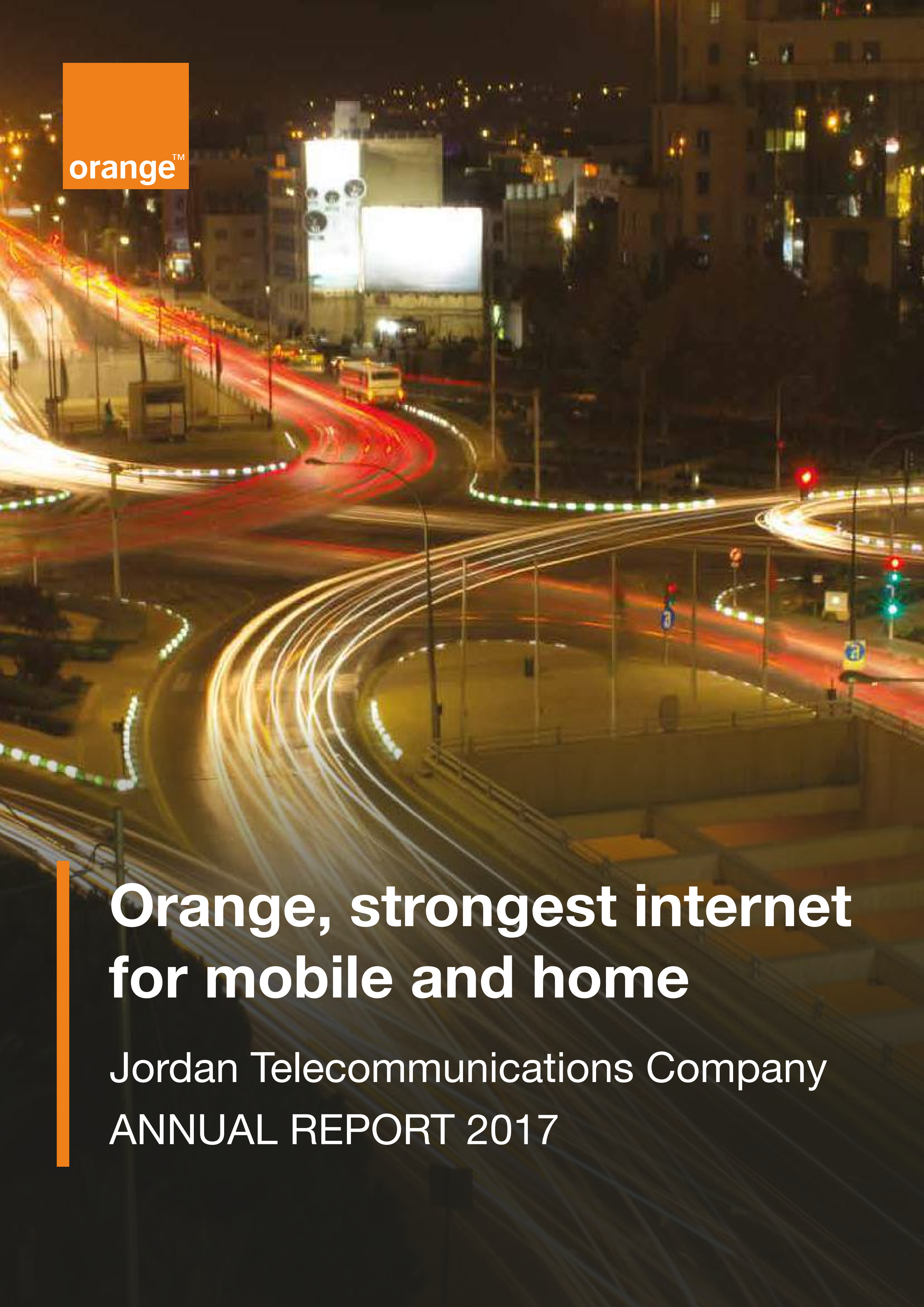


orange™

Orange, strongest internet for mobile and home

Jordan Telecommunications Company

ANNUAL REPORT 2017

Speech from the Throne By His Majesty King Abdullah II

Opening the Third Ordinary Session of the 17th Parliament

“It is equally important that we continue to build on what Jordan has achieved in ICT, and keep up with the latest international advancements in this field to maintain Jordan’s competitiveness in this important industry, which has a major role in providing opportunities for Jordanian talents.”

A letter from the Chairman

Dear Respected Shareholders,

I am pleased to welcome you on behalf of the Board of Directors of Jordan Telecommunications Company (Orange Jordan) and I look forward to hearing your opinions during this meeting as I put forth before you, your company's annual report according to the laws that we have always abided by.

This report comes with an added value, as it demonstrates adherence to the most recent Corporate Governance Guidelines for the year 2017, issued by the Jordan Securities Commission. The added value is presented in the "Governance Report" which proves that the management is continuously following the best governance standards and transparency practices. As usual, the annual report includes an insight on performance and all the audited financial statements for the year 2017 along with disclosures and the management plan for 2018.

During 2017 the telecommunications sector faced several challenges spanning different levels: a shift in demand on some services, along with additional tax increase on the telecommunications sector and fierce competition.

The company's five year corporate strategy "Essentials 2020" was not only designed to help us adapt to technological changes, but also to adapt to market changes. We were able to deal with all changes by tapping into other sources of income, enhancing productivity and reducing our operational costs in comparison with the year 2016, without compromising the quality of our services. This has resulted in increased profits in 2017 and consequently higher returns on investment. The figures of our consolidated financial statements demonstrated progress in most areas, including net profits.

As Orange Jordan has always been close to its customers, the management has noticed an increased demand for data services from businesses and households. We responded by providing our customers with all that is essential to them, catering to their work, home, entertainment and family needs through offering a variety of services that suit the needs of all. The company has also introduced the latest and most advanced technologies to the local market, so that customers can meet their desired objectives in their respective fields.

"Essentials 2020" strategy is based on many pillars, perhaps most importantly focusing on "Customers Experience" as the main driver to achieve growth. As such, we are working tirelessly to elevate, diversify, and simplify this experience, in order to achieve more customer loyalty to the Orange brand and to attract new customers, who are truly our most valuable assets on a continuous basis.

In order to achieve growth objectives, our strategy includes increased investments in networks. We are investing JD 300 million in New Generation Networks (NGNs) over the period of Essentials 2020 strategy in order to offer high-quality services (LTE-4G, LTE advanced-4G+, Fiber to the Home, Fiber to the Business) along with refurbishment of 2G and 3G networks. Thus, since privatization of your company in 2000 a total investment of JD 1.4 billion was undertaken in all networks.

The Board of Directors appreciates the efforts, loyalty and dedication of the company's employees across the Kingdom, as they constantly offer their unwavering commitment to achieve the company's objectives. The company has relocated its headquarters to the Boulevard in Al-Abdali, to provide the employees with a calm, flexible and comfortable work environment that will motivate them to increase their productivity and demonstrate their creativity.

The company's management was also committed to elevating the efficiency and skills of its staff, through training. I would like to point out that since privatization, the company invested more than JD 20 Million in training staff across all sectors.

Stemming from our belief that Jordanians deserve the best, Orange Jordan has continually contributed to the sustainable socioeconomic development of the country by localizing knowledge and advancing the sector, in addition to playing a leading role in the area of corporate social responsibility. We have always been at the forefront, especially with regard to connecting customers to what is essential to them. I hereby mention a few examples of our contributions during 2017, including the establishment of a training center in the south for Information Technology technicians and providing a financial grant to establish the "Jordanian German Excellence Center for Solar Energy" in Al- Mafraq Developmental Area. We are also proud to have contributed to the Royal Housing Initiative to support underprivileged families. Since 2000, the overall investment we have committed to our corporate social responsibility programs has reached approximately JD 30 million.

At Orange Jordan, we are proud to be the leader in carrying the flag behind His Majesty King Abdullah II. We are honored to be constantly contributing to His Majesty's vision in bridging the digital divide and creating a digital transformation. Orange Jordan has proven over the years that it is the main contributor in helping Jordan achieve its noble aspirations and ambitions as it strides towards development and prosperity.

In closing, I would like to express my deepest appreciation to Her Excellency the Minister of Information and Communications Technology (ICT) and Minister of Public Sector Development and to the Chief Commissioner and members of the Board of the Telecom Regulatory Commission. I would also like to thank all the members of the Board of Directors, the CEO Mr. Jérôme Hénique, his Executive committee and Orange Jordan's team across the Kingdom for their efforts to ensure that Orange Jordan remains the leader in the Information and Telecommunications Technology Sector. Special thanks to our customers, shareholders and Orange S.A. for their continuous support and patronage.

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

A letter from the CEO

Dear shareholders,

Despite the numerous hurdles and challenges that the ICT sector has been facing in recent years, which evidently affected the sector's profitability, Orange Jordan was still able to overcome obstacles and generate more net profits for itself and for its shareholders. The year 2017 was marked by robust transformation in Orange Jordan. As executive management, we decided to adapt to the changes in the telecommunications market, thus becoming more flexible in dealing with all market factors and fluctuations that affect demand on our services. We decided to become more adaptable and willing to change our work models so that the company's performance would be stronger and more resilient to overcome difficulties. This decision was in line with Orange Jordan's five-year corporate strategy Essentials 2020 that foresaw all potential changes in the ICT sector.

Orange Jordan faced numerous challenges in 2017, the most significant for us had to do with the environment in which the telecommunications sector functions. Starting with the increase in the rates of taxes imposed on the sector in February 2017, as well as the slow improvement of the regulatory framework and the fierce competition among telecom operators, which propelled the executive management to look for ways to improve our operational performance to limit negative financial impact.

We worked hard to create innovative options to provide the most advanced solutions and telecommunication services to the Kingdom. Thanks to those endeavors, Orange Jordan is leading the digital transformation of Jordan.

Facing challenges means creating windows of opportunity. It means transforming them into new achievements. As much as a challenge, 2017 also proved to be the year of achievements and milestones. Orange Jordan recorded significant quality leaps in advancing itself and the operational performance of all the services it provides. Introducing new mobile offers, such as the highly successful Jama3ty offer targeting the youth under the new promotional platform YO and offering them rich telecommunications and internet services, encouraged growth in mobile revenues. Collectively, we managed to accomplish the following improvements in our mobile offering: launch of new prepaid and postpaid lines bundles, the continuous enhancement of our mobile network along with generous data offers translated into massive adoption of 4G resulting in revenue growth and the adaptation of segmented marketing approach such as customized offers for the Army, Youth, expatriates and geographical segments.

In keeping with the business world's increasing dependence on the telecommunications industry, Orange Jordan offered its business customers innovative, world-class quality services and solutions in existing and new domains. As Orange Jordan is offering all services that such a sector might need; therefore, the number of corporate subscribers increased and positively affected the company's revenues, especially in ICT solutions where the contribution to total B2B revenues now exceeds 17%.

Concerning the fixed internet services, Orange Jordan used its widespread network all over the kingdom to deploy high-speed fiber optics services in several governorates whereby we were able to provide new and extensive high-broadband access and fixed-mobile convergent services to thousands of homes and businesses across Jordan along with attractive offers which included Fiber-to-the-Home (FTTH) and Fiber-to-the-Business (FTTB) services. Fiber optic networks coverage increased during 2017 to reach 72,000 business and households, allowing us to mitigate the decline in legacy business, a remarkable milestone that Orange Jordan was able to reach in record time.

As Orange Jordan recognizes users' need for a high-speed and high-efficiency wireless broadband internet, the company acquired new frequencies at a width of 10+10 band of 2600 MHz to enhance the 4G services for our subscribers. More than 50% of mobile internet traffic is through our 4G network and we hope that this figure increases in 2018 as a result of the new frequencies, thus growing the company's revenues. To further maintain the loyalty of Orange Jordan subscribers, one of our priorities was to upgrade the customer experience. We have been doing so, through creating attractive offers, following up on complaints and seeking to solve them in no time, in addition to providing subscribers with benefits and incentives that keep them always committed to the company. Our focus on customer satisfaction won us two awards, the first being the 6th Annual Customer Experience Management (CEM) in Telecoms Middle East Summit which was held in Dubai in 2017 and the second being the Telecom Regulatory Commission award as the Best Operator in the South region.

Furthermore, the executive management of Orange Jordan fully understands that its human resources are the main force behind its success. Therefore, we adopt policies that motivate our personnel to be distinguished, qualified for the digital world and always up-to-date and ready in relation to all new developments in the dynamic telecommunications industry. This was in conjunction with the overall upgrade of the internal work environment in all Orange Jordan buildings across the kingdom. We further launched human resources programs, such as the program for nurturing talents and the new career planning program Mostaqbaly, which gives each employee full charge to plan and develop his/her own career path in Orange. This distinction in human resources management secured Orange the Top Employer Global 2017 certificate for the second consecutive year. We always strive for better employee engagement and keep them abreast with industry changes, while keeping our production costs under control.

As a national company that takes pride in working with the local community in which it serves, the year 2017 witnessed an increase in initiatives targeting both the local community and the business entrepreneurs. The initiatives had an overall positive effect on all beneficiaries and in recognition of Orange Jordan's contributions and efforts, we received the Gold Medal of Excellence and a certificate of excellence in the field of corporate social responsibility, also for the second consecutive year.

All of these achievements allowed the company to mitigate most of the drop in legacy business lines, such as fixed voice and wholesale, while providing better EBITDA reaching JD 105.4 million with a growth of 4.7% compared with last year and translating into a turnaround of our net profit to reach JD 24 million with a growth of 33% compared with last year. In addition, those achievements induced optimism and strong faith that the year ahead would bring more successes and achievements. For continued successes in 2018, the executive management set priorities that will enhance our presence in the local market and increase our profitability, all in line with the Essentials 2020 strategy, while at the same time providing an unmatched customer experience.

In conclusion, I would like to extend my heartfelt thanks and gratitude to our esteemed Board of Directors for their continuous support; to the executive management and all employees of Orange Jordan for their concerted efforts. Our gratitude also goes to our valued shareholders whose confidence and trust in our capacities and potential are much appreciated.

Jérôme HÉNIQUE
Chief Executive Officer

2017 Board of Directors of Jordan Telecom Group – Orange Jordan

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

Mr. Michel Monzani
Vice-Chairman of the Board of Directors

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

Mr. Jean Marc Vignolles
Member of the Board of Directors

Brigadier General Engineer Ali Alassaf
Member of the Board of Directors

Mr. Abdallah Mohammad Abu Jamous
Member of the Board of Directors

Mrs. Sandrine Valenti
Member of the Board of Directors

Auditors: Ernst & Young
Legal Advisor: Thaer Najdawi

2017 Executive Committee of Jordan Telecom Group – Orange Jordan

Mr. Jérôme Hénique
Chief Executive Officer

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

Mr. Sami Smeirat
Chief Enterprise Officer

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

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

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

Mr. Tamouh Khauli
Chief Security Officer

Dr. Edward Zreik
Chief Human Resources Officer

Mrs. Naila Al Dawoud
Chief Consumer Market Officer

Mr. Samer Al Haj
Chief Consumer Sales Officer

2017 FINANCIAL REPORT

As a continuation for the group's pioneering role in the Information and Communication Technology sector, Jordan Telecom Group has improved the infrastructure for the Fiber services in order to be able to provide our subscribers with unmatched experience and high speed internet following its strategy under the heading "Essentials2020".

