Montagnes de l'Arc and Groupe Caisse des Dépôts. Over the course of his career, he assumed a multitude of executive positions, including Vice President; International of France Telecom - Orange and Chairman/CEO of UNI2; a subsidiary of FTG in Spain. He also serves on the boards of various companies and institutions within the industry. He has also been awarded the Légion d'Honneur; the highest decoration in France.
Mr. Rennard is a graduate of EM Lyon and holds a postgraduate diploma in Management Science.

- **Mr. Michel Monzani**
  Member of the Board of Directors

Mr. Michel Monzani is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan, also the Senior Vice President within France Telecom-Orange Africa, Middle East and Asia Division, leading the Middle East & North Africa Operations.
Mr. Monzani was elected as the Chairman of the Board of Directors during the period from 3/5/2012 to 24/10/2012.
Mr. Monzani was formerly the Senior Vice-President in charge of Poland at France Telecom. Prior to that, he was appointed Head of the Strategy department within the International division with a world-wide responsibility for the corporate development of France Telecom Group.
In 2002, Mr. Monzani was seconded to Poland to assist TP management in restructuring the domestic consumer sales network. Previously, he held the position of Senior Vice-President in charge of the Sales and Services division for the French territory. Mr. Monzani was appointed Senior Vice-President in charge of the Consumer Division in 1996.
In 1991, he served as the Regional Director of France Telecom - Orange, covering the north of France. Earlier, he held various responsibilities in the fields of IT, consumer and business sales. He is also a Board Member of various telecommunications companies.
Mr. Monzani graduated from HEC School of Management, Paris. He is a Chevalier de l'Ordre National du Merite.

- **Mr. Henri De Joux**
  Member of the Board of Directors

Mr. Henri de Joux is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan and he is currently deputy General Secretary of France Telecom-Orange, notably in charge of corporate governance, group real estate, legal affairs, public relations. He is also board member at Mobinil, the first mobile operator in Egypt.
He joined France Telecom in 2001 and since then has occupied various positions within the group, first in the field of mergers and acquisitions and as secretary of the board of France Télecom S.A. He has also spent two years in Spain, in charge of integration projects for the group's operations in Spain.
Mr. De Joux is a graduate of the EM Lyon Business school and also holds a legal degree. He is currently auditor at the Institute of Higher National Defence Studies (IHEDN).

- **H.E. Dr. Mohammad Abu Hammour**
  Member of the Board of Directors

H.E. Dr. Mohammad Abu Hammour is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan. He has held this position since 2012. He previously served as Minister of Industry and Trade in 2003, served as Minister of Finance during (2003 - 2005) and was re-appointment as Minister of Finance during (2009 - 2011).
H.E. Dr. Abu Hammour represented many banks, companies and institutions in their respective board of directors. Before that, he occupied the position of Secretary General of the Ministry of Finance (2000 - 2003), consultant the Ministry of Finance (1998 - 2000), lecturer at the University of Jordan (1998-1999) and in the Central Bank of Jordan (1987 - 1998). H.E. Dr. Abu Hammour was decorated as the best Finance Minister in the middle east for the years (2004 - 2010).

H.E. Dr. Abu Hammour holds a PhD Degree in economics from the University of Surry (1997), in addition to a Masters Degree in economics from the University of Jordan (1989) and a BA Degree in economics from the Al-Yarmouk University (1984).

- **Miss Asema Doughan**
  Member of the Board of Directors

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

3. b. top management - EXCOM:

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

- **Mr. Jean-Francois Thomas**
  Chief Executive Officer

Mr. Jean François Thomas, CEO of Jordan Telecom Group - Orange Jordan since 2012. He is a graduate in Business Management and Information Technologies from Ecole Nationale Supérieure des Télécommunications - France. He also graduated in Physics, Mathematics and Economics from Ecole Polytechnique.
He has over 25 years of experience in communications business and occupied marketing, sales, business development, operations and management positions. He has held the responsibilities of Deputy Chief Executive and Chief Operating Officer at Mauritius Telecom (2008 - 2012). He served as Regional Director (2006 - 2008) at France Telecom, Orange Alsace, Strasbourg, (2001 - 2005) Vice President Asia, France Telecom Long Distance, Hong Kong. He also held several senior management positions from (1997 - 2001) as President, France Telecom Japan, (1991 - 1996) as Director Marketing and Development, France Telecom worldwide networks & services (1988 - 1992) as Vice President, France Telecom Japan.
Mr. Thomas was selected VP of the French Chamber of Commerce and Industry in Japan in 1998 and VP of the European Business Community in Japan in 1999. He also held the position of Chief Financial Officer of the French Chamber of Commerce & Industry in Mauritius from (2010 - 2012) and previously was appointed as the French Government Counselor for international trade. Mr. Thomas is a regular speaker at industry conferences and contributor to industry publications.

- **Mr. Raslan Deiranieh**
  Chief Financial Officer

Mr. Raslan Deiranieh is the Chief Financial Officer of Jordan Telecom Group - Orange Jordan. He has held this position since 2001. He joined Jordan Telecom company in 1998 as a Manager of the Treasury department. Before that, Mr. Deiranieh served as Foreign Investment Section Head at the Central Bank of Jordan. Mr. Deiranieh was a Board Member of Jordan Data Communication Company and e-dimension company for Digital Development of Data Ltd. He previously represented the Social Security Corporation in Jordan Press Foundation (Al-Rai Newspaper). Currently, Mr. Deiranieh is on the Board of Jordan Steel company, the Chairman of Lightspeed communication W.L.L based in Bahrain, and a Board Member in Jordan - Dubai Islamic Bank. Mr. Deiranieh is also the Vice Chairman of JAMA (Jordan Association of Management Accountants).
Mr. Deiranieh holds a B.A in Accounting and Computer Science with honors from Al-Yarmouk University (1985) as well as the award of Scientific Excellence from the same university. Mr. Deiranieh holds a Master's degree in Accounting from the University of Jordan and has a certificate from Orange Finance and Controlling and European School of Management ESCP.

- **Mr. Tamouh Khauli**
  Chief Information Security Officer

Mr. Tamouh Khauli is VP/ Chief Information Security Officer of Jordan Telecom Group - Orange Jordan. He heads Orange Security Operations Center. He joined Orange Jordan back in 2002 as Chief Executive Officer of e-Dimension, the technical arm & technology incubator of Jordan Telecom at that time. During his former career history, Mr. Khauli was Senior Vice President of Operations at Novell USA, and topped his career achievements with several years working at the US-DOD (United States Department of Defense) with concentration on the development of "Class 3 Public Key Infrastructure" Military Security Encryption. Mr. Khauli led several research teams from various foremost companies and universities, including MIT (Massachusetts Institute of Technology). His research included telecommunication network infrastructure, communication platform security, cryptography and encryption technologies, IP Multimedia Subsystems, hacking protection, forensics techniques, and other related fields. Mr. Khauli represented the Hashemite Kingdom of Jordan at the Computer Networks Defense Symposium II. He was awarded several medals of excellence in international conferences and technical workshops where he attended as Keynote Speaker. In addition to his BSc in Business Administration and computer science from Oxford University- UK, and Master's degree from New York University - USA, Mr. Khauli was certified by Novell as Certified Network Engineer in 1990 and in 1994 he received his Microsoft CNE certification, where he combined it with a third certification from Lucent USA as Technical Platforms Security Engineer.

- **Mr. Sami Smeirat**
  Vice President of Orange Jordan
  CEO Jordan Data Communication Company Ltd.

Mr. Smeirat is the Vice President of Orange Jordan and CEO of Jordan Data Communication Company Ltd. He has held this position since 2007. In 2003, he was the Chief Executive Officer of Wanadoo until it was re-branded to Orange internet. He also led the exclusive partnership with Equant as their distributor in Jordan and the re-branding of Global One to Wanadoo. Prior to that, he was the co-founder of Cyberia Jordan in 2001, in which he worked as the deputy CEO and Chief Commercial Officer; the Corporate Sales Manager at Global One since 1996, before managing Consumer and Corporate Sales since 1999; and Teaching and Research Assistant at the University of Jordan for two years.
Mr. Smeirat holds a BSc in Electrical Engineering from the University of Jordan and a Master's degree in communications Engineering as well as MBA in Business Administration from NYIT.

- **Mr. Ahmed Salah**
  Chief Sourcing, Logistics and Quality Officer

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

- **Mr. Didier Lelievre**
  Chief Information Technology and Networks Officer

Mr. Didier Lelievre is the Chief Information Technology and Networks Officer of Jordan Telecom Group - Orange Jordan. He has held this position since 2009. He is nominated Board Member of Light Speed (Orange Jordan subsidiary in Bahrain) since mid of 2011.
Early 80's, Mr. Lelievre held various positions within France Telecom Group, primarily in the domains of networks and quality and as Chief Technical Officer of Telecom Argentina the Argentine subsidiary of France Telecom - Orange (1994 - 2000). Before joining Orange Jordan, he worked as Vice President for Customer Service for France Telecom - Orange, first for France and then for rest of the European countries where Orange is present.
Mr. Lelievre also acted as a Senior Consultant for the International Quality Organization. Mr. Lelievre graduated from Sup Telecom (Paris) and holds a MSc in Network and IS, and attended leadership and business programs at IMD (Lausanne).

