للايضاح
بورصة عمان
السيد صالح
السيد عمر
السيد عبدالله

orange™

ص.ب ١٦٨٩ عمان ١١١١٨ الأردن
هاتف: ٦٦٦٦ ٤٦٠ ٦ ٩٦٢+
فاكس: ٦١١١ ٤٦٠ ٦ ٩٦٢+

الرقم : ١٤/٢/١/١٠٣٠/ ٢٠١٨
التاريخ : ٢٠١٨/٤/٢٢

السادة هيئة الاوراق المالية
السادة بورصة عمان

Jordan Securities Commission
Amman Stock Exchange

الموضوع : التقرير ربع السنوي كما هي في 2018/3/31

Subject: Quarterly Report as of 31/3/2018

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة الاتصالات الاردنية كما هي بتاريخ 2018/3/31.

Attached the Quarterly Report of Jordan Telecommunications Company as of 31/3/2018.

وتفضلوا بقبول فائق الاحترام،

Kindly accept our high appreciation and respect,

رسلان ديرانية

نائب الرئيس التنفيذي للمجموعة
المدير التنفيذي للمالية والاستراتيجية
شركة الاتصالات الاردنية

Raslan Deiranieh

Deputy Chief Executive Officer
Chief Financial and Strategy Officer
Jordan Telecommunications Company

هيئة الأوراق المالية
الدائرة الادارية / الديوان
٣٠ نيسان ٢٠١٨
الرقم المتسلسل ٢٠٨٥٦
الجهة المختصة الإفصاح

Jordan Telecommunications Company
(Jordan Telecom)

Public Shareholding Company

Unaudited Interim Condensed Consolidated Financial Statements

31 March 2018

EY
Building a better working world

Ernst & Young Jordan
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)- PUBLIC SHAREHOLDING COMPANY

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Jordan Telecommunications Company and its subsidiaries (the Group), comprising of the interim consolidated statement of financial position as at 31 March 2018 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410,"Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

Amman – Jordan
29 April 2018

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

	Notes	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
ASSETS			
Non-current assets			
Property and equipment	4	**218,519,472**	220,144,900
Intangible assets	5	**261,499,535**	267,590,051
Contract Assets		**1,640,028**	-
Deferred tax assets	7	**5,065,839**	5,065,839
		486,724,874	492,800,790
Current assets			
Inventories		**4,514,041**	4,765,440
Trade receivables and other current assets		**95,900,383**	78,220,762
Balances due from telecom operators		**6,563,379**	6,521,009
Contract Assets		**1,252,036**	-
Cash and short-term deposits	10	**32,396,130**	70,638,445
		140,625,969	160,145,656
TOTAL ASSETS		**627,350,843**	652,946,446
EQUITY AND LIABILITIES			
Equity			
Paid in capital	9	**187,500,000**	187,500,000
Statutory reserve		**62,500,000**	62,500,000
Retained earnings		**29,448,976**	24,244,221
TOTAL EQUITY		**279,448,976**	274,244,221
Liabilities			
Non-current liabilities			
Long term liability	8	**91,256,502**	90,324,287
Interest bearing loans		**25,770,385**	25,648,322
Employees' end of service benefits		**299,065**	387,336
		117,325,952	116,359,945
Current liabilities			
Trade payables and other current liabilities		**160,219,447**	187,754,771
Balances due to telecom operators		**27,342,435**	28,239,219
Interest bearing loans		**4,123,087**	4,102,896
Murabaha financing		**9,412,970**	12,500,000
Due to banks	10	**29,371,869**	29,669,195
Employees' end of service benefits		**106,107**	76,199
		230,575,915	262,342,280
TOTAL LIABILITIES		**347,901,867**	378,702,225
TOTAL EQUITY AND LIABILITIES		**627,350,843**	652,946,446

THE ATTACHED NOTES FROM 1 TO 13 FORM PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)

PUBLIC SHAREHOLDING COMPANY

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

	Notes	For the three month period ended 31 March	
		2018	2017
		JD	JD
Net revenues	3	**79,866,821**	82,286,695
Cost of services		**(39,211,703)**	(38,998,741)
Gross margin		**40,655,118**	43,287,954
Administrative expenses		**(5,309,186)**	(6,280,847)
Selling and distribution expenses		**(10,632,347)**	(10,431,130)
Government revenue share		**(1,710,565)**	(1,713,845)
Business support fees and brand fees		**(1,764,959)**	(1,804,758)
Depreciation of property and equipment		**(10,483,023)**	(10,274,347)
Amortization of intangible assets		**(4,532,896)**	(5,355,728)
Operating profit		**6,222,142**	7,427,299
Net foreign currency exchange differences		**(437,375)**	(244,394)
Finance costs		**(921,473)**	(373,951)
Finance cost from long term liability	8	**(932,215)**	(932,215)
Finance income		**239,401**	186,254
Gain on sale of property and equipment	4	**9,773**	3,017
Profit before income tax		**4,180,253**	6,066,010
Income tax expense	7	**(1,361,028)**	(1,473,610)
Profit for the period		**2,819,225**	4,592,400
Add: Other comprehensive income		**-**	-
Total comprehensive income for the period		**2,819,225**	4,592,400
Earnings per share		**0.015**	0.024