From a financial point of view during 2017 the group has improved its financial performance despite the challenges and the high competition which Jordan Telecom Group has faced by managing its resources efficiently in order to achieve the best returns to its shareholders.

It gives us a great pleasure to present 2017 consolidated annual financial highlights of Jordan Telecom Group.

Presented below is a summary of the consolidated results for 2017 against 2016.

Consolidated Income statement

(MJD)	2017	2016	Change%
Revenues	**333.2**	**344.1**	**(3.2)%**
Operating Expenses			
Cost of services	(158.8)	(167.3)	(5.1)%
Administration expenses	(22.2)	(25.4)	(12.8)%
Selling and distribution expenses	(41.4)	(43.2)	(4.1)%
Government revenue share	(4.5)	(5.9)	(23.0)%
Business support fees	(3.3)	(3.3)	-
Brand fees	(4.0)	(3.9)	3.0%
Total Operating expenses	(233.3)	(248.9)	(6.2)%
Other Income	6.4	5.5	16.6%
Profit from operations (EBITDA)	**105.4**	**100.7**	**4.7%**
EBITDA margin	31.6%	29.3%	
Depreciation, amortization and impairment	(68.4)	(76.7)	(10.9)%
Net foreign exchange differences, finance costs and finance income	(5.7)	1.1	(621.0)%
Profit before Income tax	31.3	25.0	25.2%
Income tax expense	(7.3)	(6.9)	4.9%
Profit for the year	**24.0**	**18.1**	**33.0%**
Attribute to: Equity holders of parent	24.0	18.1	33.0%
Profit margin	7.2%	5.3%	
Earnings per share	0.128	0.088	45.5%
Weighted average number of shares *(million shares)*	187.5	205.1	(8.6)%

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

Summary of consolidated balance sheet

(MJD)	2017	2016	Change%
Assets			
Total Current Assets	160.1	160.1	0%
Property, plant and equipment	220.1	206.8	6.4%
Other non-current assets	272.7	254.5	7.1%
Total non-current assets	492.8	461.3	6.8%
Total assets	**652.9**	**621.4**	**5.1%**
Liabilities and equity			
Total current liabilities	262.3	263.3	(0.4)%
Total non-current liabilities	116.4	89.8	29.5%
Total Equity	274.2	268.2	2.2%
Total liabilities and equity	**652.9**	**621.4**	**5.1%**

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

Summary of cash flow statement

(MJD)	2017	2016	Change%
Net cash from operating activities	80.1	88.8	(9.8)%
Net cash used in investing activities	(93.7)	(84.2)	11.4%
Net cash From (used in) financing activities	18.7	(79.4)	(123.6)%
Net increase (decrease) in cash and cash equivalent	5.1	(74.8)	(106.8)%
Cash and cash equivalents as of 31 December	41.0	35.9	14.1%

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

Financial ratio analysis

	2017	2016	Change %
Profitability ratios			
Return on Total Assets	3.8%	3.0%	25.1%
Return on Total Equity	8.9%	6.1%	46.3%
Liquidity ratios			
Current Ratio	0.61	0.61	0.4%
Cash Ratio	0.27	0.25	7.9%
Leverage ratios			
Debt- Equity Ratio	138.1%	132.7%	4.9%
Interest – Bearing Debt ratio*	13.3%	1.2%	1007.4%
Debt ratio	58.0%	56.8%	2.0%
Assets Coverage ratio	0.45	0.39	13.5%
Assets management ratio			
Assets Turnover ratio	0.52	0.57	(8.9)%
Fixed Assets Turnover ratio	1.56	1.70	(8.3)%
Capital Turnover ratio	1.23	1.15	6.6%
Growth ratios			
Dividends per Share (JD)	0.128	0.088	45.5%
Dividends Payout Ratio	99.9%	99.6%	0.3%
Dividends Yield Ratio	6.0%	3.8%	57.4%
Valuation ratios			
Book value per Share	1.46	1.31	11.9%
Market to Book Value ratio	1.46	1.77	(17.2)%
Price – Earning ratio	16.7	26.2	(36.3)%

* Total Debt (Total Debt + Total Equity)

Revenues

Group's consolidated revenues decreased by 3.2% achieving JD 333.2 million in 2017 compared to JD 344.1 million in 2016 mainly due to lower fixed and data revenues.

Operating expenses

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

The Group OPEX witnessed a decrease of 6.2% to reach JD 233.3 million in 2017 against JD 248.9 million in 2016. This decrease came mainly due to cost savings initiatives.

Cost of services decreased by 5.1% reaching JD 158.8 million in 2017 compared to JD 167.3 million in 2016 as a result of lower wholesale segment revenues (transit calls).

Administrative expended decreased by 12.8% reach JD 22.2 million in 2017 compared to JD 25.4 million in 2016.

Selling and distribution expenses decreased by 4.1% to reach JD 41.4 million in 2017 compared to JD 43.2 million in 2016.

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

Government revenue share reached JD 4.5 million in 2017, decrease by 23.0% from 2016, due to the increase of data revenues not subjected to revenue share.

Business support fees represent what the Group is required to pay to Orange Group pursuant to the business support agreement. Business support fees of the Group reached JD3.3 million in 2017, the same amount as in 2016.

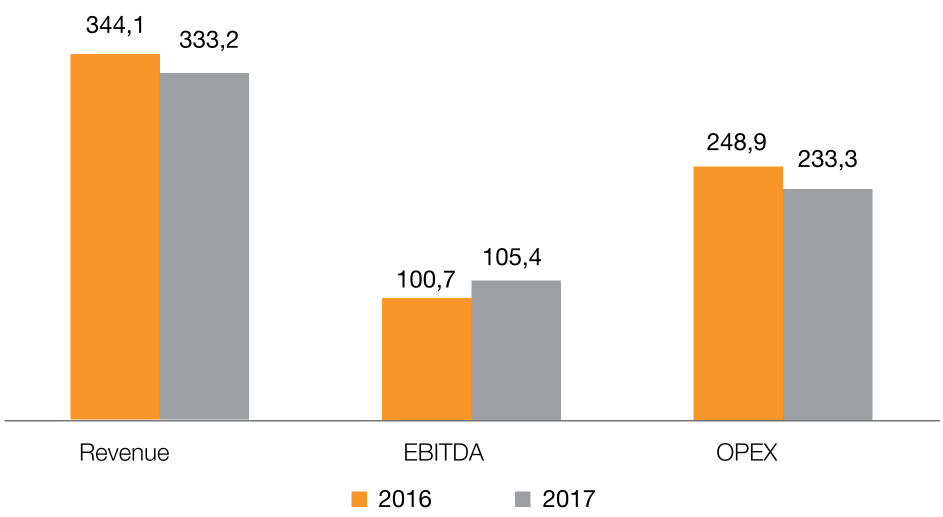
Brand fees represent 1.6% of operating revenues that Jordan Telecom Group is required to pay to Orange Group for using the Orange Brand in all Jordan Telecom Group subsidiaries. It was JD 4.0 million in 2017 compared to JD 3.9 million in 2016.

EBITDA

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

Group EBITDA showed an increase by 4.7% to reach JD 105.4 million in 2017 compared with JD 100.7 million in 2016. This increase is mainly linked to lower costs.

EBITDA margin for the Group increased to reach 31.6% at year end 2017, compared to 29.3% in 2016.



Depreciation, amortization & impairment.

Depreciation, amortization & impairment expenses decreased by 10.9% to reach JD 68.4 million in 2017 compared to JD 76.7 million in 2016.

Net foreign exchange differences

Net foreign exchange differences resulting from Group's transactions in foreign currencies and translation of monetary assets and liabilities. For the year 2017, loss of JD 1.3 million compared to a gain of JD 0.9 million in 2016.

Finance costs

Finance costs consist of the interests and other charges, which is paid on the Group's financial indebtedness. Finance costs increased in 2017 to reach JD 1.6 million compared to JD 1.0 million in 2016.

Finance revenues

Finance revenues consists of revenues earned on cash deposits in various currencies. Finance revenues decreased by 25.9% reaching JD 0.9 million in 2017 from JD 1.2 million in 2016.

Finance cost from long term liability:

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

Other income

Other income consists of gains and losses on dispositions of fixed assets and other miscellaneous income. Other income reached JD 6.4 million in 2017 opposed to JD 5.5 million in 2016.

Income tax

In 2017 the Group reported JD 7.3 million as income tax compared with JD 6.9 million in 2016.

Profit for the year

Jordan Telecom Group generated JD 24.0 million as net profit after tax for the year 2017, with an increase of 33% compared to JD 18.1 million in 2016. This increase came mainly from continues Group's efforts for cost savings initiatives.

Liquidity and capital resources

The primary source of liquidity is net cash from Operating Activities. For 2017, our net cash from operating activities decreased by 9.8% to reach JD 80.1 million as compared to JD 88.8 million for 2016.

Net cash used in Investing Activities reached JD 93.7 million in 2017 from JD 84.2 million in 2016.

Net cash from Financing Activities reached JD 18.7 million in 2017 compared to JD 79.4 million used in 2016.

Free cash flow in 2017 reached JD 44.0 million compared to JD 34.4 million in 2016, with an increase of 28.1%.

Cash and cash equivalent

Cash and cash equivalent witnessed an increase of 14.1% from JD 35.9 million in 2016 to JD 41.0 million in 2017.

Capital expenditures

CAPEX for Jordan telecom group reached JD 100.6 million at the end of 2017 (including JD 39 million for the new band of 2600 MHz for 4G+) compared with JD 91.5 million in 2016 (including JD 25 million for additional 3G spectrum).

Group subscribers

Jordan Telecom Group subscribers showed a decrease of 19.4% to reach 3,711 (K lines) in 2017 compared to 4,606 (K lines) in 2016 due to regulatory measurements (restriction on Point of sales), taxes on new moble lines and tax increase on data.

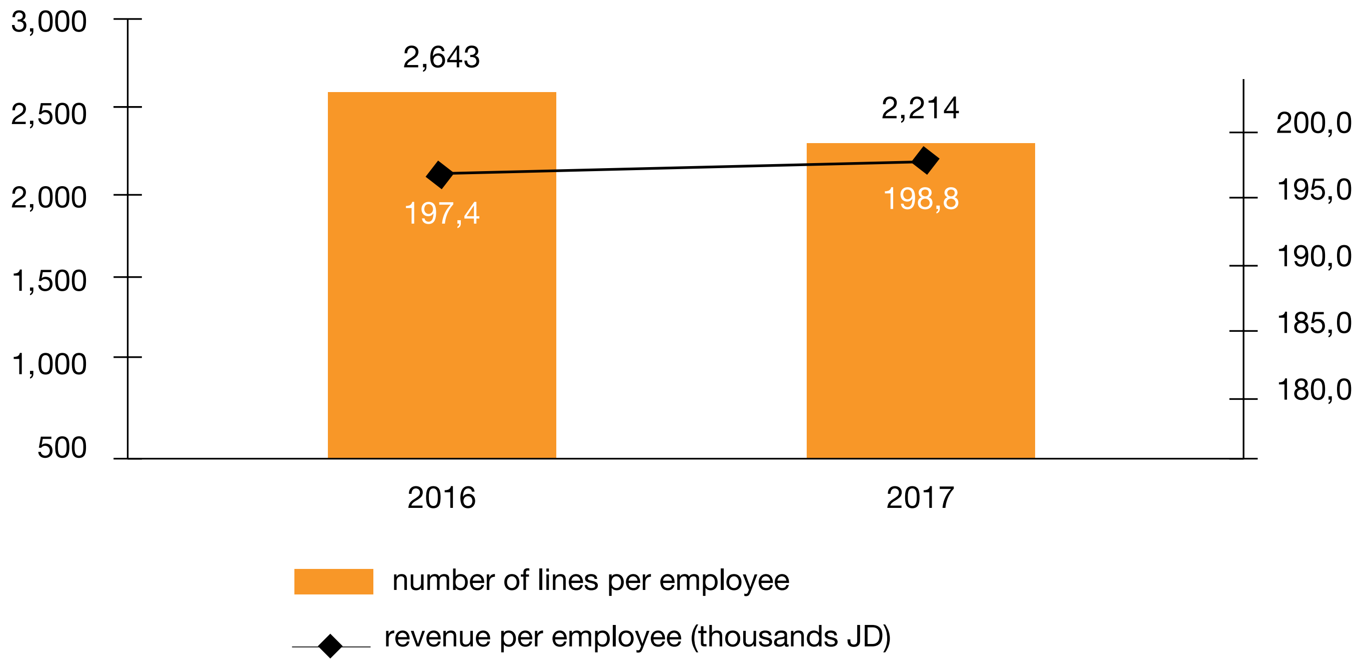
Human resources

Jordan Telecom Group's number of employees slightly decreased by 3.8% from 1743 in 2016 to 1676 in year 2017. Total number of temporary employees decreased to reach 107 in 2017 from 115 in year 2016.

Staff efficiency

The Group's efficiency indicators increased to reach JD 198.8 thousand revenue per employee in 2017 over JD 197.4 thousand in 2016.

The number of lines per employee decreased to reach 2,214 lines in 2017 showing a decrease of 16.2% against 2016 where it reached 2,643 lines.



Segment analysis:

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

(MJD)	2017	2016	Change%
Revenues			
Orange fixed & Orange internet	229.2	248.7	(7.8)%
Mobile Communication	158.0	150.8	4.8%
Intercompany	54.0	55.4	(2.5)%
Total Revenues	333.2	344.1	(3.2)%

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

Orange fixed and Orange internet

Orange fixed service is the Group's largest business segment. After the opening of the market to competition, Jordan Telecom Group still holds the majority of market share, although high competition on international traffic to and out of Jordan.

Orange internet is the leading internet service provider in Jordan. In 2001, the Group acquired Global One Communications (Jordan) Ltd. The Data communication segment entered into a Brand License Agreement with Orange internet Interactive, Orange internet provides various services such as Corporate internet leased lines, Fixed Internet service for residential and corporate, web-hosting and mail-hosting solutions, internet roaming through dial-up and wireless internet (WiFi) connectivity in addition to fiber serves.

Revenues

Orange fixed and internet revenue decreased by 7.8% in 2017 mainly due to lower Wholesale segment (transit calls) and lower revenues from Fixed.