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

Mr. Walid Al Doulat holds the position of Vice President for the Wholesale Business Unit of Jordan Telecom Group - Orange Jordan. He has held this position since 2010. In 1992, he joined the Jordan Telecom as an Operation and Maintenance Transmission Engineer where he worked his way up reaching to his current position.
Mr. Al Doulat received his BSc degree in Electrical Engineering Telecommunications from the Jordan University of Science and Technology (JUST) in 1989. Following his graduation he worked at the same University as a Teacher Assistant till end of 1991.

- **Dr. Ibrahim Harb**
  Chief Legal and Regulatory Officer

Dr. Ibrahim Harb is the Chief Legal and Regulatory Officer of Jordan Telecom Group - Orange Jordan. He has held this position since 2010.
Prior to that, Dr. Harb was the Legal and Regulatory Director of Orange Jordan (2005 - 2010). Before that he held, in year 2004, the position of Acting Human Resources Officer at Jordan Telecom. He was the training manager and the Training Center Manager (1999 - 2004) at Jordan Telecom.
Dr. Ibrahim holds a PhD in Communications Engineering.

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

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

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

- **Mr. Minh Tran**
  Chief Marketing and Communication Officer

Mr. Minh Tran is the Chief Marketing and Communication Officer of Jordan Telecom Group - Orange Jordan. He joined the company in 2010, following an extensive track record with France Telecom Group that spans well over 15 years, during which he held various managerial positions in the group as Commercial Entity Director for the retail, Professional and Enterprise Market. His previous designation was Senior Vice President – Strategic Plan & Marketing at SONATEL group in Dakar, Senegal, where he worked there for 4 years (2006 - 2010). He also worked as Director of Operations of the R&D Center for Corporate Services for a period of 2 years (2004 - 2006).
Mr. Tran holds a post secondary diploma in Quality and Methods Engineering from Ecole Superieure des Sciences et Technologies de l'Ingenieur de Nancy - ESSTIN and a postgraduate degree in Human Sciences (Interpersonal Communication) from the University of Nice.

- **Mr. Saed Al-Khaldi**
  Chief Commercial Officer / for Sales & Customer Services Business Unit

Mr. Saed Al-Khaldi is the Chief Commercial Officer of Jordan Telecom Group - Orange Jordan (Mass Market) since 2011, responsible for the Retail Sales (Direct and Indirect) along with the proactive Small & Medium Enterprise Sales, the telemarketing activities, the customer services, the operational marketing and the elite program.
He was formerly Managing Director Wholesale Middle East at AT&T since 2006 responsible for regional voice and data wholesale.
Mr. Al-Khaldi held a senior position as Regional Director MENA at Globecomm Systems Inc. (2002 - 2006). He joined Global One Communications in 1995 and was appointed Regional Director in 1998. He also held several positions at IBM and Arab Bank since 1990.
Mr. Al-Khaldi holds a BSc degree in Computer Science and a MBA in Emphasis in Computer Resources & Information Management.

- **Miss Berengere Audrant**
  Acting Chief Officer Human Resources

Miss Audrant has held this position since 2012. She joined Orange Jordan as Human Resources Development Director in 2011.
Before Joining Orange Jordan, Miss Audrant held various HR positions within FT Group in France since 16 years. She has worked for Orange Business Services division, in particular, as Global HR Business Partner when creating the Unit Global Services, or as Chief HR Officer for the FT Group Affiliate Equant France.
Miss Audrant holds a Master degree in Human Resources.

the names of shareholders who own 5% or more of the capital as of 31/12/2011, 31/12/2012:

shareholders	no. of shares 31/12/2011	shareholding % (2011)	no. of shares 31/12/2012	shareholding % (2012)
Joint Investment Telecommunications Co.	127,499,999	51%	127,499,999	51%
Social Security Corporation	72,200,000	28.88%	72,200,000	28.88%
Noor Telecommunications Holding Company Limited	25,000,000	10%	25,000,000	10%
Total	224,699,999	89.88%	224,699,999	89.88%

5. the competitive situation of the company:

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

the company's share of the total domestic market:
Orange fixed 98%
Orange mobile 35%-37%
Orange internet >50%

6. the degree of dependence on specific resources:

Jordan Telecom Group purchased 20.88% of it's total purchases from Ericsson .

7. the privileges enjoyed by the company:

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

8. There are no decisions issued by the government or international organizations or others, which have material effect on the group's business, products or competitive ability.
Pursuant to the license issued to it, the group complies with international quality standards and applies the following quality standards:
• ISO 9001:2008 standards (Quality Management Systems)
• BSI 25999 standards (Business Continuity)
• COBIT (IT standard)

9.a the organizational structure of Jordan Telecom Group:

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

qualification	Jordan Telecom (Orange fixed)	Petra Jordanian mobile tel. com. (Orange mobile)	Jordan Data Communication Co. (Orange internet)	Lightspeed
Doctorate (PHD)	3	0	0	0
Master's	79	16	4	5
High Diploma	9	1	0	0
BA	1,053	318	24	20
Diploma	341	20	1	7
Tawjihi	163	21	2	5
Below Tawjihi	248	3	3	0
Total	1,896	379	34	37

9.c training programs during 2012

no.	description	number of trainees
1.	Financial Courses	25
2.	Management Courses	561
3.	Marketing & Sales Courses	999
4.	Quality Courses	236
5.	Technical Courses	2,039
6.	Computers Courses	256
7.	Language Courses	54

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

Jordan Telecom Group faces risks of competition from mobile telecommunications and other telecom companies who serve fixed line services. However, its performance in 2012 was impressive as mentioned in the consolidated financial statements.

11.the achievements realized by the company:

the achievements were mentioned in Jordan Telecom Group results.

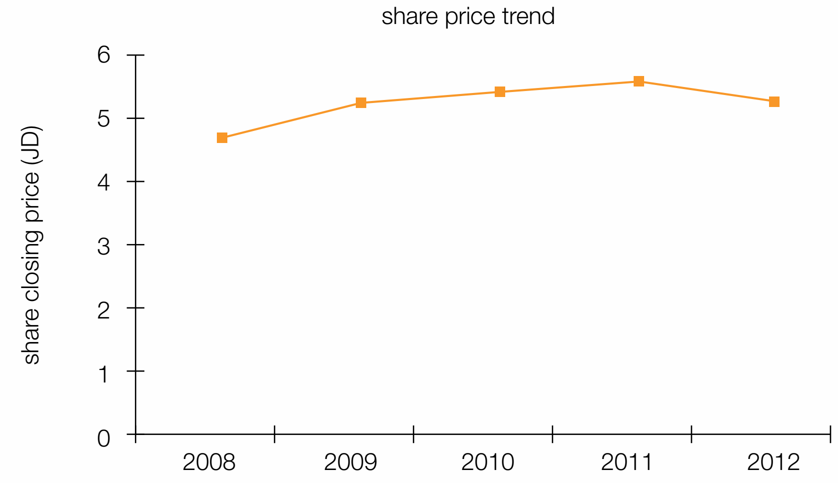
12. the operations of infrequent nature during 2012:

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	2008	2009	2010	2011	2012
Profits in (JD)	100,298,024	104,029,766	95,082,809	89,799,214	83,096,208
Distributed dividends (JD)	100,000,000	105,000,000	97,500,000	90,000,000	82,500,000*
Dividends %	40%	42%	39%	36%	33%
Shareholders equity in (JD)	416,502,433	420,532,199	410,615,008	402,914,222	396,010,430
Share prices (JD)	4.82	5.17	5.38	5.53	5.30

* Proposed dividend in 2012



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

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

15. future outlook

this part is mentioned in "the future vision of the group" (page 68).

16. the remuneration of the external auditor of the company and its subsidiaries during 2012:

the company	auditing remuneration (JD)
Jordan Telecommunications Co, (Orange fixed)	42,000
Petra Jordanian Mobile Telecommunication Co, ltd, (Orange mobile)	44,000
Jordan Data Communication Co, Ltd, (Orange internet)	7,000
Dimension Company for Digital Development of Data Ltd, (e-Dimension)	500
Lightspeed Communication W.L.L	15,980

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 2012 for the members of the board of directors were JD 151,125 and for the top management members were JD 1,496,039.

19. donations and grants:

no.	donations to	amount (JD)
1	General Trade Union of Workers in Public Services & Free Occupations	65,000
2	JT retired employees association	5,000
3	Families & Friends Society of Persons with Disabilities	3,000
4	The Hashemite Commission for Disabled Soldiers	5,000
5	General Security Department	1,700
total		79,700

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

A management agreement was renewed between Orange Jordan and France Telecom. there are also a number of agreements signed between the company and its subsidiaries in the daily normal conduct of business.

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

Orange Jordan made notable achievements during the year 2012. These achievements surpassed its aims to elevate living conditions within local communities and to create a prosperous economy founded in the advancement of communications and Information and technology sectors. The year witnessed the birth of several initiatives all of which were set to develop the local communities it operates within as a whole.

Orange Jordan… the leader in the Jordanian telecommunications arena

- Orange Jordan expands its subscriber base to reach over 4 million subscribers while also increasing its revenues and net profits after tax dedications to reach JD 402 million and more than JD 83 million respectively.