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

	Paid in capital	Statutory reserve	Retained earnings	Total equity
	JD	JD	JD	JD
At 1 January 2018	187,500,000	62,500,000	24,244,221	274,244,221
IFRS 9 implementation effect (note 2.2)	-	-	2,385,530	2,385,530
Total comprehensive income for the period	-	-	2,819,225	2,819,225
At 31 March 2018 (Unaudited)	**187,500,000**	**62,500,000**	**29,448,976**	**279,448,976**
At 1 January 2017	187,500,000	62,500,000	18,213,941	268,213,941
Total comprehensive income for the period	-	-	4,592,400	4,592,400
At 31 March 2017 (Unaudited)	**187,500,000**	**62,500,000**	**22,806,341**	**272,806,341**

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2018 (UNAUDITED)

	Notes	For the three month period ended 31 March 2018 JD	2017 JD
Operating activities			
Profit before income tax		**4,180,253**	6,066,010
Non – cash adjustments to reconcile profit before tax to net cash flows			
Finance costs		**921,473**	373,951
Finance cost from long term liability		**932,215**	932,216
Finance income		**(239,401)**	(186,255)
Provision for doubtful accounts		**60,142**	149,795
Depreciation and impairment of property and equipment		**10,483,023**	10,274,347
Amortization of intangible assets		**4,532,896**	5,355,728
Employees' end of service benefits		**32,145**	73,455
Gain from sale of property and equipment		**(9,773)**	(3,017)
Net foreign currency exchange differences		**142,254**	122,425
Working capital changes:			
Inventories		**251,399**	606,301
Trade receivables and other current assets		**(17,718,310)**	(15,726,082)
Contract Assets		**(506,534)**	-
Balances due from telecom operators		**(42,370)**	2,284,055
Trade payables and other current liabilities		**(27,321,793)**	(19,191,737)
Balances due to telecom operators		**(896,784)**	(3,727,546)
Employees' end of service paid		**(90,508)**	(121,300)
Income tax paid		**(1,551,434)**	(832,515)
Net cash flows used in operating activities		**(26,841,107)**	(13,550,169)
Investing activities			
Purchase of property and equipment	4	**(8,878,207)**	(14,614,557)
Purchase of intangible assets		**1,557,620**	(84,718)
Proceeds from sale of property and equipment		**30,385**	3,017
Finance income received		**217,948**	32,303
Net cash flows used in investing activities		**(7,072,254)**	(14,663,955)
Financing activities			
Repayment of Murabha financing and interest bearing loans		**(3,087,030)**	-
Capital Reduction payments		**(4,364)**	(31,827)
Finance costs paid		**(921,473)**	(373,951)
Dividends paid		**(18,761)**	(51,063)
Net cash flows used in financing activities		**(4,031,628)**	(456,841)
Net decrease in cash and cash equivalents		**(37,944,989)**	(28,670,965)
Cash and cash equivalent at 1 January		**40,969,250**	35,909,266
Cash and cash equivalent at 31 March	10	**3,024,261**	7,238,301

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.

The interim condensed consolidated financial statements of Jordan Telecom Company (The Group) for the three months ended 31 March 2018 were authorized for issue in accordance with the Board of Directors' resolution on 26 April 2018.

The principal activities of the Company and its subsidiaries are described in Note 3.

2.1 Basis of preparation:

The interim condensed financial statements for the three months ended 31 March 2018 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017. In addition, the results for the three months ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

2.2 Changes in accounting policies:

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 2017 except for the following:

2.2 *Changes in accounting policies (Continued):*

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

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

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

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

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments measured at amortization cost.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The 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 previous requirements of provisioning for doubtful trade receivables.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

2.2 *Changes in accounting policies (Continued):*

IFRS 15 Revenue from Contracts with Customers (Continued)

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

Rendering of services

Under IFRS 15, the Group concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the equipment will continue to be recognised at a point in time, upon delivery of the equipment.

Principal versus agent considerations

From time to time, the Group enters into contracts with its customers to acquire, on their behalf, equipment produced by foreign suppliers. Under these contracts, the Group provides procurement services (i.e., selecting suitable suppliers and managing the ordering and delivery of the imported equipment). In these contracts, the Group is not primarily responsible for fulfilling the promise to provide the specified equipment. The Group does not have inventory risk before or after the specified equipment has been transferred to the customer as it purchases equipment only upon approval of the customer and the foreign supplier ships equipment directly to the customers. In addition, the Group has no discretion in establishing.