Mobile communication

The Group's mobile communication segment consists of the mobile communication products and services offered by Orange mobile, which was registered in September 1999 with an aim to build a new, highly advanced, mobile communication network to serve the Kingdom. Orange mobile began commercial operations in September 2000 as the second provider of mobile services in Jordan. The competition emerged with the entrance of other mobile operators resulting in renewed and intense price competition.

In 2010, Orange mobile was the first to get 3G spectrum license in Jordan Mobile market.

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

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

In 2016, Orange mobile acquired additional 3G license

In 2017 Orange mobile acquired new Spectrum with in a rang of 2600 MHz band width to launch the 4G+ service.

Revenues

Orange mobile had an increase in its revenues by 4.8% compared to 2016. This increase was generated by higher local termination revenues and stable retail performance despite increase of taxes on data services and applying taxes on new mobile lines.

DISCLOSURE REPORT FOR THE YEAR 2017 UNDER THE DIRECTIVE OF THE SECURITY COMMISSION

1. The services rendered by Jordan Telecom Group – Orange

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

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

Governorate	No. of locations	No. of employees
Headquarters	1	528
Amman	66	684
Ajloun	12	6
Irbid	59	94
Jerash	14	8
Al-Mafraq	41	14
Al-Balq'a	22	15
Madaba	10	10
Al-Zarqa	19	47
Al-Aqaba	13	23
Al-Karak	35	33
Ma'an	24	14
Al-Tafilah	12	8
Total	328	1,484

The amount of capital investment in 2017 for Jordan Telecom was (JD 30,326,153) and for Jordan Telecom Group (JD 100,634,868)

2. Subsidiaries

All Subsidiaries Headquarter offices, Abdale The Boulevard, Black Iris Stree, Centerl 1& 2, P.O. Box 1689 Amman 11118 Jordan

Name of the subsidiary	Nature of business	Capital JD	Equity%	No. of emp.
Petra Jordanian Mobile Telecommunications Co. Ltd. (Orange Mobile)	GSM operator	70,000,000	100%	276
Jordan Data Communications Co. Ltd. (Orange Internet)	ISP	750,000	100%	23
Dimension Company for Digital Development of Data Ltd. (e-dimension)	Development of Renewable Energy Projects	220,000	100%*	-**

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

3. a. Members of the Board of Directors

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

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

Mr. Michel Monzani
Vice-Chairman of the Board of Directors
Date of birth:26/11/1955

Mr. Michel Monzani is a member of the Board of Directors of the Jordan Telecom Group – Orange Jordan, and is also a Senior Vice President within Orange Middle East and Africa Division, leading the Middle East and North Africa operations.
Mr. Monzani has held the position of Chairman of the Board of Directors from May 2012 to October 2012, and was elected Vice-Chairman of the Board of Directors in April 2014.
Mr. Monzani was formerly the Senior Vice President in charge of Poland at France Telecom – Orange. Prior to that, he was appointed Head of the Strategy Department within the International Division with a world-wide responsibility for the Corporate Development of France Telecom Group.
In 2002, Mr. Monzani was seconded to Poland to assist Orange Poland management in restructuring the domestic consumer Sales Network. Previously, he held the position of Senior Vice-President in charge of the Sales and Services Division for the French territory.
Mr. Monzani was appointed Senior Vice President in charge of France Consumer Division in 1996.
In 1991, he served as the Regional Director of France Telecom-Orange, covering the North of France. Earlier, he held various responsibilities in the fields of IT, and 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.

H.E. Dr. Mohammad Abu Hammour
Member of the Board of Directors
Date of birth:20/12/1961

H.E. Dr. Mohammad Abu Hammour is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan. He has held this position since 2012. He previously served as Minister of Industry and Trade in 2003, as Minister of Finance (2003-2005) and was reappointed as Minister of Finance (2009-2011).
H.E. Dr. Abu Hammour represented many banks, companies and institutions in their respective boards of directors. Before that, he occupied the position of Secretary General of the Ministry of Finance (2000-2003), consultant to the Ministry of Finance (1998-2000), lecturer at the University of Jordan (1998-1999) and in the Central Bank of Jordan (1987-1998). H.E. Dr. Abu Hammour was decorated as the best Finance Minister in the Middle East for the years 2004 and 2010.
H.E. Dr. Abu Hammour holds a PhD Degree in Economics from the University of Surrey/UK (1997), in addition to a Master's Degree in Economics from the University of Jordan (1989) and a Bachelor's Degree in Economics from the Al-Yarmouk University (1984).

Mr. Jean Marc Vignolles
Member of the Board of Directors
Date of birth:16/8/1953

Mr. Jean Marc Vignolles is a member of the Board of Directors of Orange Jordan, as well as the Chief Operating Officer (COO) and Deputy General Manager of Orange Middle East and Africa (OMEA) since March 2016 with responsibility over the marketing and distribution, network, customer experience and transformation domains.
From 2007 to 2015, Mr. Vignolles was the Chief Executive Officer of Orange Spain, which, under his leadership and following the acquisition of Jazztel grew to number two position on the Spanish market. Prior to that, he was the CEO (2004-2007) and COO (2001-2004) of Orange Poland mobile operation as well as member of the Management Board of Telekomunikacja Polska (2005-2007). Beginning in 1983, Mr. Vignolles worked at France Telecom, occupying various key, upper-level positions, including Vice President for Central and Eastern Europe in the International Development Division (1994-2000), Key Account Manager in the France Telecom Key Account Division (1990-1994), and Head of Department in the IT Division (1983-1989).
Mr. Vignolles received his Agrégation d'anglais certification in 1977 and graduated from Institut d'Etudes Politiques (Paris) in 1976 and from Ecole Normale Supérieure in 1973.

Brigadier General Engineer Ali Alassaf
Member of the Board of Directors
Date of birth:15/1/1961

Director General of Special Communications Commission / Ministry of Defense - Jordan Armed Forces
Joint SCC in 1984, Held several positions in SCC including the head of technical supply branch, the head of Maintenance branch, the head of Engineering branch and in 2010 he assumed the position of director General of SCC.
During his current position he has managed several vital security projects e.g. Jordan Borders Security Project, encryption project of vital communications channel, Electronic Security Surveillance

and Protection system (Safe city, PM, QAA, JTV, ASEZA and Ministry of Education) and many others.

Received the bachelor's degree in electrical engineering from University of Engineering & Technology UET LAHORE – PAKISTAN.

Attended a number of advanced training courses (USA & Europe) in fields related to cyber security and advanced communications…

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

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

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

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

Mrs. Sandrine Valanti
Member of the Board of Directors
Date of birth:21/5/1968

Mrs. Valenti became a member of Orange Jordan Board of Directors in 2017 along with her membership of the Board of Directors of Orange Madagascar which she joined in 2015. In addition to her position as the Head of Controlling AMEA region since September 2012, she was the acting CFO from July to December 2016 overseeing 20 countries.

Prior to joining Orange S.A. 8 years ago, Mrs. Valenti was the Controller Distribution Atlantic – France for Shell Petroleum company where she was positioned at the crossing of various organizations that requires contacts with a large number of persons in Finance as well in Distribution, Retail, Commercial and Supply both in France as well as the European organization.

Mrs. Valenti has a Baccalaureate Degree, equivalent to an A Level specialized in sciences from Lycée Louis Le Grand – PARIS and also holds Maîtrise degree in Management & Finance, from University of PARIS-IX DAUPHINE 1986 – 1990.

3. b. Top management (Executives):

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

Mr. Jérôme Hénique
Chief Executive Officer of Orange Jordan
Date of birth:27/11/1969

Mr. Jérôme Hénique has over 20 years of experience in the ICT field, during which he worked in a diverse array of markets that span France, Spain, Senegal, and Jordan, cultivating an extensive experience in the management of international teams, consumer behavior, strategic planning, and corporate communications.

Prior to joining Orange Jordan as CEO in September 2015, he worked as Deputy CEO of SONATEL Group — an Orange subsidiary based in Dakar covering four countries in West Africa — between 2010 and 2015, where he also served as chairman and a member of several of the Group's boards. His insightful leadership, solid marketing, and background in customer centricity contributed to SONATEL's booming sales record over the past four years and helped propel the operator's rapid growth. Before joining SONATEL, Mr. Hénique served as Group Chief Marketing Officer at Orange between 2009 and 2010, leading the international marketing team in Paris, London, and New York and becoming a member of the Orange Executives Network. He also acted as Chief Marketing Officer of the Consumer Market at Orange France between 2006 and 2009, where he led the operator's marketing operations and successfully consolidated broadband market share in France. Mr. Hénique also worked as Chief Marketing Officer of Wanadoo Spain from 2000 until 2003, managing the company's nationwide marketing operations, and as Chief Marketing Officer of Wanadoo Group from 2003 to 2006.

Mr. Jerome is member board in SAMENA Council , INJAZ and Franco Jordanian chamber of commerce.

Mr. Hénique has an MBA in Management of Network Business from ENSPTT in Paris and a BA in Economics, Marketing, and Finance from the Paris Institute of Political Studies.

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

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

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

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

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

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

Mr. Deiranieh holds a Bachelor's degree in Accounting and Computer Science with honors from Al-Yarmouk University

(1985) as well as the award of Scientific Excellence from the same university and the Distinguished Graduates award. Mr. Deiranieh holds a Master's degree in Accounting from the University of Jordan, and has a certificate of Orange Finance and Controlling from the European School of Management ESCP.

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

Mr. Smeirat has held the position of CEO of Jordan Data Communication Company Ltd. since 2007, in addition to his position as the Chief Enterprise Officer that provides services of telecommunications solutions (mobile, internet and fixed) for the public and private sectors in the Jordanian market. In 2003, he was the Chief Executive Officer of Wanadoo until it was re-branded to Orange Internet.

He also led the exclusive partnership with Equant as their distributor in Jordan, and the re-branding of Global One to Wanadoo. Prior to that, he was the co-founder of Cyberia Jordan in 2001, in which he worked as the deputy CEO and Chief Commercial Officer; he also worked as the Corporate Sales Manager at Global One since 1996, before managing Consumer and Corporate Sales since 1999; and Teaching and Research Assistant at the University of Jordan for two years.

Mr. Smeirat holds a BSc in Electrical Engineering from the University of Jordan and a Master's Degree in Communications Engineering as well as a MBA in Business Administration from NYIT.

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

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

In 1992, he joined the Jordan Telecom Group as an Operation and Maintenance Transmission Engineer where he worked his way up to his current position.

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

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

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

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

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

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

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

Dr. Ibrahim holds a PhD in Communications Engineering.

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

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

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

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

He also led Orange Jordan integrated technological innovations development were he launched the First e-payment gateway in the Middle East which was ranked the 7th worldwide back in 2003, before heading the Networks and Information Security back in 2009.

As an active researcher and innovator, Mr. Khauli led several research teams from various foremost companies and universities, including MIT (Massachusetts Institute of Technology). His research included telecommunication network infrastructure, communication platform security, cryptography and encryption technologies, IP Multimedia Subsystems, cyber hacking protection, forensics techniques, and other related fields.

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

In addition to his Master's Degree from New York University - USA and BSc in Business Administration and Computer Science from Oxford University - UK, Mr. Khauli was certified by Novell as Certified Network Engineer in 1990, and in 1994 he received his Microsoft CNE certification, where he combined it with a third certification from Lucent USA as Technical- Platforms Advanced Security Engineer.

Dr. Edward Zreik
Chief Human Resources Officer
Date of Birth :10/12/1961

Dr. Edward Zreik was born in 1961. He holds a PhD in Human Resources Management, a certification in Research in Management Science and a Masters Degree in Organization Management.

In June 2014, Dr. Edward Zreik started with Orange Jordan as Chief Human Resources Officer. He was formerly the HR Director at KOREK Telecom under Orange Management where he designed and implemented the "Foundations" of the HR department.

During his 30+ years of experience, Dr. Edward Zreik occupied many HR managerial positions with Orange Group and with other international groups covering the telecom and the distribution business.

Mrs. Nayla Al Daoud
Chief Consumer Market Officer
Date of Birth :3/4/1968

Naila Al Dawoud was appointed as Chief Consumer Marketing Officer on 1st of July 2017. Mrs. Al Dawoud has more than 24 years of experience at Orange Jordan and Orange Group covering a variety of managerial positions in the core disciplines of the telecommunication sector. Her career path took a different turn after 12 years' experience at the IT sector to explore new challenges in the commercial and marketing field.

Prior to becoming Chief Consumer Marketing Officer, Mrs. Al Dawoud worked as Marketing Director for 7 years. In 2006 her experience was enriched by her work for Orange France in ITN-Program Management. Mrs. Al Dawoud holds bachelor degree in computer science from Yarmouk University in addition to an Application Engineer Diploma-(Design, Communication and Development) from Centre of the International Cooperation for Computerization (CICC) – Tokyo, Japan.

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

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

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

4. The names of shareholders who own 5% or more of the capital as of 31st of December 2016 and 2017:

Shareholders	No. of shares 31/12/2016	Shareholding% (2016)	No. of shares 31/12/2017	Shareholding% (2017)
Joint Investment Telecommunications Co.	95,624,999	51%	95,624,999	51%
Social Security Corporation	54,150,000	28.88%	54,150,000	28.88%
Noor Telecommunications Holding Company Limited	18,750,000	10%	18,750,000	10%
Total	168,524,999	89.88%	168,524,999	89.88%

5. The competitive situation of the company:

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

The Company's share of the total domestic market:

Orange Fixed services	>90%
Orange Mobile services	30-35%
Orange Internet services	around 50%

6. The degree of dependence on specific resources:

The Jordan Telecom Group purchased more than 10% of the total purchases from:
Huawei International Co. Limited (11.5%)

7. The privileges enjoyed by the company:

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

8. The decisions of the Government:

There are no decisions issued by the Government or international organizations or others, which have material effect on the Group's business, products or competitive ability. Pursuant to the license issued to it, the Group complies with international quality standards .