- Orange Jordan leads the "TMT City" project with an initial investment value of around USD 1 billion. The City is set to serve as a multipurpose space for companies working within the Telecommunications, Internet and media industries. It will be serving large companies, SMEs and start ups all in one place.

- Orange Jordan represented by France Telecom's Chairman and CEO Mr. Stephane Richard, a committee consisting of its Board of Directors and the Minister of Information & Communications Technology and Finance, visit the Prime Minister of Jordan. In this visit the company's future visions were discussed, positioning Orange Jordan as an initiator of economic and developmental growth.

- Orange Jordan provides the "Abdali Project" with integrated communications solutions, including fixed, mobile and internet communications. This step was made following an agreement signed by both sides, where fiber optic cables are to be used in the process.

- Orange Jordan renews its contract with Ericson with aims to expand its 3G+ network and upgrade its 2G network, so that they reach all governorates and districts across the Kingdom.

Orange Jordan supports a healthy working environment for its staff and a productive corporate structure

- Orange Jordan launches phase 2 of its "Emtiyaz" program, which is geared towards increasing levels of customer satisfaction. Through this phase, the company is committed to presenting to its client premium customer services. It enhances standards of interaction with clients whether in its points of sale, its calling centers or its networking services.

- Orange Jordan launches its "ITN Campus", with aims to provide its ITN team with the training they need to develop their skills and better serve subscribers.

- Orange Jordan launches its "Sales Academy", with aims to raise the capacities of its sales team, and to provide them with the skills they need to reach optimal operational efficiency.

Orange Jordan launches innovative telecommunications bundles

- Orange Jordan launches its "ArmyCell" offer to respond to the communication needs of members of the Armed Forces, Security Forces, along with their families.

- Orange Jordan launches its mobile payment solution "Orange Money", enabling its subscribers to carry out their financial transactions and settle their bills via mobile with complete safety and ease.

- Orange Jordan launches its "Internet on TV" service, further driving digital revolution in the local market. The new service enables its subscribers to browse the internet from their home TV sets whether they are smart TVs or traditional TV model. This offer was launched as part of Orange Jordan's aims to provide its subscribers with the latest means of comfort, innovation and practicality in the field.

Orange Jordan plays an active role in developing the local community

- Orange Jordan launches its integrated Ramadan campaign, which was a reflection to the company's understanding for the needs of the underprivileged segments. The campaign included different causes whereby the company allowed members of the community to choose the charity cause to support by launching "You Choose" campaign on its Facebook page. Fans were to choose between giving out food packages, distributing Iftar meals or holding Iftar banquets for orphans. Following the end of the voting campaign the company focused on the cause that received high votes while also supporting the other two causes.

- Orange Jordan collaborates with the Micro Fund for Women, whereby it held a bazaar featuring the products developed by the Fund's beneficiaries.

- Orange Jordan distributes food packages to poor families across the Kingdom. This initiative was implemented in collaboration with Tkiyet Um Ali and volunteering team members from the company.

- Orange Jordan holds Iftar banquets for orphans during Ramadan alongside members of poor families. These banquets were organized in partnership with the Jordanian Hashemite Development Fund for Human Development and as part of its Goodwill Campaign. 15 other charity organizations took part in this initiative, while the Iftar meals also included a host of entertaining activities.

Orange Jordan draws smiles on the less fortunate members of society

- Orange Jordan renews its partnership with the Jordanian Hashemite Fund for Human Development (JOHUD). Through this partnership it set up 12 medical days in underprivileged areas. Furthermore, it also organized winter campaigns which comprised the distribution of clothes, heaters and gifts to hundreds of families across the governorates of Jerash and Ajloun, while also giving 10 academic scholarships to distinguished students in public universities.

- Orange Jordan supports the Hashemite Commission for Injured Soldiers where the company visited soldiers residing in Ajloun. The Orange Jordan delegation was accompanied by his HRH Prince Mired bin Ra'ad, President of the Commission and it featured the distribution of wheelchairs.

Orange Jordan builds a knowledge based society

- Orange Jordan set up 20 Knowledge Units in different areas across the Kingdom with 6 new units established in 2012 alone. These units were set up in Ajloun, Al Tafeela, Amman, Karak and Al Mafraq . They were set up on the heels of an agreement signed with the Ministry of Information and Communications Technology.

- Orange Jordan sponsored a community internet training project. This initiative was implimented as part of Orange Jordan's broadband fund project which was first launched in the year 2010. The fund was set up with a sum of JD 3 million, with aims to spread internet culture across the Kingdom.

Orange Jordan supports entrepreneurship and youth empowerment

- Orange Jordan sponsors "ArabNet Digital Summit" whereby it supported the programmers and developers contest which was held at the Royal Scientific Society and hosted by Queen Rania Center for Entrepreneurship.

- Orange Jordan holds a ceremony honoring distinguished Tawjihi students across the Kingdom. During the ceremony Orange Jordan awarded 30 students with Smartphones along with a package of gifts encouraging them to further excel in their academic journey.

Orange Jordan celebrates national occasions

- Orange Jordan sponsors Special Operations Forces Exhibition (SOFEX) 2012, by providing all telecommunication solutions needed for the event as well as related IT devices for the event's business center.

- Orange Jordan sponsors the 2012 Jerash festival upon its return after a four year absence.

- Orange Jordan sponsors the 2012 Fuhais Festival in its 22nd edition.

- Orange Jordan sponsors the 2nd Aqaba Water Sports Festival. The event was organized by the Jordan Royal Water Sports Committee on the North Aqaba shore.

Orange Jordan supports the sports sector

- Orange Jordan signs an agreement with the Jordan Football Association (JFA) to become the exclusive telecommunication sponsor for the national football teams and the female football championships.

- Orange Jordan honors Past Captain of the National Football Team "Hassouna Al Sheikh" in an award ceremony held on the sidelines of a match played by the National Team and the Team of Uzbekistan.

- Orange Jordan sponsors Jordan Youth Club (Shabab Al Urdun) as part of many sponsorships it makes in this sector.

confirmation

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

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

Chairman of the Board	Vice Chairman	Member of the Board
H.E. Dr. Shabib Ammari	Mr. Marc Rennard	Mr. Michel Monzani

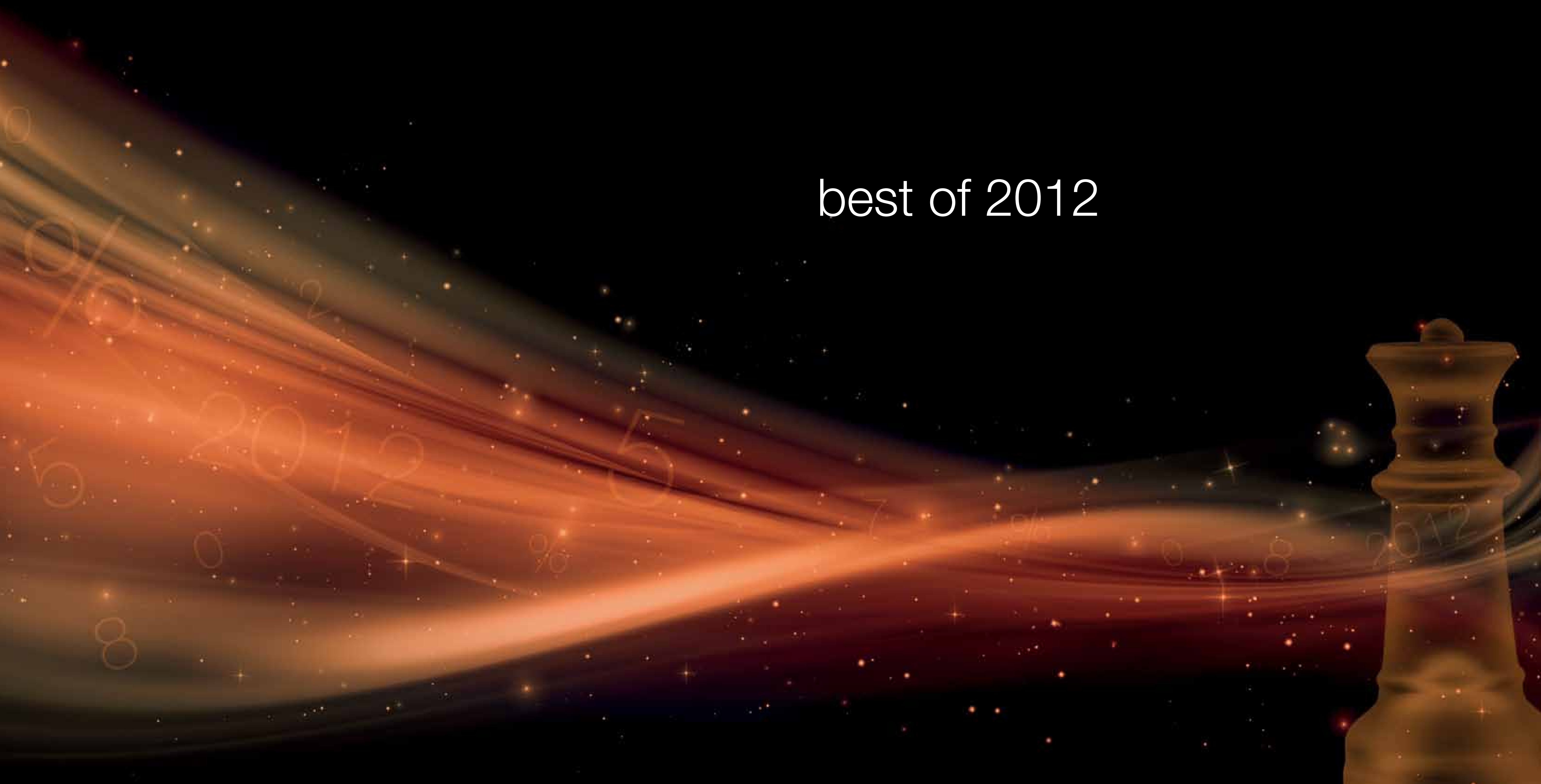
Member of the Board	Member of the Board	Member of the Board
Mr. Henri De Joux	H.E. " Moh'd Naser" Abu-Hammour	Miss Asima Doghan