The price for the specified equipment. However, the Group's consideration in these contracts is determined as the difference between the maximum purchase price quoted by the customer and the final price negotiated by the Group with the foreign supplier. The Group bears credit risk on these transactions as it is obliged to pay the foreign supplier even if the customer defaults on a payment.

Prior to the adoption of IFRS 15, based on the existence of credit risk, the Group concluded that it has an exposure to the significant risks and rewards associated with the sale of equipment to its customers, and accounted for the contracts as if it is a principal. Upon adoption of IFRS 15, the Group determined that it does not control the goods before they are transferred to customers, and hence, is an agent in these contracts because it does not have the ability to direct the use of the equipment or obtain benefits from the equipment. In addition, the Group concluded that it transfers control over its services (of arranging for the provision of the equipment from a foreign supplier), at a point in time, upon receipt by the customer of the equipment, because this is when the customer benefits from the Group's service.

2.2 Changes in accounting policies (Continued):

IFRS 15 Revenue from Contracts with Customers (Continued)

Other adjustments

In addition to the adjustments described above, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, profit or loss after tax for the period from discontinued operations, investments in associate and a joint venture, share of profit of an associate and a joint venture, income tax expense, and retained earnings, were adjusted as necessary. Furthermore, exchange differences on translation of foreign operations were also adjusted.

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

Impact on equity as of 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**

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

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

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

Amendments to IAS 40 Transfers of Investment Property

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

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

2.2 Changes in accounting policies (Continued):

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

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

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

2.3 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of Jordan Telecom and its wholly owned subsidiaries, which are: Petra Jordanian Mobile Telecommunications Company, Jordan Data Communications Ltd. and 51% from Dimension Company for Digital Development of Data (e-dimension) (the remaining 49% is owned by Petra Jordanian Mobile Telecommunications Company). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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.

2.3 Basis of consolidation (Continued)

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

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 9.3% of the Company's issued shares, respectively.

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 segment separately for making decisions about performance assessment; segment performance is calculated based on operating profit or loss.

3. *Segment information (Continued)*

The following tables represent revenue and profit and certain asset and liability information regarding the Group's business segments for the three months ended 31 March 2018 and 2017.

For the three month period ended 31 March 2018

	Fixed-line Voice	*Mobile communications*	*Data services*	*Total*
	JD	*JD*	*JD*	*JD*
Net revenues				
External customers	29,656,756	39,192,092	11,017,973	79,866,821
Inter-segment revenues	11,568,989	1,604,381	9,686	13,183,056
	41,225,745	**40,796,473**	**11,027,659**	**93,049,877**
Segment results				
Operating profit before depreciation, amortization, impairment, Net foreign currency exchange difference, interest and tax	(3,190,741)	14,982,109	9,456,466	21,247,834
Depreciation, amortization and impairment loss				(15,015,919)
Net foreign currency exchange differences				(437,375)
Finance costs				(921,473)
Finance income				239,401
Finance cost from long term liability				(932,215)
Profit before income tax				**4,180,253**
Income tax expense				(1,361,028)
Profit and comprehensive income for the period				**2,819,225**
Assets and liabilities				
Segment assets	167,538,533	400,761,350	59,050,960	627,350,843
Segment liabilities	133,390,434	204,795,097	9,716,336	347,901,867
Other segment information				
Property and equipment	113,523,861	97,595,331	7,400,280	218,519,472
Intangible assets	13,396,726	243,893,551	4,209,258	261,499,535

3. *Segment information (Continued)*

For the three month period ended 31 March 2017

	Fixed-line Voice	*Mobile communications*	*Data services*	*Total*
	JD	*JD*	*JD*	*JD*
Net revenues				
External customers	33,272,682	35,983,596	13,030,417	82,286,695
Inter-segment revenues	10,711,365	1,891,186	9,882	12,612,433
	43,984,047	**37,874,782**	**13,040,299**	**94,899,128**
Segment results				
Operating profit before depreciation, amortization, impairment, Net foreign currency exchange difference, interest and tax	(1,961,724)	13,526,580	11,495,535	23,060,391
Depreciation, amortization and impairment loss				(15,630,075)
Net foreign currency exchange differences				(244,394)
Finance costs				(373,951)
Finance income				186,255
Finance cost from long term liability				(932,216)
Profit before income tax				**6,066,010**
Income tax expense				(1,473,610)
Profit and comprehensive income for the period				**4,592,400**
Assets and liabilities				
Segment assets	189,096,562	370,231,185	48,257,984	607,585,731
Segment liabilities	154,151,385	179,702,766	925,239	334,779,390
Other segment information				
Property and equipment	106,741,448	97,035,939	7,384,599	211,161,986
Intangible assets	15,781,088	223,247,067	4,845,692	243,873,847

4. *Property and equipment*

Acquisition and disposals

During the three months ended 31 March 2018 the Group acquired property and equipment with a cost of JD 8,878,207 (2017: JD 14,614,557).