9.a the organizational structure of Jordan Telecom Group

Board of Directors					
Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risks Management Committee	Chief Executive Officer	Legal Advisor / Mr. Thaer Najdawi

Chief Executive Officer – Jérôme Hénique								
Deputy Chief Executive Officer/Chief Finance & Strategy Officer	Chief Enterprise Officer	Chief Wholesale Officer / Chief Information Technology & Networks Officer	Deputy Chief Information Technology & Networks Officer	Chief Legal, Regulatory, Sourcing and Supply Chain Officer	Chief Security Officer	Chief Human Resources Officer	Chief Consumer Market Officer	Chief Consumer Sales Officer
Raslan Deiranieh	Sami Smeirat	Waleed Al-Doulat	Etienne Vincens de Tapol	Ibrahim Harb	Tamouh Khauli	Edward Zreik	Naila Al Dawoud	Samer Al Haj

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

Qualification	Jordan Telecom (Orange Fixed)	Petra Jordanian Mobile Tel. Com. (Orange Mobile)	Jordan Data Communication Co. (Orange Internet)
Doctorate (PHD)	3	-	-
Master's	69	17	3
High Diploma	3	1	-
BA	869	234	16
Diploma	292	15	-
Tawjihi	65	7	1
Below Tawjihi	183	2	3
Total	1,484	276	23

9. c. Training programs during 2016

No.	Description	Number of trainees
1	Financial Courses	36
2	Management Courses	318
3	Marketing & Sales Courses	690
4	Quality Courses	160
5	Technical Courses	294
6	Computers Courses	767
7	Language Courses	61

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

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

11. The achievements realized by the company:

The achievements were mentioned in Jordan Telecom Group results.

12. The operations of infrequent nature during 2017:

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

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

,	2013	2014	2015	2016	2017
Profits in (JD)	51,490,517	42,033,069	16,105,838	18,074,087	24,030,280
Distributed dividends (JD)	52,500,000	42,000,000	16,000,000	18,000,000	*24,000,000
Dividends %	21%	16.8%	6.4%	8.8%	12.8%
Shareholders equity in (JD)	365,000,947	354,534,016	328,639,854	268,213,941	274,244,221
Shares prices (JD)	4,10	3.51	3.51	2.31	2.14

* Proposed dividend in 2017

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

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

15. Future outlook

This part is mentioned in "The future vision of the Group".

16. The remuneration of the external auditor of the company and its subsidiaries during 2017:

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

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

No shares are owned by any of the members of the board of directors except for H.E. Dr. Shabib Ammari – Chairman who owns (1) share. No shares are owned by top management members and their relatives or by any company controlled by them.

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

No.	BoD	status	position	nationality	No of shares. as of 31/12/2017	No of shares. As of 31/12/2016
1	Joint Investment Telecommunications Co. represented by	Legal entity		Jordanian	95,624,999	95,624,999
	1.1 H.E. Dr. Shabib Ammari		Chairman of the BoD	Jordanian	1	1
	1.2 Mr. Michel Monzani		Vice-Chairman of the BoD	French	-	-
	1.3 Mr. Jean Marc Vignolles		Member of the BoD	French	-	-
	1.4 Mrs. Sandrine Valanti		Member of the BoD	French	-	-
2	Social Security Corporation represented by	Legal entity		Jordanian	54,150,000	54,150,000
	2.1 H.E. Dr. Mohammad Abu Hammour		Member of the BoD	Jordanian	-	-
	2.2 Mr. Abdullah Abu Jamous		Member of the BoD	Jordanian	-	-
3	Jordanian Armed Forces / Government of the Hashemite Kingdom of Jordan represented by	Legal entity		Jordanian	1	1
	3.1 Brigadier General Engineer Ali Alassaf		Member of the BoD	Jordanian	-	-

18. The remunerations and rewards in 2017 for the members of the Board of Directors and for the top management members were:

No.	BOD	Remuneration and Committees	Transportation	Annual BOD remuneration 2016	Travel	Total
1	H.E. Dr. Shabib Ammari	107,800	7,200	5,000	875	120,875
2	Mr. Michel Monzani*	6,000	7,200	5,000	-	18,200
3	H.E. Dr. Mohammad Abu Hammour**	6,000	7,200	5,000	525	18,725
4	Mr. Jean Marc Vignolles *	-	7,200	5,000	-	12,200
5	Brigadier General Engineer Ali Alassaf	3,500	7,200	2,750	525	13,975
6	Mr. Abdullah Abu Jamous**	500	2,400	-	525	3,425
7	Mrs. Sandrine Valanti*	3,500	6,000	-	-	9,500
8	Dr. Samer AL Meflah**	2,000	4,800	5,000	-	11,800
9	Mrs. Mai Rochefordiere*	-	1,200	5,000	-	6,200
10	Brig General Munther Abu AlFoul	-	-	2,250	-	2,250
	Total	129,300	50,400	35,000	2,450	217,150

*All amounts are paid to Orange Group

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

- Number of Board meetings during 2017 (7).

Paid amounts to top management

No.	Name	Salaries and Benefits	Bonus	Transportation	Travel	Others	Total
1	Mr. Jerome Henique	131,867	-	-	3,306	-	135,173
2	Mr. Raslan Deiranieh	127,860	61,391	9,600	1,320	2,862	203,033
3	Mr. Sami Smeirat	110,506	56,675	9,600	2,160	2,470	181,411
4	Mr. Waleed Al-Doulat	103,572	57,284	9,600	5,160	2,199	177,815
5	Mr. Etienne Vincens de Tapol	133,909	-	-	1,100	-	135,009
6	Dr. Ibrahim Harb	81,984	35,634	9,600	2,400	2,199	131,817
7	Mr. Tamouh Khauli	85,791	35,454	9,600	-	2,791	133,636
8	Dr. Edward Zreik	134,707	38,485	9,600	2,400	-	185,192
9	Mrs. Naila Al Dawoud	32,242	3,159	-	-	-	35,401
10	Mr. Samer Haj	32,030	10,091	-	-	-	42,121
11	Mr. Patrice Lozè	71,331	-	-	3,208	-	74,539
	Total	1,045,799	298,173	57,600	21,054	12,521	1,435,147

19. Donations and grants:

No.	Donations to	
1	The General Trade Union of Workers in Public Services & Free Occupations	82,500
2	Donations for several charities	9,713
3	Sports donations	6,300
4	Tkiyet Um Ali	6,150
5	Iftar Ramadan for Orphans and distribution of Food parcels	5,000
6	Retired JTG Club Association	3,800
7	Local security council of the city security center	2,000
8	Jordanian Teachers Syndicate / Altafila	1,000
9	Yarmouk University Electronic Resources Conference for Islamic Sciences	500
Total		116,963

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

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

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

Orange Jordan's contributions to serve the local communities, digital transformation and economic development

Orange Jordan's corporate social responsibility strategy was at the very core of company priorities since its inception. The company's endeavors to contribute to elevating local communities and the sustainable economy of the country was a main pillar of its five-year strategy "Essentials 2020" which goes hand in hand with its role as an international company with a local spirit and leader of the telecommunications sector in the Kingdom.

To realize its developmental objectives in serving the local communities, Orange Jordan cooperated with a number of stakeholders and enhanced its strategic partnerships with existing local community institutions along with new entities to be able to serve all segments of the society in all the Kingdom's governorates.

Through these partnerships, Orange Jordan provided its high value services to all segments of the Jordanian society, thus contributing to support developmental projects in their social and economic dimensions.

The company boosted the local telecom market with the latest technologies spanning advanced services that meet the beneficiaries' needs. Orange Jordan is the leader of digital transformation in the Kingdom and makes sure that it is a daily reality for all.

Philanthropy and Social Solidarity

- Orange Jordan contributed to building 13 houses as part of the Royal Housing Initiative which aims to house underprivileged families in Al Jeezah and Al Muwaqqar areas including civil construction, building solar heaters , and providing all electronics .
- Orange Jordan continued its tangible support for the Jordanian Hashemite Fund for Human Development "JOHUD" of which the most prominent was the Fund's Goodwill campaign along with the free medical campaigns such as the ones targeted "Um Al Jamal", "Al Malahah" and "Al Tuwal" areas in addition to signing a strategic partnership agreement with the Fund's "Farah Al Nas" Radio Station.
- Orange Jordan renewed its long term partnership with "Tkiyet Um Ali" in which the company sponsored its sustainable food support program, in addition to supporting the Tkiyet's assorted annual and seasonal activities. The company sponsored a number of unprivileged families spanning all Kingdom Governorates through the distribution of food packages all year long. Additionally, Orange Jordan supported a number of "Tkiyet Um Ali" programs throughout the holy month of Ramadan.
- During 2017, Orange Jordan provided support and sponsorships to a number of initiatives in all Kingdom's governorates, including the cooperation with "Al Wataniya" Palestine Mobile rendering support for the 13 year old talented Palestinian kid Mohammad Al-Sheikh, known as the Palestinian "Spider boy" to achieve "Guinness World Record" by spinning his body around itself clockwise 34 times in one minute, passing the previous record of 24 times in one minute. The company also sponsored the charity work and activities of "Mujaddidoun" society in its charitable activity, "Dance for a Cause" open day to support people with down syndrome, and "Wa man Ahyaha" to support families in need in the south, along with "Road to Awareness" activity to support cancer patients. Orange Jordan also cooperated with Jordan Air Ambulance to transfer a medical emergency from Petra to Al Hussein Medical City.
- Following the example of His Majesty King Abdullah II, Orange Jordan met the child Ibrahim Al Khawaldeh who received a grant of free medical treatment for the deformity in his leg. Orange Jordan offered him an integrated telecommunications services grant including a mobile handset to stay connected with his family and loved ones and a Tablet device with 4G wireless internet connection with embedded fourth and fifth grade curricula so that he could keep up with his studies throughout the treatment period.
- Orange Jordan signed a cooperation agreement with the cartoonist Omar Abdallat to support his creativity training sessions for entrepreneurs and youth.

Youth and Education:

- Orange Jordan renewed its partnership with Yarmouk University to continue the support for Orange Yarmouk innovation Lab (OYIL) located at the Hijjawi Faculty of Engineering Technology. Also, Orange Jordan CEO inaugurated the Green Zone free Wi-Fi service in the Princess Sumaya University for Technology campus and met with the five Engineering College distinguished students who were granted full scholarships from the company.
- In continuation of its support for the educational sector, Orange Jordan signed a strategic agreement with eLEARMENT company for Electronic Training, in collaboration with the Ministry of Education and UNICEF to provide interactive electronic curricula books project "Menahji" in 20 public schools .
- Orange Jordan CEO, Jerome Henique and UNICEF Representative in Jordan Robert Jenkins visited Queen Zein Al Sharaf Institute for Development, one of the "MAKANI" centers established by UNICEF to support Syrian refugees who dropped out of school whereby Orange Jordan provides e-learning tools and solutions to bridge the digital divide and include Technology Information into the curricula.
- Orange Jordan renewed its partnership with the University of Jordan to establish a permanent showroom that provides assorted telecom services to serve the needs of all faculties, staff and students .
- Orange Jordan rendered a number of sponsorships to academic and scientific activities during 2017. The company sponsored the Scientific Technology day organized by Al Esra' University, along with rendering platinum sponsorship to the 15th Job fair at the University of Jordan. Additionally, the company provided its Golden sponsorship to Career Guidance week at the University of Princess Sumaya for Technology.
- In the framework of mutual cooperation between Orange Jordan and "JOHUD" and their scholarship program, the company CEO welcomed 15 undergraduate students supported by Orange Jordan .
- In appreciation of the Tawjeehi students' efforts, dedication and excellence, Orange Jordan honored the outstanding 2017 Tawjeehi students from all governorates and all specialties. The company honored students who came first in 9 specialties and the first in each of the 13 governorates.
- Orange Jordan provided a financial grant of half a million JD for Al Mafraq Developmental Zone Solar Energy project to establish the German Jordanian Excellence Center for Solar Energy in cooperation with Al Mafraq Developmental Company and the National Employment and Training Company. The project aims at Building the capacity of Jordanian youth and equipping them with the necessary skills in the renewable energy field enabling them to join the workforce based on the best international standards to ultimately mitigate unemployment.



Tourism:

- Stemming from its role as a partner in developing Jordan's tourism capabilities and elevating the national economy, Orange Jordan sponsored the first regional conference on Tourism in the MENA region that was held in Amman with the support of the Ministry of Tourism and the Jordan Tourism Board.
- Orange Jordan sponsored as well the first national photography competition titled: "Jordan in Photos". The competition aimed at exploring new tourism sites in Jordan, thus painting a new map for internal touristic sites through encouraging local amateur and professional photographers to take photos for touristic sites and antiquities in the country.


Entrepreneurship:

- As part of its Business Innovation Growth "BIG" program to accelerate startups' business growth, Orange Jordan concluded the seasons three and four of BIG program in 2017 and opened the doors for season five registration. The company has rendered support for startups as part of the Orange Fab network which facilitated the company's outreach to leading international business incubators. The company assisted joining startups in product design, market and strategy planning, telecommunications, technical and technological support, in addition to providing office space and a number of other services.
- In the aim of assisting the sustainability of startups who graduated from BIG program, Orange Jordan formed several partnerships with a number of startups such as Arabot and 360 MOMS. The company also sponsored the participation of "Sitat Byout", who is part of the company's startups support program, in the Jordanian Hashemite Fund for Human Development "JOHUD" workshop targeting local women.
- The company supported the startups who joined BIG program season three to participate in the specialized international conference on entrepreneurship and technology: "Viva Technology", which was held in Paris and organized a reception between Blue Ocean Council and season four startups. The company also signed a cooperation agreement with Microsoft Jordan to provide support for startups who joined the program, in addition to hosting the international Development Messenger Challenge.
- Orange Jordan participated in a number of activities in 2017 including hosting the Amman meetup of Facebook's annual F8 developer conference, sponsoring "CO-DE" programing curriculum launch, and the local version of "Seed Stars World". The company also rendered support for "Ibtikarthon" forum and concluded the first local version of the Orange Social Venture Prize.
- As part of the company's continuous efforts to support the youth segment, Orange Jordan sponsored the ninth version of the local international Universal Concept of Mental Arithmetic System competition "UCMAS", through which it provided 450 students with an opportunity to participate in the local version and prepared the winners to participate in the international version of the competition.



Corporate Sponsorship:

- Orange Jordan provided its support to a number of mass entertainment celebrations that were held in the Kingdom including: the first Opera festival in the Arab World, as well as Mohammad Assaf , Majeda Al Roumi, and Kathem Al Saher concerts. The company was also the exclusive telecom sponsor for the French Week, 10th Arab Investigative Reporter "Areej" and "Women on the Frontlines" (WOFL).
- Orange Jordan sponsored "Big Data for Big Impact" conference, organized by INT@J and was the Platinum sponsor of the 8th Akhtaboot Career Job Fair along with the "Social and Economic Empowerment of Women" conference.
- Orange Jordan signed a cooperation agreement with "King Abdullah Center for Excellence" by which the company will sponsor the Award winning ceremony along with providing telecom services for the center exclusively.


New offers and services:

During 2017, Orange Jordan launched a distinguished bundle of new offers and services, catering to different community segments and revamped old offers with new features. The company launched the new Orange 15 mobile line and made it available in prepaid and postpaid lines. It featured free minutes and internet bundles for the prepaid offer to be used outside of Amman. It also inaugurated the new marketing platform for youth "Yo" and later on launched the new "Jama3ti" lines for youth, along with many features and benefits exclusively for this category.