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

Chairman of the Board	Chief Executive Officer	Chief Financial Officer
H.E. Dr. Shabib Ammari	Mr. Jean-Francois Thomas	Mr. Raslan Deiranieh

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

best of 2012



linking subscribers across geographical boarders

The year 2012 was characterized by several important achievements for our Information Technology Networks Unit (ITN), as it was the year that witnessed the launch of 182 new 3G+ sites, making the total number rise to reach 1002 3G+ sites.

Moreover & within the same year, we had witnessed the launch of 47 new 2G sites, adding up on the grand total of 2G sites to reach 1315 in Jordan.

Last year also witnessed the birth of the 2nd radio carrier with 20% more 3G+ sites, which increased the sites capacity by more than 100% and consequently resulting in a richer site's throughput and more satisfied customers.

Within the same year we had also introduced a new 3G+ Radio Network Controller (RNC) that increased the 3G+ Access NW capacities by 50%. The development featured the most advanced hardware platform in the industry and the result was 40% higher capacities.

We also introduced 2 new 2G Base Station Controllers (BSC) and we increased the 2G Access NW capacity by 34%, which lead in making Orange Jordan to be the first operator to use this platform in France Telecom Group and one of the pioneers in the world.

Furthermore, we upgraded our Operations and Support Systems as well as the 3G+ Radio Access NW platforms to the latest validated software levels, and from another angle we redistributed the frequencies used on 2G sites to achieve better quality and allow for easier sites' expansion.

Additionally, we carried out all the networking services needed for "Jordan's Parliament Elections" held earlier in 2013, and from another angle we led a Mobile Backhauling project to study and validate new 3G+ Backhauling technologies, featuring all "Over IP solutions" and "End to End Quality of Service". Our aim was to ensure maximum reliability for voice and synchronization services over IP, and also to prepare for future evolved Mobile Access technologies. We had made further breakthroughs in the field of IP networks auditing, using probe solutions, whereby we helped ensuring best NW characteristics and diagnoses.
Besides all that, we had won the "Abdali project" for delivering state of the art telecommunication services to the new downtown of Amman. whereas Orange Jordan will build the Fiber infrastructure and deliver new services for all Abdali project's business, residential, retail and hospitality ventures.

We had declared also about our technical readiness for the managed CPE project, a new product to be offered to business customers in which new promising revenue streams are identified. through which the company will extend its provided services for one additional step so that our services are not limited to offer the standard telecom connectivity services only, but also adding a full suite of communication services as well.

The year 2012 also witnessed the preparations for the new BI project, which is set to give business users more flexibility to generate the needed integrated information.

Also within the unit's structural aspects, we had deployed the "Authority Matrix Concept" within the "Run domain" to correlate between the functional and regional directorates, where we achieved the target of making the management to be close to their first layer employees, also to increase the efficiency of the regional employees by training them to be more multi skilled within their related technical functions.

In year 2012 also, we launched the "appointment system" in which we had created a system where we install ADSL connectivity to customers on specific dates and times appropriate to their schedules.

Additionally, we outsourced our 1777 call center to increase efficiency and on another level we revamped our website by introducing a new content management system in order to Increase the flexibility of managing the content and enhancing the online customer journey.

In the same year, we had also installed our tracking system to monitor and analyze field activities, along with our online "e-shop" that provide the visitor with access to all the product lines provided by Orange.

In terms of figures, our trouble incidents related to the fixed data network were reduced by 60% in the second half of 2012. Furthermore, over 650 2G cells were swapped toward the new BSCs now carrying 17,000 which represents around 23% of the total 2G traffic. From another angle 250 3G+ sites were manually swapped (as Ericsson RTR tool was defected with SW issues) toward the new RNC which represents around 26% of total 3G+ traffic.

Our roaming task force also announced that 114 new data outbound agreements were launched, and for Voice, 111 new inbound and 99 outbound agreements were executed and implemented.

We also replaced 9 mobile sites to be power fed by solar systems. This project will decrease the fuel usage, preventive and corrective cost.

To this effect, we added "21k" lines to "Fixed networks" to meet our customers' requests. We also introduced "172 FTTB projects" to serve vital customers like Arab bank and others.
In the same year we also released the "Mobile Data Packet Core SW upgrade", whereby software was significantly upgraded on GSGN node from release 2009A to release 2011A. This proves to be especially effective for the GGSN mobile data platform, as this platform is used as a gateway to connect to the external data networks for mobile data traffic (internet, WAP services and corporate networks).

Finally, 2012 had witnessed the launch of our HD Voice service for the first time in Jordan, marking yet further breakthroughs as pioneers in our field.

a partner to decision makers

Orange Jordan's Legal and Regulatory unit worked closely with the Telecommunications Regulatory Commission (TRC), the Ministry of Information and Communications Technology (MoICT), and the Ministry of Industry and Trade (MIT) to both maintain the integrity of the telecommunications arena and to ensure that company operations are run in a smooth manner.

Throughout the year 2012, the unit spearheaded several management meetings with decision makers within the TRC and Ministry of Information and Communications Technology. These meetings were held to discuss pressing issues that affect the industry as a whole. These discussions touched on the regulations and instructions that had affected the market as a whole and more importantly the company's operations.

The department also worked on different public consultation requests made by the TRC and MoICT, to which it had successfully responded after soliciting, compiling, and analyzing information it had gathered in from diverse sources.

The consultation requests covered different essential issues. Key issues tackled included; the 2012 government policy on Telecommunications and Information Technology 2013 - 2017, alongside the Jordan National ICT Strategy which is set to govern the telecom sector for the next four years, in addition to current project on amending the current Telecom law.

Internally, it also launched a new Legal management workflow system which was developed as a collaborative effort between the Legal, Project Management, Quality and the ITN teams.

This main objective of this system is to automate all the legal contracts requests & formalize the access to and issuance of standard legal documents.

The new system presents itself as a new milestone in Orange Jordan's strategy for improving the efficiency of its internal operations, arming users with the tools they need to manage the fact paced market demands of today.

a year of fruitful partnerships and exceptional service

The year 2012 featured a full restructuring of our Orange Business services portfolio, an effort which was publicized via a large scale campaign that highlighted the significant upgrades made on our business under one holistic telecom solutions umbrella that suits all business needs: Corporate mobile solutions with cost control budget packages IPVPN connectivity for secured data transfer without interruption. 3G+ back & Microwave solutions for business continuity and uninterrupted connection and tracking service bundles. for real time touch and information on the entity vehicles.

It was through the efforts of this unit's team members that we announced several strategic partnerships with the government. To this effect, we were recognized as the official communications provider for the Election Integration project during the "Parliamentary Elections" that took place in January 2013.

This endeavour was completed with remarkable success, whereby we managed to link 1527 polling centers with the Independent Elections Commission Center in Amman. We achieved this goal through a Kingdom wide network of 4,069 computers which were connected to a main operations hub set up for the speedy and efficient transfer of data throughout the "Election day".

Other similar partnerships were formed where Orange Jordan became the communication provider of choice for the Engineers Association, Jordan Phosphate Mines and won the tender to provide "Abdali Project" with all services. Last but not least it formed communication partnerships with several hotels for Ramdan and Summer.

The year 2012 also witnessed the first of its kind collaboration in the Kingdom, whereby Orange Jordan formed its first Private cooperation with Eses4 Ventures. This partnership saw the successful inauguration of the first co-working Space in Amman "Zee Launch Pad". Consequently, Orange Jordan offered the latter a full range of data and internet over optical fiber network services, thus boasting the highest Wi-Fi speed inside the entity to ensure excel in their respective fields of work. In terms of promotion, Orange Jordan also joined forces with Jormall to launch its targeted SMS service.

Ensuring notable presence in other large scale business events, and more specifically strengthening its partnership with the "Jordanian Armed Forces", Orange Jordan was also the official telecommunications partner in the 2012 edition of "Special Operations Force Exhibit & Conference" SOFEX whereby it provided ISDN PRI, mobile lines, ADSL, Wi-Fi, and 3G+ dongles needed for the event's success.
On another level it provided communication bundles targeting the members of the Armed Forces and their families through the launch of the "Army Cell" offer.