Assets at a net book value of JD 20,612 were disposed off by the Group during the three months ended 31 March 2018 (2017 : JD 0) resulting in a net gain on disposal of JD 9,773 (2017: JD 3,017).

During the three months ended 31 March 2018, 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 increase the useful lives of these assets in order to be consistent with the expected pattern of economic benefits, accordingly, a total amount of JD 379,031 was recorded as a reduction of depreciation for these assets for the period

5. *Intangible assets*

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

The 900 MHz spectrum license that was obtained by Petra Jordanian Mobile Telecommunications Company (Orange Mobile) expired on 8 May 2014. However the Company received a letter from the Telecommunications Regulatory Commission (TRC) informing the Company that the fees for the renewal and continued usage of the 900 MHz spectrum will be JD 156.4 million Orange Mobile renewed its 900MHz spectrum license for a period of 5 years in return of JD 52,437,750 and have filed a legal case against the Government of Jordan.

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 900MHz 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. *Commitments and contingencies*

Capital commitments

The Group enters into commitments in the ordinary course of business for major capital expenditures, primarily in connection with network expansion projects. Outstanding capital expenditure amounted to JD 26,918,938 as of 31 March 2018 (31 December 2017: JD 23,145,748).

Legal claims

The Group is a defendant in a number of lawsuits with a value of JD 15,109,963 (31 December 2017: JD15,004,717) 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 1,804,232 has been made (2017: JD 1,684,232).

7. *Income tax*

The provision for income tax for the three months period ended 31 March 2018 was calculated in accordance with Jordanian Income Tax Law No. (34) of 2014.

The major components of income tax expense in the interim consolidated statement of comprehensive income are:

	For the Three months ended 31 March	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Current income tax charge	**1,361,028**	1,473,610
Deferred income tax	**-**	-
	1,361,028	1,473,610

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

8. *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 drop any legal proceedings between them and to renew the 900MHz 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 balance of the deferred payments at JOD 86,595,425 by discounting the liability and recognized JD 86,595,425 as intangible assets and a liability by the same amount. The discount rate used was 4%, which represents the average borrowing rate for the Group.

The difference between this amount and the total payments will be recognised as interest expense over the period. During the periods, ended 31 March 2018 and 2017 an interest expense amounted to JD 932,215 was recognized as an interest expense.

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

	2018	2017
	Payments	Payments
	JD	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 minimum payments	**104,250,000**	104,250,000
Less: amounts representing finance charges	**(12,993,498)**	(13,925,713)
Present value of liability	**91,256,502**	90,324,287

9. *Paid in capital*

Jordan Telecommunications Company (Jordan Telecom) authorized and paid in capital consists of 187,500,000 shares (31 March 2017: 187,500,000 shares) with par value of one Jordanian Dinar each.

10. 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 equivalent at 31 March 2018. In the interim consolidated statement of cash flows represent the balance of cash and short-term deposits netted by the balance of the overdrafts as of 31 March 2018.

	31 March 2018	31 March 2017
	JD	JD
	(Unaudited)	(Unaudited)
Cash and short-term deposits	**32,396,130**	37,143,767
Less: Due to Banks	**(29,371,869)**	(29,905,466)
	3,024,261	7,238,301

11. Related parties disclosures

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

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

	31 March 2018	31 December 2017
	JD	JD
Consolidated statement of financial position items:	**(Unaudited)**	(Audited)
Government of Jordan & Orange Group and its subsidiaries (shareholder)		
Trade receivables and due from telecom operators	**7,503,705**	8,246,504
Trade payables and due to telecom operators	**9,288,640**	7,986,341

11. Related parties disclosures (continued)

	For the Three months ended 31 March	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Consolidated statement of comprehensive income items:		
Orange Group and its subsidiaries (shareholder)		
Business support fees and brand fees	**1,764,959**	1,804,758
Operating expenses	**2,016,203**	2,029,079
Revenues	**1,081,909**	786,723
Government of Jordan (shareholder)		
Government revenue share	**1,710,565**	1,713,845
Revenue	**2,967,905**	2,733,549
Key management personnel		
Executives' salaries and bonus	**468,863**	447,742

12. Dividends

On 26 April 2018, the general assembly approved cash dividend for 2017 of JD 0.128 per share totalling JD 24,000,000.

13. Earnings per share

	For the Three-Month Period-Ended 31 March	
	2018	2017
Profit for the period attributable to parent company (JOD)	**2,819,225**	4,592,400
Weighted average number of shares (Share)	**187,500,000**	**187,500,000**
Basic and diluted earnings per share (JD) from the profit for the period	**0.015**	0.024