- To bring subscribers closer to their loved ones, the company launched unlimited flexible minutes offers with that can be used locally and internationally, in addition to international roaming bundles with the best prices. It also provided international call tariffs with exceptional prices, lowered tariffs on "Weinak" scratch cards for international calls, in addition to an international calling bundle for Syria with competitive prices. The company was also keen on providing a special prepaid mobile line and prepaid internet line for Jordan's summer visitors.
- For the business sector, Orange Jordan launched "My Business" service, catering for small professionals' needs, featuring several advantages that enhance the existing integrated solutions.
- confirming its position being the provider of the strongest internet in the kingdom, Orange Jordan launched the latest fiber devices to provide the fastest internet for its subscribers in the business sector and for households. The company also launched "Beit Al Aileh-Fiber" for home internet with discounted prices.
- On the mobile devices front, Orange Jordan and for the first time, offered integrated bundles targeting all segments of the society with the latest devices along with additional internet bundles and discounted prices. The company provided its subscribers the opportunity to acquire the latest Apple products and launched Huawei Mate 10 series, coupled with the exclusive "Scratch and Win" promotional campaign.

Enterprise Business Unit:

During 2017, Orange Jordan signed a number of new agreements and renewed previous agreements, including:

- In 2017, Orange Jordan celebrated the renewal of its 15 year partnership with the Jordan Armed Forces, in addition, the company signed a new strategic agreement with the Public Security Department to become the exclusive integrated telecommunications provider including Mobile and Fixed line services .In addition, Orange Jordan sponsored the special dinner of the Vehicle Safety conference where the company was honored during the event.
- Renewing its strategic agreement with the Armed Forces Hotel through which the company provided exclusive integrated telecom services to the hotel including Mobile, Fixed and Internet services.
- Signing an exclusive agreement with Abu Khadeejah Group, Applied University and Ibn Al Haitham Hospital through which the company provided these entities with integrated telecom services including mobile and high speed internet.
- Providing the Independent Election Commission (IEC) with complete network infrastructure among centers, in addition to providing telecom and internet networks to the Municipality and Decentralized Elections of 2017. Orange Jordan also sponsored the fifteenth International Election Affairs conference and participated in its activities organized by the Independent Election Commission under the Royal patronage .
- Renewing its agreement with "Americana Group", provide them with intergraded telecom solutions including mobile services for all its employees, along with integrated business solutions including virtual network connection and high speed MPLS services between company branches.
- Signing a Memorandum of Understanding with Al Balqa' Applied Sciences University through which the company will provide them with an Innovation Incubator, and establish a garden inside the university campus, along with providing financial support to the underprivileged students' fund.

■ Renewing its strategic agreement with the Jordan Aviation Airline as the exclusive provider of integrated telecom services including mobile, fixed line, internet and fiber to business services.

■ Signing an agreement to provide Al Raha Village project in Aqaba, part of Eagle Hills Jordan with exclusive telecom services including internet, high speed APN and mobile services.

■ Signing a strategic agreement with Greater Irbid Municipality by which the company provides IPVPN services at the aim of developing the municipality's work mechanism and enabling the connection of its branches.

■ Signing a strategic agreement with Yarmouk Water company in Irbid through which it will provide the company with IPVPN services.

■ Receiving international "Teir III" certificate for Orange Jordan Data Center in Marj Alhamam Design. The center was the first data center in the Kingdom to be accredited with this certificate from the specialized American institute, "Uptime Institute".

■ Launching the International Network link to Technical Research and Education in collaboration with Talal Abu Ghazaleh and the Jordanian Universities Network and in partnership with the European Union. The signed agreement aimed to utilize research resources and international cloud computing, and to allow national research and development institutes to benefit from specialized network for scientific research.

■ Renewing the cooperation agreement with Al Hussein Technical University, a Crown Prince Foundation affiliate by which the company provides the university with fixed, internet and mobile and ICT services.

■ Sponsoring the Annual Medical day of the Royal Court employees where the company distributed prizes to participating employees.


Customer Experience:

■ Orange Jordan was the first and only company in the Kingdom to launch the concept of smart stores and inaugurated 5 of them in 2017. These stores provide a unique customer experience allowing them to interact with company products and services before the actual purchase via a personalized experience that integrates friendly and personal relationships with advanced digital capabilities.

■ During its celebration of the "International Telecom Day", Orange Jordan launched its new Orange e-Care platform, through which the company provides electronic customer care service to its subscribers all over the Kingdom, allowing individual and business sector customers to get to know about all offers, pay their bills, add or extract services, easily review services along with many other e-services. The company also launched its renewed version of its E-shop which features the latest e-commerce technologies, thus allowing its customers to enjoy an unprecedented digital shopping experience.

Internal work environment:

■ During 2017, Orange Jordan fortified its internal work environment which was reflected positively on its employees. The company supported health activities through its "Sehtak Bidenya" program which included a number of initiatives and free medical days.

■ For the second consecutive time, the company was awarded the international "Top Employer" certificate, reflecting its keenness to implement the best human resources practices and related policies.

■ In the sports domain, the company supported a number of its employees' activities including the "Dead Sea" marathon, "Amman Marathon" and the "Dead2Red Relay Race". The team received five cups in the "5th Rum Desert International Marathon".

■ In support of its employees, Orange Jordan allocated 25 grants to help them pay off their bank loans, in addition to allocating 23 scholarships to their children .

■ The company honored its employee Heba Shabrouq, who won the Best "Technological Project Award" in the US.

■ In 2017, Orange Jordan joined the list of large corporations who relocated to the Boulevard. The company organized an official celebration on the occasion, under the patronage of the Minister of Information and Communications Technology with the attendance of the Chairman of the Board of Directors alongside a number of Jordanian officials. The company also established a new recreational area in its new building to offer a friendly work environment.



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.

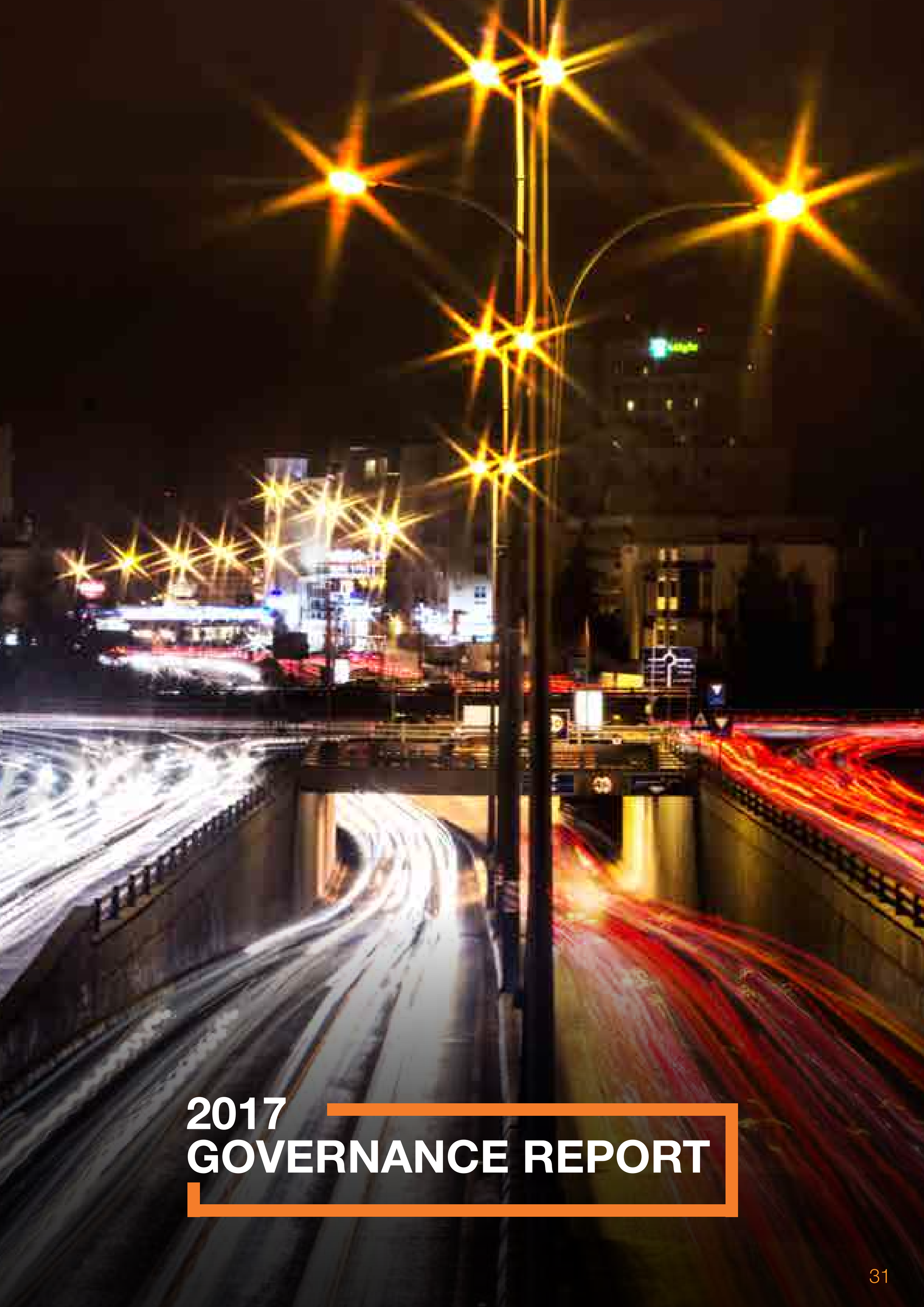
Chairman of the Board	Vice Chairman	Member of the Board
H.E. Dr. Shabib Ammari	Mr. Michel Monzani	H.E. Dr. Mohammad abu Hammour

Member of the Board	Member of the Board	Member of the Board
Mr. Jane Marc Vignolles	Mr. Ali Alassaf	Mr. Abdullah Abu Jamous

Member of the Board
Mrs. Sandrine Valanti

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

Chairman of the Board	Chief Executive Officer	Deputy Chief Executive Officer Chief Financial and Strategy Officer
H.E. Dr. Shabib Ammari	Mr. Jérôme Hénique	Mr. Raslan Deiranieh



2017 GOVERNANCE REPORT

Governance Report

In accordance with the Corporate Governance Directive issued by Jordan Security Commotion, the Board of Directors resolved on the 26th of October 2017 to confirm the formation of the Audit Committee (which was previously appointed), rename the Compensation and Benefits Committee (previously appointed) to become the Remuneration and Nomination Committee to comply with the Directive, appoint the Corporate Governance Committee and appoint the Risks Management Committee. The Board in it's session dated the 14th of December 2017 decided to replace Dr. Shabib Ammari by Mr. Michel Monzani as the Chairperson of the Corporate Governance Committee.

Members of the Board of Directors

No.	Board of Directors	Status	Position	Names of public shareholding companies to which the board member is serving as a board member therein
1	Joint Investment Telecommunications Co. represented by:	Legal entity		
	H.E. Dr. Shabib Ammari (Attended all meetings except the 3/2017 meeting on 22/6/2017)		Chairman of the Board of Directors	-
	Mr. Michel Monzani (Attended all meetings except the 2/2017 meeting dated 27/4/2017, attended by Mr. Samir Benzahra as representative of Joint Investment Telecommunications Company)		Vice-Chairman of the Board of Directors	-
	Mr. Jean Marc Vignolles (Meetings attended: 2/2017 on 27/4/2017 and 5/2017 on 28/9/2017)		Member of the Board of Directors	-
	Mrs. Sandrine Valenti (Appointed as a member of the Board, during the 2/2017 meeting on 27/4/2017 and attended all subsequent meetings)		Member of the Board of Directors	-
	Mrs. Maï de La Rochefordière (Did not attend meeting number 1/2017 and at the 2/2017 meeting, Mrs. Sandrine was named as her replacement which was effective on 1/3/2017)		Member of the Board of Directors	-
2	Social Security Corporation Represented by:	Legal entity		
	H.E DR. Mohammad Abu Hammour (Attended all meetings except the 6\2017 session on 26\10\2017, Mr Mohammed Al-Sarayrah attended the session as Social Security Corporation representative for this particular session		Member of the Board of Directors	Safwa Islamic Bank Salam International Transport & Trading Co.
	Mr. Abdullah Abu Jamous (Since his appointment on 5/2017 has attended all the subsequent meetings)		Member of the Board of Directors	-
	Dr. Samer Ibrahim Al Mofleh (Attended all meetings until being replaced in the 5/2017 meeting by Mr. Abdullah Abu Jamous)		Member of the Board of Directors	-
3	Jordan Armed Forces/Government of Jordan Represented by:	Legal entity		
	Brigadier General Engineer Ali Alassaf (Attended all meetings)		Member of the Board of Directors	-

All of the board members are non-executive
Number of Board meetings during 2017 (7).