On the business front, the Enterprise Unit also sponsored the Iraqi Business Council Conference room, offering full connectivity services throughout all the council events.
Finally and in terms of entertainment, the company also signed a contract with Ro'ya TV, through which it broadcasted some of the latter's programs via mobile phone and for the benefit of its Mobile TV service.

2012 was a year in which Enterprise strengthened its presence in all market sectors, an end that enabled it to solidify its position as a communication partner of choice and one that is able to respond to specific communication needs.

a year of internal and external expansion

In the year 2012, our Wholesale unit continued its success, effectively recording notable strides in both revenues and business volumes. More specifically, the unit recorded a 14% increase in revenues when compared to corresponding figures from 2011.

Its international networks were further enhanced to accommodate the ever increasing volumes of voice and IP traffic. To this effect, its international voice network was expanded by around 21%, and its international IP network was also significantly stretched by almost 100%.

From another angle, international connectivity was further enhanced in terms of costs, diversity and quality of service, whereby in terms of international IP connectivity, two new international routes were opened for the first time in Jordan using JADI cable system (Northwards to Europe and Southwards to Jeddah).

The year 2012 also witnessed significant cost reductions, a goal achieved through effective contract negotiations and the cancellation of expensive contracts. As a result, the overall performance level was boosted.

Further strengthening Orange Jordan's position as a leading wholesaler in the region, the Orange Wholesale Unit also managed to strengthen its capacities as a supplier. It achieved this goal by focusing on transit capacities, whereby it managed to close a deal with one of the top providers in KSA and the region for huge capacities transiting Jordan on their way to Europe.

The Unit also closed a deal with a new international customer for large IP capacity. The capacity is up and running from Orange Jordan's diverse IP cloud, thus effectively meeting the customer needs in terms of quality and diversity

In terms of voice interconnections, the Orange Wholesale established two new interconnections namely, Mada int'l and TEO Latvia.

On the internal level, the Unit also managed to enhance the performance part of its operations, increasing collections by 19% as compared to corresponding figures from 2011. The Unit also automated all its international voice activities through its voice trading tool, thus improving the work efficiency and providing more control on the voice trading business.

making life better with Orange

During the year 2012, Orange Jordan witnessed the launch of its first "e-Shop", a development that had made our company stand out as the first operator in Jordan to launch an online shop. We experienced the soft opening of this service in November 2012, with an operation model based on a very powerful solution from France Telecom Group. Other similar initiatives are set up by Orange Spain, Orange Dominican and Orange Armenia. To date, the "e-shop" in Jordan provides our customers with pay monthly offers, fixed offers and ADSL offers. At later stages it is also set to provide online payment solutions, home delivery and a full catalogue of offers. This launch represents a major milestone within our society, as it falls in line with our aims to digitalize society and to endorse smart living to the fullest.

Furthermore, the year 2012 also saw our revamping of the "ArmyCell" offer, an offer geared towards serving the communication needs of members of the armed forces and their families.

From another angle, we also catered to the needs of Jordan's youth segment, a goal we achieved with the launch of our "Min El Akher 2" offer, combining, mobile services, internet services and more at very competitive prices. Stemming from this offer, we were also able to make our mark as the first operator in the region to launch a music streaming offer "Anghami", which came as a natural development form "Min El Akher 2". This offer was launched as part of our Pay As You Go bundle (PAYG) and the "Min El Akher 2". It was introduced to the masses following a partnership Orange Jordan had formed with a Lebanese start-up. The start-up offers the first service of its kind in the region, covering both Arabic and International music. Orange Jordan has launched this service in line with its ongoing aims to provide the country with services that make daily life even better.

Understanding the importance of convenience in this day and age, we also launched our "Internet on TV" service, a flagship service introduced for the first time ever through the development and ingenuity of our Technocenter team members.

Furthermore and in May 2012, we launched "Orange Money" service offering the subscribers the ability to make various financial transactions conveniently and with complete safety through their mobile handsets.

We also placed keeping our subscribers accessible and connected at the center of our priorities, thus introducing flagship offers like "Clicks", "No Credit Beep" and "Emergency Credit" services for prepaid subscribers.

Last but not least, we also made communication across geographical boarders easier with the launch of services like "Alo Um Eldouniya" for subscribers wishing to contact family and loved ones in Egypt and the Aqaba line service as well.

The year 2012, was about marketing our brand as one that caters to all communication needs across all sectors of the community..

creating a unified service oriented culture

One of our key areas of achievements within this area was seen through our "Broadband Fund" program whereby the year 2012 saw its successful completion after 2 years of operations. With the prime objective of improving citizen internet accessibility and usage, the Fund contributed significantly to supporting the educational system within Jordan's governmental schools. Within this sector the Fund served to improve connectivity in more than 508 schools, thus allowing more than 250 thousand students in rural areas to enjoy a better educational environment. More specifically 20% of the Kingdom's governmental schools in Jordan benefited from the computer labs rehabilitation project.

Furthermore, the Fund's services also gave birth to local Knowledge Units in Jordan, and it sponsored a Kingdom-wide training project targeting community members who have never been exposed to the benefits of the internet. In 2012, alone, more than 15000 thousand citizens were trained (more than 50% of which were women).

The Fund also made its mark on the lives of citizens in Jordan, by introducing its flagship Fund governorates offer which namely entitles users to a deduction of JD 5 on their monthly ADSL bill. This offer served to increase ADSL penetration across governorates, thus reducing the usage gap across different local communities. To this effect, Orange Jordan's ADSL customer base reached more than 40 thousand customers.

The year 2012 also witnessed the Launch of the "Sales Academy": with its first phase of operations targeting all our direct and indirect channels managers and front liners. A few months after the Academy's launch we went through a collective and individual intensive coaching plan through which we developed a customized training program dedicated to Enterprise and Wholesale units.

Furthermore, the company also launched the "one-shop design" aligned with its aims to deliver to our customer a best in class seamless experience in Gardens and City Center shops were inaugurated.

2012 also saw the launch of the Orange Jordan "Customer Testing Center" through an initiative aimed at better understanding customers before launching new offers. The "Customer Testing Center" is equipped to perform a wide array of assessment prior and post product launches. Its team of experts works on interviewing customers and prospects. This center belongs now to the "Orange CTC" community developed worldwide throughout almost all Orange affiliates, and it is a new asset serving as a reference in the market in term of customer experience.

Special attention was also paid to our Elite customers, where the year 2012 saw the launch of a new location for them. The inauguration was attended by GCEO Mr. Richard, while December 2012, saw the launch of our iPhone 5 offer specifically for this segment.

The Projects Management office at Orange Jordan's Planning, Performance and Project Management Directorate had also managed in 2012 to launch 12 projects, which were successfully distributed between Sales, Customer Care, Elite, Indirect sales and Go to Market segments. The main top initiatives in this regard included; the Tracking System Project.

During 2012 the F&I Customer Service Unit had also gone through a major change of business model and reorganization. More specifically, this unit raised its attention on front liner empowerment whereby the front line team was armed with the knowledge it needs to solve customer problems to a larger extent. Our POS classification system also reflected positive results on our sales with a 30% increase in sales volumes and a notable increase in our sales network from 450 POS to 1000. Furthermore, the launch of our unified service center 1799 served to offer a simplified registration process for POS through professional call handling.

By February 2012 we also had aims to increase the call center efficiency and to enhance quality of service. We outsourced some of our prepaid services as our customer base increased. The calls received by the call center had increased dramatically to reach 30-40 thousand calls daily. This in turn resulted in a reduced efficiency of 25 to 30%. As a result we have outsourced 7000 of our daily received calls to the selected vendor "Crystal Call" of prepaid customers. Since, the outsourcing initiative's launch, customers have sensed the speed and high quality of service and better understanding to customer needs.

During 2012, we continued our successful journey by improving the retail network, which came back with a huge positive impact on our customers by increasing their satisfaction and loyalty. We should also relate this success to our well trained team who proudly took the first place in IPSOS - Products & Services Knowledge survey.

It had also extended its 2011 plan through its shops master Plan, by achieving the retail shops objectives which includes the implantation of "one-shop design" starting with Gardens and City Center shops as their Pilot outlets. In November 2012 we launched the "e-shop", as a new channel in order to increase our sales.

Moreover, we launched our flagship Shops Maintenance Action Plan, which focuses on building a consolidated master plan to enhance the shops physical environment. We also launched new project to re-classify our shops under our shops classification strategy. The new classification is done based on certain criteria related to headcount, shops functions, target and commission effect, besides aligning with the retail shops master plan in case of closing or opening new shops, and finally to Identify a unified & dynamic base for shops.

consolidated financial statements

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan
Tel: 00962 6580 0777/00 962 6552 6111
Fax: 00962 6553 8300
www.ey.com/me

Auditors' Report To The Shareholders Of Jordan Telecommunications Company (Jordan Telecom) Public Shareholding Company

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jordan Telecommunications Company (Jordan Telecom) - Public Shareholding Company and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial position of the Group as at 31 December 2012, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts and the accompanying consolidated financial statements and financial information in the Board of Directors' report are in agreement therewith.

Amman – Jordan
24 January 2013

Ernst + Young

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2012

	Notes	2012 JD	2011 JD
Assets			
Non-current assets			
Property and equipment	4	193,449,042	206,637,110
Intangible assets	5	59,564,081	59,106,394
Deferred tax assets	6	4,935,161	5,975,141
		257,948,284	271,718,645
Current assets			
Inventories	7	6,067,061	8,170,667
Trade receivables and other current assets	8	78,941,698	73,465,509
Balances due from telecom operators	9	28,983,675	28,004,921
Cash and short-term deposits	10	270,280,336	280,232,232
		384,272,770	389,873,329
TOTAL ASSETS		642,221,054	661,591,974
EQUITY AND LIABILITIES			
Equity			
Paid in capital	11	250,000,000	250,000,000
Statutory reserve	12	62,500,000	62,500,000
Retained earnings	13	83,510,430	90,414,222
Equity attributable to equity holders of the parent		396,010,430	402,914,222
Non-controlling interests		(1,079,136)	(1,183,345)
Total equity		394,931,294	401,730,877
Non-current liabilities			
Interest bearing loans	14	5,808,858	6,467,000
Employees' end of service benefits	15	439,707	-
		6,248,565	6,467,000
Current liabilities			
Trade payables and other current liabilities	16	174,818,699	186,668,119
Balances due to telecom operators	9	65,328,870	46,942,575
Interest bearing loans	14	702,771	698,089
Employees' end of service benefits	15	190,855	19,085,314
		241,041,195	253,394,097
TOTAL EQUITY AND LIABILITIES		642,221,054	661,591,974

the attached notes from 1 to 24 form part of these consolidated financial statements

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	Notes	2012 JD	2011 JD
Net revenues		408,016,220	411,790,222
Cost of services		(173,247,753)	(167,349,495)
Gross margin		234,768,467	244,440,727
Administrative expenses		(24,829,123)	(24,869,297)
Selling and distribution expenses		(37,698,097)	(38,239,306)
Government revenue share	17	(9,224,912)	(10,204,196)
Business support fees and brand fees	18	(7,589,308)	(8,418,971)
Depreciation and amortization		(50,499,368)	(52,137,316)
Operating profit		104,927,659	110,571,641
Net foreign currency exchange difference		233,047	509,989
Finance costs		(98,412)	(115,327)
Finance income		6,488,464	7,360,105
Gain on sale of property and equipment		335,821	390,611
Profit before income tax		111,886,579	118,717,019
Income tax expense	6	(28,686,162)	(29,064,260)
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		83,200,417	89,652,759
Attributable to:			
Equity holders of the parent		83,096,208	89,799,214
Non-controlling interests		104,209	(146,455)
		83,200,417	89,652,759
Earnings per share			
For profit for the year attributable to equity holders of the parent			
Basic earning per share	19	0.332	0.359

The attached notes from 1 to 24 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 2012

	Attributable to equity holders of the parent					
	Paid in capital JD	Statutory reserve JD	Retained earnings JD	Total JD	Non-controlling interests JD	Total equity JD
At 1 January 2012	250,000,000	62,500,000	90,414,222	402,914,222	(1,183,345)	401,730,877
Dividends paid (Note 13)	-	-	(90,000,000)	(90,000,000)	-	(90,000,000)
Profit and comprehensive income for the year	-	-	83,096,208	83,096,208	104,209	83,200,417
At 31 December 2012	250,000,000	62,500,000	83,510,430	396,010,430	(1,079,136)	394,931,294
At 1 January 2011	250,000,000	62,500,000	98,115,008	410,615,008	(1,036,890)	409,578,118
Dividends paid	-	-	(97,500,000)	(97,500,000)	-	(97,500,000)
Profit and comprehensive income for the year	-	-	89,799,214	89,799,214	(146,455)	89,652,759
At 31 December 2011	250,000,000	62,500,000	90,414,222	402,914,222	(1,183,345)	401,730,877

The attached notes from 1 to 24 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 2012

	2012 JD	2011 JD
Operating activities		
Profit before income tax	111,886,579	118,717,019
Non – cash adjustments to reconcile profit before tax to net cash flows		
Finance costs	98,412	115,327
Finance income	(6,488,464)	(7,360,105)
Provision for doubtful accounts	1,215,250	2,041,044
Provision for damaged and slow moving inventories	9,428	211,662
Depreciation of property and equipment	45,509,285	47,218,633
Amortization of intangible assets	4,990,083	4,918,683
Employees' end of service benefits	632,143	2,804,364
Gain on sale of property and equipment	(335,821)	(390,611)
Net foreign currency exchange difference	(445,354)	(541,013)
Working capital adjustments:		
Inventories	2,094,178	(1,635,666)
Trade receivables and other current assets	(6,335,223)	(5,252,178)
Balances due from telecom operators	(978,753)	(9,621,022)
Trade payables and other current liabilities	(5,997,073)	(2,886,005)
Balances due to telecom operators	18,386,294	16,650,606
Employees' end of service paid	(19,086,893)	(778,864)
Income tax paid	(33,499,295)	(29,700,408)
Net cash flows from operating activities	**111,654,776**	**134,511,466**
Investing activities		
Purchase of property and equipment	(32,509,602)	(36,507,640)
Proceeds from sale of property and equipment	524,206	427,463
Increase in intangible assets	(5,447,770)	-
Finance income received	6,132,243	6,837,543
Net cash flows used in investing activities	**(31,300,923)**	**(29,242,634)**
Financing activities		
Repayment of interest-bearing loans	(208,107)	(225,234)
Dividends paid	(89,999,230)	(99,813,955)
Finance costs paid	(98,412)	(115,327)
Net cash flows used in financing activities	**(90,305,749)**	**(100,154,516)**
Net (decrease) increase in cash and cash equivalents	(9,951,896)	5,114,316
Cash and cash equivalents at 1 January	280,232,232	275,117,916
Cash and cash equivalents at 31 December	**270,280,336**	**280,232,232**

The attached notes from 1 to 24 form part of these consolidated financial statements

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Notes to The Consolidated Financial Statements
At 31 December 2012

1. Corporate Information

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

The consolidated financial statements of Jordan Telecommunications Company (Jordan Telecom) - Public Shareholding Company ('the Group') for the year ended 31 December 2012 were authorized for issue in accordance with the Board of Directors' resolution on 24 January 2013.

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

2. 1 Basis of Preparation

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

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

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

Basis of consolidation

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

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

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

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

Subsidiary's losses are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.2 Changes in Accounting Policies

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2012 are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
IFRS 7 Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the amendments is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis.

The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Group's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's consolidated financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its consolidated financial statements.

2.3 Standards Issued but Not Yet Effective

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

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's consolidated financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group does not expect the amendments to have any impact on its consolidated financial position or performance as the Group does not apply on the existing employees benefit plans. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's consolidated financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on a group consolidated financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's consolidated financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analysis performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
The application of the new standards will not have an impact on the financial position or performance of the Group as the Group already accounts for these investments using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the consolidated financial position and performance, but based on the preliminary analysis, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

2.4 Use of Estimates

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

2.5 Summary of Significant Accounting Polices

Accounts receivable

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

Inventories

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

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

Interest bearing loans

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

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

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

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive income.

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

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

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

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Finance costs

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

Business combinations

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

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 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 intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

Trade and other payables

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

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with the Group's internal policies. The expected costs of these benefits are accrued over the period of employment. Actuarial gains and losses are recognised 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 the taxation authorities.

Deferred income tax

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

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

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

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

Sales tax

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

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

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

Impairment and unrecoverability of financial assets

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

Provisions

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

Revenue recognition

Revenues from Group activities are recognised as follows:

Service revenues

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

Charges for incoming and outgoing telephone calls are recognised as revenue when the service is rendered.

Revenue- sharing arrangements are recognised 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 recognised when the significant risks and rewards of ownership are transferred to the buyer.

When the equipment is sold by a third-party retailer (indirect distribution channel) who purchases it from the Group the related revenue is recognised when the equipment is sold to the end-customer.

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 recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Foreign currencies

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

3. Operating Segments

The primary reporting segments were determined based on the risk and rewards for the Group which is substantially affected by the segments' products and services.

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

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

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

The following tables represent revenues and profit and certain assets and liabilities information of the Group's business segments for the years ended 31 December 2012 and 2011.