Members of the Executive Committee

Executive Committee	
Mr. Jérôme Hénique	Chief Executive Officer of Orange Jordan
Mr. Raslan Deiranieh	Deputy Chief Executive Officer/Chief Financial and Strategy Officer
Mr. Sami Smeirat	Chief Enterprise Officer
Mr. Waleed Al Doulat	Chief Wholesale Officer/Chief Information Technology and Networks Officer
Mr. Etienne de Tapol	Deputy Chief Information Technology and Networks Officer
Dr. Ibrahim Harb	Chief Legal, Regulatory, Sourcing and Supply Chain Officer
Mr. Tamouh Khauli	Chief Security Officer
Dr. Edward Zreik	Chief Human Resources Officer
Mrs. Naela Al Daoud	Chief Consumer Market Officer (Effective 1/9/2017)
Mr. Samer Al Haj	Chief Consumer Sales Officer (Effective 1/9/2017)
Mr. Patrice Lozé (Resigned on 1/9/2017)	Deputy Chief Executive Officer/Chief Consumer Officer

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

Committees emanating from the Board of Directors
Audit Committee
Remuneration and Nomination Committee
Corporate Governance Committee
Risks Management Committee

Members of the Audit Committee:

Name of the members of the Audit Committee	A brief description of their qualifications and experience related to financial and accounting matters	Number of meetings attended
Mr. Michel Monzani (Chairman)	Mr. Michel Monzani is a member of the Board of Directors of the Jordan Telecom Group – Orange Jordan and is also a Senior Vice President within Orange Middle East and Africa Division, leading the Middle East and North Africa operations. Mr. Monzani has held the position of Chairman of the Board of Directors from May 2012 to October 2012 and was elected Vice-Chairman of the Board of Directors in April 2014. Mr. Monzani was formerly the Senior Vice President in charge of Poland at France Telecom – Orange. Prior to that, he was appointed Head of the Strategy Department within the International Division with a world-wide responsibility for the Corporate Development of France Telecom Group. In 2002, Mr. Monzani was seconded to Poland to assist Orange Poland management in restructuring the domestic consumer Sales Network. Previously, he held the position of Senior Vice President in charge of the Sales and Services Division for the French territory. Mr. Monzani was appointed Senior Vice President in charge of France Consumer Division in 1996. In 1991, he served as the Regional Director of France Telecom - Orange, covering the North of France. Earlier, he held various responsibilities in the fields of IT, consumer and business sales. He is also a Board Member of various telecommunications companies. Mr. Monzani graduated from HEC School of Management, Paris. He is a Chevalier de l'Ordre National du Merite.	4
H.E. Dr. Mohammad Abu Hammour	H.E. Dr. Mohammad Abu Hammour is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan. He has held this position since 2012. He previously served as Minister of Industry and Trade in 2003, as Minister of Finance (2003-2005) and was reappointed as Minister of Finance (2009-2011). H.E. Dr. Abu Hammour represented many banks, companies and institutions in their respective boards of directors. Before that, he occupied the position of Secretary General of the Ministry of Finance (2000-2003), consultant to the Ministry of Finance (1998-2000), lecturer at the University of Jordan (1998-1999) and in the Central Bank of Jordan (1987-1998). H.E. Dr. Abu Hammour was decorated as the best Finance Minister in the Middle East for the years 2004 and 2010. H.E. Dr. Abu Hammour holds a Ph.D. Degree in Economics from the University of Surrey/UK (1997), in addition to a Master's Degree in Economics from the University of Jordan (1989) and a Bachelor's Degree in Economics from the Al-Yarmouk University (1984).	3
Mrs. Sandrine Valenti	Mrs. Valenti became a member of Orange Jordan Board of Directors in 2017 while still serving as a member of the Board of Directors of Orange Madagascar which she joined in 2015. In addition to her position as the Head of Controlling AMEA region since September 2012, she has been the acting CFO from July to December 2016 overseeing 20 countries. Prior to joining Orange S.A. 8 years ago, Mrs. Valenti was the Controller Distribution Atlantic – France for Shell Petroleum company where she was positioned at the crossing of various organizations that required contacts with a large number of persons in Finance as well in Distribution, Retail, Commercial and Supply both in France as well as the European organization. Mrs. Valenti has a Baccalaureate Degree, equivalent to an A Level specialized in sciences from Lycée Louis Le Grand – PARIS and also holds Maîtrise degree in Management & Finance, from the University of PARIS-IX DAUPHINE 1986 – 1990.	2

Number of meetings of the Audit Committee during 2017 (4).
Number of meetings of the Audit Committee during 2017 with External Auditors (4).

Members of the Remuneration and Nomination Committee:

Members of the Remuneration and Nomination Committee
H.E. Dr. Mohammad Abu Hammour (Chairman) - Attended all meetings
Br. Gen. Engineer Ali Alassaf - Attended all meetings
Mr. Michel Monzani - Attended all meetings
Mr. Abdallah Abu Jamous - Appointed on 26/10/2017
Dr. Samer Ibrahim Al Mofleh - Attended all meetings

Number of meetings of the Remuneration and Nomination Committee during 2017 (1).

Members of the Corporate Governance Committee:

Members of the Corporate Governance Committee
Mr. Michel Monzani (Chairman starting 14/12/2017) - Attended all meetings
H.E. Dr. Mohammad Abu Hammour - Attended all meetings
Br. Gen. Engineer Ali Alassaf - Appointed on 14/12/2017
H.E. Dr. Shabib Ammari (Chairman until 14/12/2017) - Attended all meetings

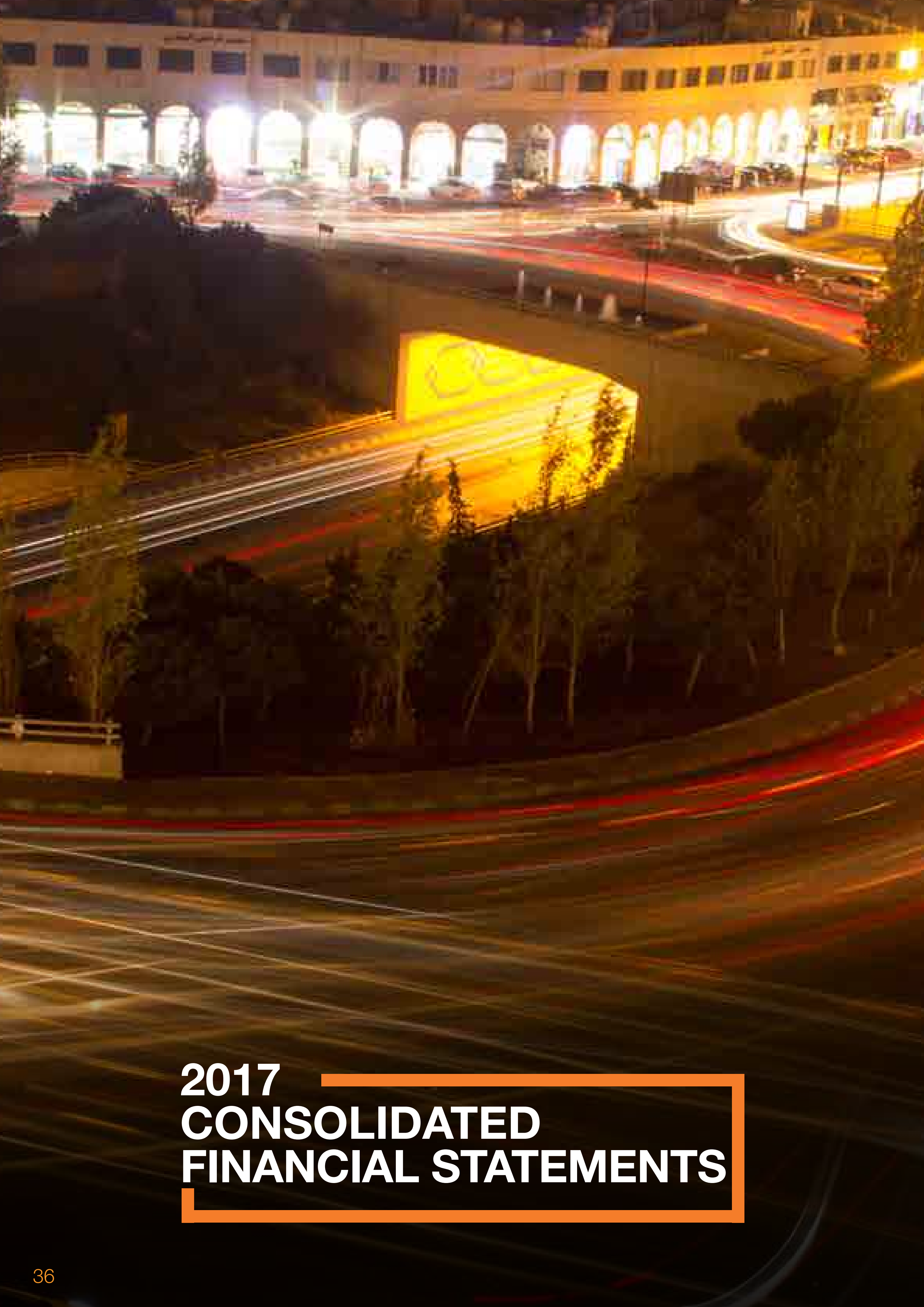
Number of meetings of the Corporate Governance Committee during 2017 (1).

Members of the Risks Management Committee:

Members of the Risks Management Committee
H.E. Dr. Mohammad Abu Hammour (Chairman)
Mr. Michel Monzani
Mrs. Sandrine Valenti

Number of meetings of the Risks Management Committee during 2017 (0).

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



2017 CONSOLIDATED FINANCIAL STATEMENTS

Building a better working world

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel: 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Telecommunications Company and its subsidiaries (the Group), which comprise the statement of consolidated financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

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

Revenue recognition – Accuracy and occurrence of subscription and usage-based airtime services	
Key audit matter	**How the key audit matter was addressed**
We have identified subscription and usage-based airtime revenue as a key audit matter as subscription and usage-based airtime revenue is the largest revenue stream within the business. This revenue originates from wholesale, corporate and retail customers. A significant risk has been identified in respect of both the occurrence and accuracy of airtime subscription and usage-based airtime revenue due to the complexity of systems and the high volume of transactions, including the accounting for new products and changes in tariffs.	We have tested relevant controls, key automated and manual controls relating to subscription and usage-based airtime revenue across the Group's principal billing systems, our test of relevant controls included the authorization of new products and changes in tariffs. We performed our procedures to ensure the matching of revenue figures generated from the billing and charging systems to the revenue recognized, and we chose our sample to cover the whole period. We obtained a representative sample of transactions to ensure proper recognition and recording of revenues.

	We evaluated IT general controls and the relevant IT systems related to the following: - Capture and recording of revenue transactions. - Authorization of rate changes and the input of this information to the billing system. - Calculation of amounts billed to customers. We have reviewed the reconciliation between the general ledger and the billing systems. We have performed substantive analytical procedures through developing an expectation of revenue based upon usage data and subscription numbers, which are the key drivers of each airtime revenue stream. We have also held meetings with the management to corroborate the key movements and trends in revenue within the year. We tested the accuracy of revenue by agreeing a sample of invoices back to the customer contracts and published or agreed tariffs. We performed Journal entry testing that covered the whole year with a representative sample based on the criteria we set for the revenue and cost entries. Disclosure of revenues is detailed in note 3 to the consolidated financial statements.

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Useful economic life and carrying value of property and equipment and intangible assets	
Key audit matter	**How the key audit matter was addressed**
The net book value of property and equipment and intangible assets at 31 December 2017 is JOD 488 Million (2016: JOD 456 Million) with a total additions of JOD 101 during 2017 (2016: 91 Million). There are a number of areas where management's judgement impacts the carrying value of property and equipment, intangible assets and their respective depreciation/amortization profiles. These include: -The decision to capitalize or expense costs; - -The annual review of asset useful life including the impact of changes in the Group's strategy; and -The timeliness of the transfer from assets in the course of construction. Management's judgments shall be assessed as the Group has a significant balance of property and equipment and intangible assets, and it is operating in a highly technological and complex industry that requires from the Group to invest a significant amount in property and equipment and intangible assets.	We tested the controls in place over property and equipment and intangible assets cycle including the controls over the additions and disposals process. We have evaluated the appropriateness of capitalization policies. In performing these procedures, we assessed the judgements made by management in determining the useful lives of property and equipment and intangible assets taking into consideration business and practice in telecoms industry in addition to the Group policies and procedures. We tested the material additions during the year through assessing the nature of costs incurred and testing the amounts recorded and assessing whether the description of the expenditure met capitalisation criteria. Disclosure of the useful life and the capitalization policy are detailed in notes 2.6, 4 and 5 to the consolidated financial statements.

The valuation of trade receivables and due from telecom operators	
Key audit matter	**How the key audit matter was addressed**
Trade receivables and due from telecom operators balances are significant to the Group as they represent 12% of the consolidated total assets as of 31 December 2017, the determination as to whether the trade receivable and due from telecom operators are collectable involves management judgment due to the type of the customers and since the agreements with telecom operators are complex and may be subject to disputes in addition, the reconciliation between the telecom operators may extend to several years. Management considers specific factors including the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall. We focused on this area since it requires a high level of management judgment and since the completeness of allowance for doubtful accounts receivable and due from telecom operators may have a significant impact on the Group's profit.	We evaluated the Group's processes and controls relating to the monitoring of trade receivables and review of credit risks of customers. We tested the aging of trade receivable and amounts due from telecom operators where no provision was recognized to check that there were no indicators of impairment. We have performed detailed analyses of ageing of receivables and due from telecom operators, assessment of significant overdue individual balances and assessing specific risks, combined with legal documentation, where applicable. This included verifying if payments had been received post year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates. We selected a sample of the largest trade receivable and due from telecom operator's balances where a provision for impairment of trade receivables and due from telecom operators was recognized and understood the rationale behind management's judgment. In order to evaluate the appropriateness of these judgments we verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available.

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

Other information included in the Group's 2017 annual report.

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Ernst & Young / Jordan
ERNST & YOUNG
Amman - Jordan
Mohammad Ibrahim Al-Karaki
Registration No. 882

Amman – Jordan
25 March 2018

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
ASSETS			
Non-current assets			
Property and equipment	4	220,144,900	206,821,776
Intangible assets	5	267,590,051	249,144,857
Deferred tax assets	6	5,065,839	5,340,872
		492,800,790	**461,307,505**
Current assets			
Inventories	7	4,765,440	4,466,836
Trade receivables and other current assets	8	78,220,762	75,056,862
Balances due from telecom operators	9	6,521,009	14,854,601
Cash and short-term deposits	10	70,638,445	65,696,230
		160,145,656	**160,074,529**
TOTAL ASSETS		**652,946,446**	**621,382,034**
EQUITY AND LIABILITIES			
Equity			
Paid in capital	12	187,500,000	187,500,000
Statutory reserve	13	62,500,000	62,500,000
Retained earnings	14	24,244,221	18,213,941
TOTAL EQUITY		**274,244,221**	**268,213,941**
Liabilities			
Non-current liabilities			
Long term liability	11	90,324,287	86,595,425
Interest bearing loans	15	25,648,322	2,866,076
Employees' end of service benefits	16	387,336	372,850
		116,359,945	**89,834,351**
Current liabilities			
Trade payables and other current liabilities	17	187,754,771	184,066,479
Balances due to telecom operators	9	28,239,219	49,016,554
Interest bearing loans	15	4,102,896	406,807
Murabaha financing	18	12,500,000	-
Due to banks	19	29,669,195	29,786,964
Employees' end of service benefits	16	76,199	56,938
		262,342,280	**263,333,742**
TOTAL LIABILITIES		**378,702,225**	**353,168,093**
TOTAL EQUITY AND LIABILITIES		**652,946,446**	**621,382,034**

The attached notes from 1 to 28 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 2017

	Notes	2017 JD	2016 JD
Continuing Operations			
Net revenues	3	333,191,730	344,060,958
Cost of services		(158,828,985)	(167,283,516)
Gross profit		**174,362,745**	**176,777,442**
Administrative expenses		(22,189,889)	(25,446,236)
Selling and distribution expenses		(41,394,854)	(43,155,165)
Government revenue share	20	(4,511,837)	(5,857,633)
Business support fees and brand fees	21	(7,232,435)	(7,116,862)
Impairment Loss	4	(1,362,292)	(15,982,432)
Depreciation of property and equipment	4	(45,561,882)	(38,746,081)
Amortization of intangible assets	5	(21,438,328)	(22,009,185)
Operating profit		**30,671,228**	**18,463,848**
Net foreign currency exchange difference		(1,265,139)	903,459
Finance costs		(1,618,867)	(1,015,590)
Finance cost on long term liability	11	(3,728,862)	-
Finance income		895,850	1,209,549
Gain on disposal of property and equipment		5,546,462	5,454,556
Other provisions no longer needed		813,458	-
Profit before income tax		**31,314,130**	**25,015,822**
Income tax expense	6	(7,283,850)	(6,941,735)
Profit for the year		**24,030,280**	**18,074,087**
Add: Other comprehensive income		-	-
Total comprehensive income for the year		**24,030,280**	**18,074,087**
Basic and diluted earnings per share attributable to equity holders of the parent	**22**	**0.128**	**0.088**