Year ended 31 December 2012	Fixed-line voice JD	Mobile Communications JD	Data services JD	Total JD
Net Revenues				
External customers	174,791,318	180,196,191	53,028,711	408,016,220
Inter-segment	69,667,863	14,896,458	97,646	84,661,967
	244,459,181	195,092,649	53,126,357	492,678,187
Segment results				
Operating profit before depreciation and amortization, interest and tax	20,475,393	90,883,713	44,067,921	155,427,027
Depreciation and amortization				(50,499,368)
Net foreign currency exchange difference				233,047
Finance costs				(98,412)
Finance income				6,488,464
Gain on sale of property and equipment				335,821
Income tax expense				(28,686,162)
Profit and comprehensive income for the year				83,200,417
Assets and liabilities				
Segment assets	300,325,580	314,687,127	27,208,347	642,221,054
Segment liabilities	133,640,900	108,007,805	5,641,055	247,289,760
Other segment information				
Property and equipment	96,270,482	94,394,100	2,784,460	193,449,042
Intangible assets	16,060,167	41,980,603	1,523,311	59,564,081

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Notes to The Consolidated Financial Statements (Continued)
At 31 December 2012

Year ended 31 December 2011	Fixed-line voice JD	Mobile Communications JD	Data services JD	Total JD
Net Revenues				
External customers	171,217,989	188,080,819	52,491,414	411,790,222
Inter-segment	65,883,792	15,481,321	156,744	81,521,857
	237,101,781	203,562,140	52,648,158	493,312,079
Segment results				
Operating profit before depreciation and amortization, interest and tax	29,630,743	90,737,408	42,340,806	162,708,957
Depreciation and amortization				(52,137,316)
Net foreign currency exchange difference				509,989
Finance costs				(115,327)
Finance income				7,360,105
Gain on sale of property and equipment				390,611
Income tax expense				(29,064,260)
Profit and comprehensive income for the year				89,652,759
Assets and liabilities				
Segment assets	324,206,317	305,657,443	31,728,214	661,591,974
Segment liabilities	142,036,115	108,918,569	8,906,413	259,861,097
Other segment information				
Property and equipment	102,468,914	101,225,597	2,942,599	206,637,110
Intangible assets	13,012,871	45,984,871	108,652	59,106,394

4. Property and Equipment

2012	Land and buildings JD	Telecommunications equipment JD	Other Property and equipment JD	Projects in progress JD	Total JD
Cost:					
At 1 January 2012	77,169,051	726,117,807	67,035,767	1,339,922	871,662,547
Additions	1,193,242	29,593,964	1,606,160	116,236	32,509,602
Transferred from projects in progress	2,838	716,827	-	(719,665)	-
Disposals	(451,990)	(1,974,702)	(960,131)	-	(3,386,823)
At 31 December 2012	77,913,141	754,453,896	67,681,796	736,493	900,785,326
Depreciation:					
At 1 January 2012	37,506,244	572,495,723	55,023,470	-	665,025,437
Depreciation for the year	1,454,847	42,828,974	1,225,464	-	45,509,285
Disposals	(451,990)	(1,954,841)	(791,607)	-	(3,198,438)
At 31 December 2012	38,509,101	613,369,856	55,457,327	-	707,336,284
Net book value: At 31 December 2012	39,404,040	141,084,040	12,224,469	736,493	193,449,042

2011	Land and buildings JD	Telecommunications equipment JD	Other Property and equipment JD	Projects in progress JD	Total JD
Cost:					
At 1 January 2011	76,796,205	692,180,201	68,074,021	2,455,459	839,505,886
Additions	396,791	35,134,532	823,263	153,054	36,507,640
Transferred from projects in progress	-	1,268,591	-	(1,268,591)	-
Disposals	(23,945)	(2,465,517)	(1,861,517)	-	(4,350,979)
At 31 December 2011	77,169,051	726,117,807	67,035,767	1,339,922	871,662,547
Depreciation:					
At 1 January 2011	35,836,821	530,694,381	55,589,729	-	622,120,931
Depreciation for the year	1,693,087	44,262,980	1,262,566	-	47,218,633
Disposals	(23,664)	(2,461,638)	(1,828,825)	-	(4,314,127)
At 31 December 2011	37,506,244	572,495,723	55,023,470	-	665,025,437
Net book value: At 31 December 2011	39,662,807	153,622,084	12,012,297	1,339,922	206,637,110

5. Intangible Assets

	FLAG access rights JD	Mobile operating license and frequency rights JD	Other intangibles JD	Total JD
Cost:				
At 1 January 2012	18,737,549	59,347,657	821,447	78,906,653
Additions	5,447,770	-	-	5,447,770
At 31 December 2012	24,185,319	59,347,657	821,447	84,354,423
Amortization:				
At 1 January 2012	5,724,678	13,362,786	712,795	19,800,259
Amortization	969,890	4,004,268	15,925	4,990,083
At 31 December 2012	6,694,568	17,367,054	728,720	24,790,342
Net book value -				
31 December 2012	17,490,751	41,980,603	92,727	59,564,081
31 December 2011	13,012,871	45,984,871	108,652	59,106,394

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

On 29 July 2009, Telecommunications Regulatory Commission (TRC) offered 3G+ frequencies to the four existing mobile operators, through a tendering process. The Group was the only operator who submitted a full compliant offer for an amount of JD 50,350,000 on 19 August 2009.

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

6. Income Tax

Major components of income tax expense for the years ended 31 December 2012 and 2011:

	2012 JD	2011 JD
Consolidated statement of comprehensive income		
Income tax charge – current year	27,646,182	29,575,514
Deferred tax assets adjustments		
Provision for doubtful accounts	-	(38,678)
Employees' end of service benefits	1,039,980	(472,576)
Income tax expense reported in the consolidated statement of comprehensive income	28,686,162	29,064,260

6. Income Tax (continued)

The reconciliation between income tax expense at the statutory income tax rate and income tax expense at the Group's effective income tax rate for the years ended 31 December 2012 and 2011 is as follows:

	2012 JD	2011 JD
Accounting profit before income tax and non-controlling interests	111,782,370	118,863,474
At statutory income tax rate of 24%	26,827,769	28,527,234
Tax adjustments for:		
Subsidiaries (profit) losses	(25,913)	37,936
Debts written off	(11,926)	(943,110)
Provision for doubtful accounts	288,000	471,623
Non-deductible expenses and provisions for income tax Purposes	2,077,736	1,817,831
Previous years' tax returns differences	(1,509,484)	(336,000)
Deferred tax assets	1,039,980	(511,254)
Income tax expense reported in the consolidated statement of comprehensive income at effective income tax rate of 25.7% (2011: 24.5%)	**28,686,162**	**29,064,260**

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

	2012 JD	2011 JD
Provision for doubtful accounts	1,084,303	1,084,303
Legal cases provision	401,416	401,416
Employees' end of service benefits	3,449,442	4,489,422
	4,935,161	5,975,141

Income tax assessments have been agreed with the Income Tax Department for all the years up to 31 December 2010. Currently, the Income Tax Department is reviewing the Group's income tax position for 2011.

7. Inventories

	2012 JD	2011 JD
Materials and supplies	3,871,582	4,069,001
Handsets and others	3,877,404	5,948,287
Provision for damaged and slow moving inventories	(1,681,925)	(1,846,621)
	6,067,061	8,170,667

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

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

	2012 JD	2011 JD
Opening balance	1,846,621	1,946,153
Additions	9,428	211,662
Reversal	(174,124)	(311,194)
	1,681,925	1,846,621

8. Trade Receivables and Other Current Assets

	2012 JD	2011 JD
Trade receivables	66,387,696	59,298,598
Unbilled revenue	13,567,275	14,456,224
	79,954,971	73,754,822
Provision for doubtful accounts	(28,023,643)	(26,808,393)
	51,931,328	46,946,429
Amounts due from related parties	3,215,911	7,953,491
Other current assets *	23,794,459	18,565,589
	78,941,698	73,465,509

* Included in other current assets amounts due to the Group for land of JD 4,435,471 that was classified to other receivables.

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

As at 31 December 2012, trade receivables at nominal value of JD 28,023,643 (2011: JD 26,808,393) were impaired and provided for.

Movements on the provision for doubtful accounts were as follows:

	2012 JD	2011 JD
Opening balance	26,808,393	28,734,170
Charge for the year	1,215,250	2,041,044
Write offs	-	(3,966,821)
Ending balance	28,023,643	26,808,393

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

	Neither past due nor impaired JD	Past due but not impaired				
		1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
2012	15,897,809	13,543,319	10,643,183	5,367,780	6,479,237	51,931,328
2011	16,317,570	11,302,372	5,746,504	6,800,477	6,779,506	46,946,429

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

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

9. Balances Due From / To Telecom Operators

The Group has agreements with local and foreign telecom operators, whereby amounts due from and to the same operator are subject to the right of offset. The net balances as of 31 December 2012 and 2011 are as follows:

	2012 JD	2011 JD
Balances due from telecom operators	32,976,368	31,997,614
Provision for doubtful accounts	(3,992,693)	(3,992,693)
Balances due from telecom operators	28,983,675	28,004,921
Balances due to telecom operators	65,328,870	46,942,575

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

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

	Neither past due nor impaired JD	Past due but not impaired				
		1-90 days JD	91-180 days JD	181-270 days JD	>271 days JD	Total JD
2012	13,774,395	9,506,679	2,249,367	394,789	3,058,445	28,983,675
2011	13,929,145	10,948,935	2,165,591	276,525	684,725	28,004,921

Unimpaired receivables are expected to be fully recoverable.

10. 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, Euros, and US Dollars amounting to JD 270,280,336 as of 31 December 2012 and JD 280,232,232 as of 31 December 2011 with an effective interest rate of 3.85 %, 1.0 % and 0.63%, respectively (2011: JD 3.24 %, Euro 1.0 % and US $0.11%).

11. Paid in Capital

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

12. Statutory Reserve

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

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

13. Dividends Paid and Proposed

The Board of Directors will propose a cash dividend for 2012 of JD 0.33 per share totaling JD 82,500,000 which is subject to the approval of the General Assembly.

During the year, dividends of JD 0.36 per share totalling JD 90,000,000 relating to 2011 were declared and paid.

14. Interest- Bearing Loans

Current	2012 JD	2011 JD
French Government Protocol/ Second Loan	370,772	367,006
French Government Protocol/ Third Loan	142,622	141,173
The Housing Bank for Trade and Finance loan	189,377	189,910
	702,771	698,089

Non- current	2012 JD	2011 JD
French Government Protocol/ Second Loan	4,742,245	5,061,071
French Government Protocol/ Third Loan	928,352	1,060,095
The Housing Bank for Trade and Finance loan	138,261	345,834
	5,808,858	6,467,000

French Government Protocol /Second Loan

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

The repayment of this loan started on 31 March 2006.

French Government Protocol /Third Loan

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

The repayment of this loan started on 31 March 2005.

Housing Bank for Trade and Finance Loan

On 30 June 2009 Light Speed Company obtained a loan from the Housing Bank for Trade and Finance- Bahrain to finance Light Speed needs.

The loan of USD 1,750,000 is payable in 36 monthly installments starting 1 October 2009. The loan is subject to an interest rate equals to 3 months LIBOR plus a margin of 3% on the daily outstanding balance of the loan (with a minimum interest rate of 6%) and the interest shall be paid at the end of each month.

15. Employees' End of Service Benefits

In accordance with the Group's by-laws, the Group provides end of service benefits for its employees.

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

Current	2012 JD	2011 JD
Provision at 1 January	19,085,314	17,059,814
Expenses recognized in the consolidated statement of comprehensive income	192,436	2,804,365
End of service benefits paid	(19,086,895)	(778,865)
Provision at 31 December	190,855	19,085,314

Non- current	2012 JD	2011 JD
Provision at 1 January	-	-
Expenses recognized in the consolidated statement of comprehensive income	439,707	-
Provision at 31 December	439,707	-

The principal actuarial assumptions used:

	2012	2011
Discount rate at 31 December	4.8%	5.25%
Expected rate of increase of employee remuneration	4%	4%
Average length of employee service	10 years	10 years
Present value of end of service provision	630,562	19,085,314

There are no material actuarial gains or losses.

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

16. Trade Payables and Other Current Liabilities

	2012 JD	2011 JD
Trade creditors	63,582,179	70,974,766
Accrued expenses	56,179,237	59,143,632
Subscribers' deposits	20,838,206	20,426,900
Deferred revenues	12,225,435	16,877,383
Government revenue share	9,224,912	10,204,196
Amounts due to related parties	11,256,326	7,528,073
Dividends payable	1,254,195	1,253,425
Contractors' retentions	258,209	259,744
	174,818,699	186,668,119

17. Government Revenue Share

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

18. Business Support Fees and Brand Fees

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

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

19. Earnings Per Share

	2012	2011
Profit for the year attributable to the equity holders of parent (JD)	83,096,208	89,799,214
Weighted average number of shares during the year	250,000,000	250,000,000
Basic earnings per share	0.332	0.359

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

20. Related Party Disclosures

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

Name	Country of Incorporation	Percentage of equity interest		Description of
		2012	2011	Service
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	Bahrain	51%	51%	Data

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

Transactions with related parties included in the consolidated statements of comprehensive income are as follows:

	2012 JD	2011 JD
France Telecom and its subsidiaries (shareholder)		
Business support fees and brand fees	7,589,308	8,418,971
Operating expenses	5,612,520	5,039,883
Revenues	21,306,090	23,624,609
Government of Jordan (shareholder)		
Government revenue share	9,224,912	10,204,196
Key management personal		
Executives' salaries and bonus	1,379,802	1,169,044
Board of directors bonus	151,125	212,950

Balances due from and to related parties are disclosed in notes 8 and 16 to these consolidated financial statements.

21. Commitments and Contingences

Operating lease commitments

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

	2012 JD	2011 JD
Within one year	6,662,037	6,559,360

Capital commitments

The Group enters into commitments during the ordinary course of business for major capital expenditures, primarily in connection with network expansion projects. Outstanding capital expenditure amounted to JD 14,314,685 as of December 31, 2012 (2011: JD 12,032,949).

Legal claim

The Group is a defendant in a number of lawsuits with a value of JD 22,712,592 (2011: JD 22,712,592) 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 issued letters of guarantee amounting to JD 5,285,613 (2011: JD 3,818,719) in respect of legal claims and performance bonds.

22. Risk Management

Interest rate risk

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

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2012.

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

2012	Changes in interest rate %	Effect on profit for the year JD
JD	1	1,946,332
USD	1	580,325
EUR	1	144,476

2011	Changes in interest rate %	Effect on profit for the year JD
JD	1	2,534,054
USD	1	101,050
EUR	1	82,931

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

Credit risk

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

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

Liquidity risk

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

The table below summarises the maturities of the Group's financial liabilities at 31 December 2012 and 2011, based on contractual undiscounted payment.

31 December 2012	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	> 5 years JD	Total JD
Trade creditors and amounts due to related parties	33,164,203	13,064,953	27,717,645	891,704	74,838,505
Balances due to telecom operators	26,538,017	27,177,823	11,501,673	111,356	65,328,869
Loans	171,992	530,779	2,705,242	3,103,616	6,511,629
Total	59,874,212	40,773,555	41,924,560	4,106,676	146,679,003

31 December 2011	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	> 5 years JD	Total JD
Trade creditors and amounts due to related parties	50,865,247	16,579,170	11,058,422	-	78,502,839
Balances due to telecom operators	29,281,755	5,894,842	11,765,978	-	46,942,575
Loans	175,231	522,858	2,886,735	3,580,265	7,165,089
Total	80,322,233	22,996,870	25,711,135	3,580,265	132,610,503

Currency risk

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

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

Jordan Telecommunications Company (Jordan Telecom)
Public Shareholding Company
Notes to The Consolidated Financial Statements (Continued)
At 31 December 2012

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

	Changes in Euro rate to JD %	Effect on profit before tax JD
2012		
EUR	5	413,182
2011		
EUR	5	83,186

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

23. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

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

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

24.Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011. Capital comprises share capital, statutory reserve and retained earnings, and is measured at JD 396,010,340 as at 31 December 2012 (2011: JD 402,914,222).

Future Vision — 2013

Within today's challenging economic environment, uncertainty is the norm, setting a clear-cut future vision in light of changing market dynamics is not an easy task. However, at Orange Jordan we continue to see opportunity in the most pressing circumstances. After all, we are an entity that is an integral part of our local community, and our aspirations for the coming year transcend the telecommunication field so that they positively affect the community at large.

We are inspired by our achievements in 2012 to continue to hold a positive outlook for 2013, for despite market obstacles brought on by hefty competition within the sector itself, we were still able to maintain a respectable profit margin last year. Even with higher running costs, higher electricity costs, and challenging regulatory affairs that sometimes affect profitability, we were able to make notable strides forward in our operations in 2012.

If anything, our 2012 achievements enabled us to strengthen our belief in our brand as a trend setter, shaper of business environments, an example of good business practice, and a solid name able to withstand potential and existing obstacles.

It is our confidence in Orange Jordan and our team that inspires our vision for 2013, where we want to be more than just a pioneer in the telecommunication field. After all, we have fulfilled our commitment to market leadership since we were the first entity to launch 3G+ services in Jordan, alongside many other flagship services.

Therefore, for the year 2013, we want to take the next step. We don't only want to launch new services responding to our growing population of Smartphone holders, but we also aspire to remain a key player in enabling the digital revolution to spread each and every sector of the Jordanian society. We want to form partnerships with talented developers, development firms, and communication experts to launch data and content services that respond to people's new communication demands. To this effect, we believe that Jordan is an ideal platform for such direction, as our human capital is known for its talent and knowledge. Why not arm this reservoir of human capital with the tools they need to generate more income for themselves, their community and the economy?

Furthermore, we also see ourselves forming long term corporate partnerships, by utilizing the best business practices we have adopted from our international market know-how and roots. We want to be the reference source on corporate integrity and agility, a goal we will achieve by making use of our integrated corporate services. In our business environment in Jordan, the SME segment is full of promise. After all, it is still a largely untapped market, where diverse business prospects are great. Our vision, for 2013, is to explore such prospects for partnerships.

From another angle, we want to use our training capacities to make our team members and partners stand out. To this effect, we strive to positively affect the economy by improving the capacities of our human resources, and we will achieve this goal through the courses we offer in our "Orange Management Campus", our "Orange ITN Campus" and "Orange Sales Academy", therefore, serving the economy with the know-how of our team and partners.

We want to set new standards for customer service in the Kingdom in 2013, so that in line with His Majesty King Abdullah II's vision, for positioning Jordan as an ICT hub for the region, we make the local telecommunication arena not only on par but ahead of its regional peers in terms of efficiency and quality of services provided.

In fact, we at Orange Jordan, have a lot to be proud of and we have a lot to aspire for in 2013, but yet we also have a lot at stake. We are well aware of the fact that the challenges we faced in 2012 might be carried over to this year as well. Economic and sociopolitical conditions in the region are most probably to remain the same, but our vision for this year is to look for opportunities within these challenges. We aspire not only to enhance the ICT sector but also to affect the people we work for, i.e. the people and the economy of Jordan.