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

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to equity holders of the parent			
	Paid in capital JD	Statutory reserve JD	Retained Earnings JD	Total JD
At 1 January 2017	187,500,000	62,500,000	18,213,941	268,213,941
Dividends paid (Note 14)	-	-	(18,000,000)	(18,000,000)
Total comprehensive income for the year	-	-	24,030,280	24,030,280
At 31 December 2017	**187,500,000**	**62,500,000**	**24,244,221**	**274,244,221**
At 1 January 2016	250,000,000	62,500,000	16,139,854	328,639,854
Dividends paid (Note 14)	-	-	(16,000,000)	(16,000,000)
Capital reduction (Note 12)	(62,500,000)	-	-	(62,500,000)
Total comprehensive income for the year	-	-	18,074,087	18,074,087
At 31 December 2016	**187,500,000**	**62,500,000**	**18,213,941**	**268,213,941**

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

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 JD	2016 JD
Operating activities			
Profit before income tax		31,314,130	25,015,822
Non – cash adjustments to reconcile profit before tax to net cash flows			
Finance costs		1,618,867	1,015,590
Finance cost on long term liability	11	3,728,862	-
Finance income		(895,850)	(1,209,549)
Provision for doubtful accounts	8	311,589	600,000
Reversal of provision for slow moving inventories	7	(195,230)	(161,575)
Depreciation and Impairment of property and equipment	4	46,924,174	54,728,513
Amortization of intangible assets	5	21,438,328	22,009,185
Employees' end of service benefits	16	216,624	269,206
Gain on disposal of property and equipment		(5,546,462)	(5,454,556)
Net foreign currency exchange difference		424,430	(158,398)
Working capital adjustments:			
Inventories		(103,374)	392,213
Trade receivables and other current assets		(3,423,294)	3,465,714
Balances due from telecom operators		8,333,592	6,451,597
Trade payables and other current liabilities		774,921	9,473,324
Balances due to telecom operators		(20,777,335)	(16,724,175)
Employees' end of service paid	16	(182,877)	(132,109)
Income tax paid	6	(3,862,565)	(10,800,484)
Net cash flows from operating activities		**80,098,530**	**88,780,318**
Investing activities			
Purchase of property and equipment	4	(60,751,344)	(64,731,975)
Purchase of intangible assets	5	(39,883,522)	(26,719,028)
Proceeds from sale of property and equipment		6,050,508	6,123,970
Finance income received		843,655	1,169,189
Net cash flows used in investing activities		**(93,740,703)**	**(84,157,844)**
Financing activities			
Proceeds from Murabha financing	18	12,500,000	20,000,000
Proceeds from interest bearing loan	15	26,500,000	-
Repayment of Murabha financing and interest bearing loan	15,18	(446,095)	(20,430,353)
Capital reduction payments		(229,354)	(61,843,388)
Finance costs paid		(1,618,867)	(1,015,590)
Dividends paid		(18,003,527)	(16,089,299)
Net cash flows from (used in) financing activities		**18,702,157**	**(79,378,630)**
Net increase (decrease) in cash and cash equivalents		5,059,984	(74,756,156)
Cash and cash equivalents at 1 January		35,909,266	110,665,422
Cash and cash equivalents at 31 December	**19**	**40,969,250**	**35,909,266**

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

1. Corporate Information

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

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

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

The consolidated financial statements of Jordan Telecommunications Company (Jordan Telecom) Public Shareholding Company ('the Group') for the year ended 31 December 2017 were authorized for issue in accordance with the Board of Directors' resolution on 25 January 2018.

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

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

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

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

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

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

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Jordan Telecom and its wholly owned subsidiaries, which are: Petra Jordanian Mobile Telecommunications Company, Jordan Data Communications Ltd. and 51% of Dimension Company for Digital Development of Data (e-dimension) (the remaining 49% is owned by Petra Jordanian Mobile Telecommunications Company).

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

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

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

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

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

2.2 Basis of Consolidation (Continued)

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

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

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

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

Investors with significant influence on the Group:
The Joint Investment Telecommunications Company, Jordanian Social Security Corporation and Noor Financial Investment own 51%, 28.9% and 10% of the Company's issued shares, respectively.

2.3 Changes in accounting policies and disclosures

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2016 except for the following:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses
Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's consolidated financial statements.

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

2.4 Standards issued but not effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Group has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011.

The new version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required; however, the entities are exempted from restating their comparative information.

The Group plans to adopt the remaining phases on the effective date and will not restate comparative information.

The Group does not expect a material impact on its balance sheet or equity on applying the new classification and measurement category of IFRS 9.

(a) Classification and Measurement

Trade receivables as well as amounts due from telecom operators are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has estimated that the additional provision to be recorded resulting from the expected credit loss from its trade receivables will not be material compared to the current requirements of provisioning for doubtful trade receivables.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of them will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. Also, extended disclosures are expected as a result of the significant judgement made when assessing the contracts where the Group has concluded the following: it acts as an agent instead of a principal, there is a significant financing component, and service-type warranties are provided.

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

2.4 Standards issued but not effective (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

In addition, as required by IFRS 15, the Group will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

In 2017, the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Other adjustments

In addition to the major adjustments described above, on adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, may be affected and adjusted as necessary.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

In summary, the impact of IFRS 15 adoption is expected to be, as follows:

Impact on equity as of 31 December 2017/ 1 January 2018 amounted to JD 2,385,530.

	Adjustments
	JD
Assets	
Contract assets	2,385,530
Total assets	**2,385,530**
Net impact on equity, Including	**2,385,530**
Retained earnings	**2,385,530**

Impact on the statement of profit or loss for 2017 was not material.

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

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

2.4 Standards issued but not effective (Continued)

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 16 Leases

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

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

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

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

Transfers of Investment Property (Amendments to IAS 40)

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

Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed

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

2.4 Standards issued but not effective (Continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

2.5 Use of Estimates

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

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

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

2.6 Summary of Significant Accounting Polices

Property and equipment

Property and equipment 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 recognised 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.

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

2.6 Summary of Significant Accounting Polices (Continued)

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 valued 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 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.

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 consolidated statement of financial position.

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

2.6 Summary of Significant Accounting Polices (Continued)

Inventories

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

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

Accounts receivable

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.

Cash and cash equivalents

Cash and cash equivalent in the consolidated statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less. If original maturity of deposits exceeds three months, they are classified as short–term investments. For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Interest bearing loans and long-term financing

Loans are initially recognised 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 consolidated statement of comprehensive income when liabilities are derecognised as well as through the amortisation process.

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.

Trade and other payables

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

Provisions

Provisions are recognised when the Group has 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.

Offsetting

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

Current versus non-current classification

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

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

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

2.6 Summary of Significant Accounting Polices (Continued)

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

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

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

Impairment of non-financial assets

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

Impairment of financial assets

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are considered impaired when there is objective evidence of impairment as a result of one or more events (loss event) that occur after the asset's initial measurement, that will have a direct and reasonably estimated impact on its future cash flows. Permanent impairment indicators could comprise of indications that the borrower or a group of borrowers are facing significant financial difficulties, or neglect, or default in making interest or principal payments, and are likely to be subject to bankruptcy or financial restructuring. Furthermore, permanent impairment indicators exist when observable data indicates the existence of a measurable decrease in estimated cash flows such as changes in the Group's economic conditions due to negligence.

The Group's management does not believe there were any indications of impairments of its financial assets during 2017 and 2016.

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.

Revenue recognition

Revenues from Group activities are recognised as follows:

Service revenues

Telephone service and Internet access yearly 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.

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

2.6 Summary of Significant Accounting Polices (Continued)

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.

Finance costs

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

3. Segment information

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

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

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

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

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

The following tables represent revenues and profit and certain assets and liabilities information of the Group's business segments for the years ended 31 December 2017 and 2016.

3. Segment information (Continued)

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

3. Segment information (Continued)

Year ended 31 December 2016	Fixed-line voice JD	Mobile Communications JD	Data Services JD	Total JD
Net Revenues				
External customers	148,058,585	142,238,057	53,764,316	344,060,958
Inter-segment revenues	46,787,552	8,551,671	40,319	55,379,542
	194,846,137	150,789,728	53,804,635	**399,440,500**
Segment results				
Operating profit before depreciation, amortization, impairment, Net foreign currency exchange difference, interest and tax	**(1,454,972)**	**54,488,016**	**47,623,058**	**100,656,102**
Depreciation, amortization and impairment loss				(76,737,698)
Net foreign currency exchange difference				903,459
Finance costs				(1,015,590)
Finance income				1,209,549
Profit before income tax				**25,015,822**
Income tax expense				(6,941,735)
Profit and comprehensive income for the year				**18,074,087**
Assets and liabilities				
Segment assets	182,981,474	381,224,187	57,176,373	**621,382,034**
Segment liabilities	144,681,695	195,843,754	12,642,644	**353,168,093**
Other segment information				
Property and equipment	104,135,392	95,266,145	7,420,239	**206,821,776**
Intangible assets	16,160,938	227,967,868	5,016,051	**249,144,857**

4. Property and Equipment

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

* Included in land and buildings, the cost of land amounted to JD 2,760,811 which was expropriated by Greater Amman Municipality (GAM), and it will be disposed by the Group based on a court ruling.

4. Property and Equipment (Continued)

	Land and Buildings* JD	Telecommunications equipment JD	Other property and equipment JD	Projects in progress JD	Total JD
2016–					
Cost:					
At 1 January 2016	83,067,953	891,403,348	63,999,243	2,183,616	1,040,654,160
Additions	2,700,555	61,528,012	447,724	55,684	64,731,975
Transferred from projects in progress	-	870,196	-	(870,196)	-
Disposals	(644,123)	(153,381,687)	(495,810)	-	(154,521,620)
At 31 December 2016	**85,124,385**	**800,419,869**	**63,951,157**	**1,369,104**	**950,864,515**
Depreciation:					
At 1 January 2016	42,196,014	747,586,926	53,383,492	-	843,166,432
Depreciation for the year	1,616,754	36,286,834	842,493	-	38,746,081
Impairment	-	15,982,432	-	-	15,982,432
Disposals	(40,689)	(153,315,707)	(495,810)	-	(153,852,206)
At 31 December 2016	**43,772,079**	**646,540,485**	**53,730,175**	**-**	**744,042,739**
Net book value:					
At 31 December 2016	**41,352,306**	**153,879,384**	**10,220,982**	**1,369,104**	**206,821,776**

During 2017, the Group management has reviewed the estimation of the useful lives for specific assets in the telecommunications equipment taking into consideration the Group policies and procedures, and the practice in telecom industry. Based on the review, the Group management decided to decrease the useful lives of these assets in order to be consistent with the expected pattern of economic benefits, accordingly, a total amount of JD 1,830,019 was recorded as an additional depreciation for these assets.

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

During 2015, a new vendor has been introduced by the Group, through a tendering process, for the mobile network expansion and **4G** equipment. These equipment has been received during 2015 and 2016.

After the completion of the installation of the new assets during 2016. The Group management has provided a full impairment of the replaced assets based on the best available information regarding the usability and saleability of the replaced assets as of the date of the financial statements. Therefore, management recorded JD 32,603,472 over the years 2015 and 2016 as an impairment loss, which represents the Net Book Value of the replaced assets.

5. Intangible Assets

	FLAG access rights JD	Mobile operating license and frequency rights JD	Other intangibles JD	Total JD
Cost:				
At 1 January 2017	27,941,843	296,395,589	7,707,327	332,044,759
Additions	8,392	39,234,000	641,130	39,883,522
Adjustment	-	(1,199,295)	1,199,295	-
At 31 December 2017	**27,950,235**	**334,430,294**	**9,547,752**	**371,928,281**
Amortization:				
At 1 January 2017	11,780,905	68,772,721	2,346,276	82,899,902
Amortization	1,554,906	18,833,441	1,049,981	21,438,328
Adjustment	-	(407,678)	407,678	-
At 31 December 2017	**13,335,811**	**87,198,484**	**3,803,935**	**104,338,230**
Net book value -				
31 December 2017	**14,614,424**	**247,231,810**	**5,743,817**	**267,590,051**
31 December 2016	**16,160,938**	**227,622,868**	**5,361,051**	**249,144,857**

FLAG access rights, mobile operating license and frequency rights and other intangibles are being amortized over their useful economic lives of 5 to 25 years.

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

During June 2016, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has acquired additional frequency license (5 + 5 MHz) in 2100 MHz band for **3G** services valid for 15 years with a cost of JD 25,150,000.

During February 2015, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has been granted the frequencies license (10 + 10 MHz) in 1800 MHz band for 4G and beyond services to provide **4G** services for period of 15 years with a cost of JD 71,426,000. The service has been launched on 26 May 2015, and consequently, the amortization of the license value has started.

The 900 MHz spectrum license that was obtained by Petra Jordanian Mobile Telecommunications Company (Orange Mobile) on 8 May 1999 for the **2G** services and valid for 15 years. Accordingly it expired on 8 May 2014. Therefore, Orange Mobile applied during 2013 for renewal of the license to continue providing the same services, however the Company received a letter from the Telecommunications Regulatory Commission (TRC) in the last week of April 2014 informing the Company that the fees for the renewal and continued usage of the 900 MHz spectrum will be JD 156.4 million due to be settled by the 9th of May 2014. Despite the objections raised, Orange Mobile had to renew its 900 MHz spectrum license for a period of 5 years in return of JD 52,437,750.

TRC aforesaid decision was made on the assumption that Orange Mobile is licensed to utilize the spectrum for “Technology Neutrality” as if it is a new acquisition of spectrum, which was not the case since most of the frequency is preoccupied with the existing users of the **2G** services, not to mention that the said decision was contrary to Orange Mobile clear request of renewal for **2G** services and not “Technology Neutrality”.

5. Intangible Assets (Continued)

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

The Group has calculated the cash price equivalent of the deferred payments at JD 86,595,425 using discounted cash flows method and recognized JD 86,595,425 as intangible assets, against a liability by the same amount.

Furthermore, based on the settlement agreement, the parties have agreed to drop any legal proceedings between them, and the Group will get for a cumulative period of six years a full exemption from the annual spectrum fees for the 900MHz spectrum license.

6. Income Tax

Major components of income tax expense for the years ended 31 December 2017 and 2016:

	2017 JD	2016 JD
Consolidated statement of comprehensive income		
Income tax charge – current year	7,008,817	8,665,315
Deferred tax assets adjustments:		
Carry forward losses	275,033	(1,802,950)
Employees' end of service benefits	-	23,876
Legal cases provision	-	55,494
Income tax expense reported in the consolidated statement of comprehensive income	**7,283,850**	**6,941,735**

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 2017 and 2016 is as follows:

	2017 JD	2016 JD
Accounting profit before income tax	**31,314,130**	**25,015,822**
At statutory income tax rate of 24%	7,515,391	6,003,797
Tax adjustments for:		
Provision for doubtful accounts (note 8)	74,781	144,000
Debts written off (note 8)	(142,095)	(514,169)
Non-tax deductible expenses and provisions	1,228,824	2,207,383
Non-taxable gain on disposal of land	(1,283,153)	(1,281,229)
Previous years' tax returns differences	(43,890)	(31,706)
Deferred tax assets	(66,008)	413,659
Income tax expense reported in the consolidated statement of comprehensive income at effective income tax rate of 23.3% (2016: 27.7%)	**7,283,850**	**6,941,735**

6. Income Tax (Continued)

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

	2017 JD	2016 JD
At 1 January	10,859,992	14,628,371
Income tax expense for the year	7,008,817	8,665,315
	17,868,809	**23,293,686**
Less: Income tax paid	(3,862,565)	(10,800,484)
Less: Withholding tax on interest income	(44,156)	(63,425)
Transfer to other provisions	(2,715,000)	(1,569,785)
At 31 December (note 17)	**11,247,088**	**10,859,992**

Deferred tax assets at 31 December related to the following:

	2017 JD	2016 JD
Carried forward losses	4,527,917	4,802,950
Provision for doubtful accounts	192,000	192,000
Legal cases provision	345,922	345,922
	5,065,839	**5,340,872**

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

The Group submitted income tax returns for the years 2015 and 2016. The Income and Sales Tax Department did not review the Group's records for the years 2015 and 2016 up to the date of these financial statements.

7. Inventories

	2017 JD	2016 JD
Materials and supplies*	3,465,361	2,767,381
Handsets and others	2,558,087	3,152,693
Provision for damaged and slow moving inventories	(1,258,008)	(1,453,238)
	4,765,440	**4,466,836**

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

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

	2017 JD	2016 JD
At 1 January	1,453,238	1,614,813
Additions	-	80,000
Reversal	(195,230)	(241,575)
At 31 December	**1,258,008**	**1,453,238**

8. Trade Receivables and Other Current Assets

	2017 JD	2016 JD
Trade receivables	61,720,244	56,650,956
Unbilled revenue	9,713,236	10,411,594
Amounts due from related parties	5,453,607	6,379,527
	76,887,087	**73,442,077**
Provision for doubtful accounts	(18,615,204)	(18,895,676)
	58,271,883	**54,546,401**
Other current assets	19,948,879	20,510,461
	78,220,762	**75,056,862**

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 2017, trade receivables at nominal value of JD 18,615,204 (2016: JD 18,895,676) were impaired and provided for.

Movements on the provision for doubtful accounts were as follows:

	2017 JD	2016 JD
At 1 January	18,895,676	20,438,050
Provision for the year	311,589	600,000
Write offs	(592,061)	(2,142,374)
At 31 December	**18,615,204**	**18,895,676**

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

		Past due but not impaired				
	Neither past due nor impaired JD	1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
2017	9,484,316	11,901,711	8,363,020	4,863,050	23,659,786	**58,271,883**
2016	8,858,192	12,357,600	7,465,991	6,185,669	19,678,949	**54,546,401**

Management determines the doubtful debts on customers' balances 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 2017 and 2016 are as follows:

	2017 JD	2016 JD
Balances due from telecom operators	7,645,605	18,018,912
Amounts due from related parties	2,792,897	753,182
Provision for doubtful accounts	(3,917,493)	(3,917,493)
Balances due from telecom operators	**6,521,009**	**14,854,601**
Balances due to telecom operators	27,965,330	46,820,780
Amounts due to related parties	273,889	2,195,774
Balances due to telecom operators	**28,239,219**	**49,016,554**

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
2017	2,889,153	2,131,869	997,087	448,390	54,510	**6,521,009**
2016	5,992,909	3,035,962	462,638	1,577,557	3,785,535	**14,854,601**

Unimpaired receivables are expected to be fully recoverable.

10. Cash and Short - Term Deposits

Cash and short-term deposits include deposits with commercial banks in Jordan for periods that ranges between one day and three months in Jordanian Dinars, Euros, and US Dollars amounting to JD 70,322,948 as of 31 December 2017 and JD 65,387,423 as of 31 December 2016 with an effective interest rate of 2.25% and 1.57%, respectively (2016: JD 2.25%, 0% and USD 0.87%).

11. Long Term Liability

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

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

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

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

	2017 Payments JD	2016 Payments JD
Within one year	-	-
After one year but not more than five years	52,125,000	52,125,000
More than five years	52,125,000	52,125,000
Total payments	**104,250,000**	**104,250,000**
Less: amounts representing finance charges	(13,925,713)	(17,654,575)
Present value of liability	**90,324,287**	**86,595,425**

12. Paid in Capital

Jordan Telecommunications Company (Jordan Telecom) authorized and paid in capital consists of 187,500,000 shares (2016: 187,500,000 shares) with par value of one Jordanian Dinar each.

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

13. Statutory Reserve

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

14. Dividends Paid and Proposed

The Board of Directors will propose to the general assembly in its meeting that will be held during 2018 a cash dividend for 2017 of JD 0.128 per share totaling JD 24,000,000.

On 27 April 2017 the general assembly approved a cash dividend of JD 0.096 per share totaling JD 18,000,000 (2016: JD 16,000,000).

15. Interest Bearing Loans

	2017 JD	2016 JD
Current		
French Government Protocol/ Second Loan	333,276	293,795
French Government Protocol/ Third Loan	128,198	113,012
Arab Bank Loan	2,928,571	-
Societe Generale De Banque – Jordanie Loan	712,851	-
	4,102,896	**406,807**
Non- current		
French Government Protocol/ Second Loan	2,596,275	2,582,513
French Government Protocol/ Third Loan	193,469	283,563
Arab Bank Loan	17,571,429	-
Societe Generale De Banque – Jordanie Loan	5,287,149	-
	25,648,322	**2,866,076**

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 installments, the first installment falling due 126 months after the end of the calendar quarter during which each drawing is made. Drawings commenced on 1 July 1995.

The repayment of this loan started on 31 March 2006.

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

The repayment of this loan started on 31 March 2005.

15. Interest Bearing Loans (Continued)

Arab Bank Loan

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

The interest rate on the loan is 6%, which represents the prime lending rate for the bank minus 3%, and it is calculated and paid on a monthly basis over the utilized balance.

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

The loan is secured by Jordan Telecommunications Company.

Societe Generale De Banque – Jordanie Loan

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

The interest rate on the loan is 6%, and it is calculated and paid on a monthly basis over the utilized balance.

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

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

	JD
2019	4,247,190
2020	4,151,989
2021	4,140,503
2022	4,129,747
2023 and after	8,978,893
	25,648,322

16. Employees' End of Service Benefits

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

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

	2017 JD	2016 JD
Provision at 1 January	429,788	292,691
Expenses recognised in the consolidated statement of comprehensive income	216,624	269,206
End of service benefits paid	(182,877)	(132,109)
Provision at 31 December	**463,535**	**429,788**
Employees' end of service benefits – current	**76,199**	**56,938**
Employees' end of service benefits – non-current	**387,336**	**372,850**

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

17. Trade Payables and Other Current Liabilities

	2017 JD	2016 JD
Trade creditors	109,617,815	107,925,911
Accrued expenses	27,288,434	26,451,113
Subscribers' deposits	18,403,616	18,217,569
Income tax payable (note 6)	11,247,088	10,859,992
Deferred revenues	7,207,356	9,327,720
Government revenue share	4,511,837	5,857,633
Amounts due to related parties (note 23)	7,712,452	3,427,487
Dividends payable	1,338,915	1,342,442
Capital reduction payable to shareholders	427,258	656,612
	187,754,771	**184,066,479**

18. Murabaha financing

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

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

19. Due to banks

This item represents the utilized amount of the credit facilities granted during 2017 to the Group from three Jordanian commercial banks with a ceiling of JD 30 million. Interest rates on the credit facilities granted are between 4.75% to 4.98%. These overdrafts are unsecured and Group's management expect these amounts to be settled within one year.

The cash and cash equivalents at 31 December 2017. In the consolidated statement of cash flows represent the balance of cash and short-term deposits netted by the balance of the overdrafts as of 31 December 2017:

	2017 JD	2016 JD
Cash and short-term deposits	70,638,445	65,696,230
Less: Due to Banks	(29,669,195)	(29,786,964)
	40,969,250	**35,909,266**

20. 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.

21. Business Support Fees and Brand Fees

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

During July 2007, the Group entered into a license agreement with Orange Brand Services Limited whereby, Jordan Telecommunications Company, Petra Jordanian Mobile Telecommunications Company and Jordan Data Communications were granted the right to use Orange brand in Jordan in return for royalty fees at 1.6% of the operating revenues. The license agreement is valid for 10 years. The agreement has been renewed for further period of 10 years from July 2017.

22. Earnings Per Share

	2017 JD	2016 JD
Profit for the year attributable to the equity holders of parent (JD)	24,030,280	18,074,087
Weighted average number of shares during the year	187,500,000	205,136,986
Basic earnings per share	**0.128**	**0.088**

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

23. Related Party Disclosures

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

Name	Country of Incorporation	Percentage of equity interest		Description of Service
		2017	2016	
Petra Jordanian Mobile Telecommunications Company	Jordan	100%	100%	Mobile Communications
Jordan Data Communications Ltd.	Jordan	100%	100%	Data
Dimension Company for Digital Development of Data	Jordan	100%	100%	Content

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

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

23. Related Party Disclosures (Continued)

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

	2017 JD	2016 JD
Consolidated statement of financial position items:		
Government of Jordan and Orange Group and its subsidiaries (shareholder)		
Amounts due from related parties	8,246,504	7,132,709
Amounts due to related parties	7,986,341	5,623,261
Consolidated statement of comprehensive income items:		
Orange Group and its subsidiaries (shareholder)		
Business support fees and brand fees	7,232,435	7,116,862
Operating expenses	6,903,995	6,591,961
Revenues	5,030,371	5,690,502
Government of Jordan		
Government revenue share	4,511,837	5,857,633
Revenues	12,484,059	12,527,959
Key management personnel		
Executives’ salaries and bonus	1,435,147	1,381,936
Board of directors remuneration	217,150	216,442

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

24. 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:

	2017 JD	2016 JD
Within one year	8,468,353	7,755,190

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 23,145,748 as of 31 December 2017 (2016: JD 26,541,892).

Legal claims

The Group is a defendant in a number of lawsuits with a value of JD 15,004,717 as of 31 December 2017 (2016: JD 20,004,717) representing legal actions and claims incident to its ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Accordingly, a provision of JD 1,684,232 has been made (2016:JD 1,684,232).

Guarantees

The Group has issued letters of guarantee amounting to JD 19,360,884 as of 31 December 2017 (2016: JD 23,807,626) in respect of legal claims and performance bonds.

25. Risk Management

Interest rate risk

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

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2017.

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

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

	Changes in interest rate %	Effect on profit for the year JD
2016		
JD	1	442,958
USD	1	13,952
EUR	1	2,301

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

25. Risk Management (Continued)

Credit risk

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

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

Liquidity risk

The Group 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 2017 and 2016, based on contractual undiscounted payment.

31 December 2017	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	> 5 years JD	Total JD
Trade creditors and amounts due to related parties	48,589,792	35,505,527	15,375,903	17,859,045	117,330,267
Telecommunications licenses payable	-	-	52,125,000	52,125,000	104,250,000
Balances due to telecom operators	16,694,822	7,440,904	4,103,493	-	28,239,219
Loans	3,329,975	15,179,448	20,520,705	9,690,578	48,720,706
Total	**68,614,589**	**58,125,879**	**92,125,101**	**79,674,623**	**298,540,192**

31 December 2016	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	56,550,838	30,039,386	14,235,806	10,527,368	111,353,398
Telecommunications licenses payable	-	-	52,125,000	52,125,000	104,250,000
Balances due to telecom operators	29,704,905	7,502,054	11,809,595	-	49,016,554
Loans	98,772	308,035	1,449,264	1,416,812	3,272,883
Total	**86,354,515**	**37,849,475**	**79,619,665**	**64,069,180**	**267,892,835**

25. Risk Management (Continued)

Currency risk

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

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

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

	Changes in Euro rate to JD %	Effect on profit before tax JD
2017		
EUR	5	(177,146)
2016		
EUR	5	76,461

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

26. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

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

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

27. Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

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

Capital comprises share capital, statutory reserve and retained earnings, and is measured at JD 274,244,221 as at 31 December 2017 (2016: JD 268,213,941).

28. Comparative figures

The 2016 figures have been reclassified in order to conform to the presentations in 2017. Such reclassification does not affect previously reported profit or equity.

Future Vision For 2018

The Telecommunications market is witnessing a massive transformation towards digitization as data usage is increasing exponentially, however, Orange Jordan was able to anticipate and tangibly cope with those developments thanks to its five-year strategy Essentials 2020, which took into consideration all changes in the ICT sector.

It is for certain that we will continue to invest in Jordan’s future by introducing state-of-the-art technologies, reinforcing company infrastructure and make these technologies available to all. Thus, the operational performance of Orange Jordan would be strengthened and consequently its financial results.

Our priorities for 2018 include strengthening our presence in the local market even more, eventually increasing the company’s profitability. Our attention and keenness will be directed toward maintaining our Home Broadband subscribers’ base, expanding the fiber optic network services and coverage, and expanding the mobile subscribers’ base by diversifying segments with more focused approach and activities in the governorates, while keeping our operational costs under control by further transformation of our internal processes.

In 2018, Orange Jordan will continue its investments to strengthen its infrastructure in all networks, especially the New Generation Networks, including Fiber-To-The-Home (FTTH), Fiber-to-Businesses (FTTB) and the deployment of 4G+ plus network to cover all kingdom areas.

Orange Jordan will keep addressing the sector’s digital transformation, with more focus towards innovative digital solutions and value added services such as Multiplay services, the internet of things (IoT) and Arabic content to name a few for residential services. And for business customers cloud, security and ICT solutions will take center stage of our focus.

We shall continue to develop our internal working environment to be more proactive, efficient and be the leading digital and caring employer of choice for Jordanian talents.