



To: Jordan Securities Commission
Amman Stock Exchange

Date : 26/03/2018

Ref : 86/2018

Subject: Audited Financial Statements for the
fiscal year ended 31/12/2017

للإفصاح
بدراسة محاسبية
السنة المالية
التي تنتهي
في 31/12/2017

السادة هيئة الأوراق المالية

السادة بورصة عمان

التاريخ : 2018/03/26

الرقم : 2018/86

الموضوع : البيانات المالية السنوية المدققة للسنة المنتهية
في 31/12/2017

Attached The Audited Financial Statements Of
Petra Education Company as of 31/12/2017

مرفق طيه نسخة من البيانات المالية المدققة لشركة
البتراء للتعليم المساهمة العامة كما هي بتاريخ
2017/12/31م

Kindly Accept Our Highly Appreciation And
Respect

وتفضلوا بقبول فائق الاحترام...

Petra Education Company

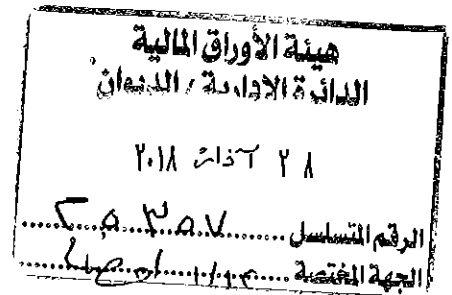
شركة البتراء للتعليم المساهمة العامة

Member Of The Board Of Directors / General
Manager

عضو مجلس الإدارة / المدير العام

Arch. (Mohammad Mazen) El-Ansari

المهندس / "محمد مازن" الأنصاري



Petra Education Company

Public Shareholding Company

Financial Statements as at 31 December 2017

Together With

Independent Auditor's Report

Arab Professionals

(Member Firm within Grant Thornton International Ltd.)

**Petra Education Company
Public Shareholding Company**

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Petra Education Company
Public Shareholding Company
Amman - Jordan

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 Financial Statements section of our report. We are independent of the Company 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 financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(1) Impairment of Receivables

Included in the accompanying Financial Statements at the end of the year 2017 accounts receivables totaling JOD (4,594,250) , as the provision of the doubtful portion of these receivables is dependent on the management's estimates of the timing and value of the amounts expected to be collected, the adequacy of the doubtful accounts provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision of doubtful accounts and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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


- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report and we recommend the general assembly to approve it.

11 February 2018
Amman - Jordan



Amin Samara
(License No. 481)
Arab Professionals

Petra Education Company
Public Shareholding Company
Statement of Financial Position as at 31 December 2017

(In Jordanian Dinar)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Assets			
Non - current assets			
Property and equipment	3	31,356,729	30,107,305
Projects under construction		4,335,243	1,816,353
Total non-current assets		<u>35,691,972</u>	<u>31,923,658</u>
Current assets			
Inventory	4	214,062	88,406
Other current assets	5	823,875	752,498
Accounts receivable	6	3,944,250	3,411,151
Financial assets measured at amortized cost	7	1,500,000	1,500,000
Checks under collection		617,277	667,332
Cash and cash equivalents	8	5,508,849	8,460,852
Total current assets		<u>12,608,313</u>	<u>14,880,239</u>
Total assets		<u>48,300,285</u>	<u>46,803,897</u>
Equity and liabilities			
Equity			
Paid - in capital		16,000,000	16,000,000
Statutory reserve		4,000,000	4,000,000
Retained earnings		16,289,389	14,836,453
Total equity		<u>36,289,389</u>	<u>34,836,453</u>
Liabilities			
Accounts payable	10	2,586,661	3,004,964
Unearned revenues	11	5,052,397	4,657,764
Other current liabilities	12	4,371,838	4,304,716
Total liabilities		<u>12,010,896</u>	<u>11,967,444</u>
Total Equity and liabilities		<u>48,300,285</u>	<u>46,803,897</u>

"The attached notes from (1) to (25) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Statement of Comprehensive Income for the Year Ended 31 December 2017

(In Jordanian Dinar)

	Notes	2017	2016
Operational revenues	13	26,029,951	25,870,814
Operational costs	14	(12,733,476)	(12,445,430)
Gross profit		13,296,475	13,425,384
Administrative expenses	17	(3,619,643)	(3,547,163)
Depreciation	3	(1,563,171)	(1,494,506)
Other revenues and expenses, net	18	786,275	665,906
Board of Directors' remunerations		(55,000)	(55,000)
Profit before income tax		8,844,936	8,994,621
Income tax expense	22	(1,792,000)	(1,822,000)
Total comprehensive income for the year		<u>7,052,936</u>	<u>7,172,621</u>
Basic and diluted earnings per share	19	<u>0.441</u>	<u>0.448</u>

"The attached notes from (1) to (25) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Statement of Changes in Equity for the Year Ended 31 December 2017

(In Jordanian Dinar)

	<u>Paid - in Capital</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at 1 January 2017	16,000,000	4,000,000	14,836,453	34,836,453
Paid dividends	-	-	(5,600,000)	(5,600,000)
Total comprehensive income for the year	-	-	7,052,936	7,052,936
Balance at 31 December 2017	<u>16,000,000</u>	<u>4,000,000</u>	<u>16,289,389</u>	<u>36,289,389</u>
Balance at 1 January 2016	16,000,000	4,000,000	12,463,832	32,463,832
Paid dividends	-	-	(4,800,000)	(4,800,000)
Total comprehensive income for the year	-	-	7,172,621	7,172,621
Balance at 31 December 2016	<u>16,000,000</u>	<u>4,000,000</u>	<u>14,836,453</u>	<u>34,836,453</u>

"The attached notes from (1) to (25) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Statement of Cash Flows for the Year Ended 31 December 2017

(In Jordanian Dinar)

	<u>2017</u>	<u>2016</u>
Operating activities		
Profit for the year before income tax	8,844,936	8,994,621
Depreciation	1,563,171	1,494,506
Board of Directors' remunerations	55,000	55,000
Bad debts	-	100,000
Impairment loss of financial assets	-	60,000
Change in working capital		
Checks under collection	50,055	(210,456)
Accounts receivable	(533,099)	737,655
Inventory	(125,656)	6,019
Other current assets	(71,377)	363,631
Accounts payable	(418,303)	(185,625)
Unearned revenues	394,633	476,077
Other current liabilities	5,122	(117,591)
Paid income tax	(1,785,000)	(1,210,000)
Net cash flows from operating activities	<u>7,979,482</u>	<u>10,563,837</u>
Investing activities		
Property and equipment	(996,598)	(968,039)
Projects under construction	(4,334,887)	(2,573,685)
Net cash flows used in investing activities	<u>(5,331,485)</u>	<u>(3,541,724)</u>
Net cash flows used in financing activities		
Paid dividends	(5,600,000)	(4,800,000)
Change in cash and cash equivalents	(2,952,003)	2,222,113
Cash and cash equivalents at beginning of the year	8,460,852	6,238,739
Cash and cash equivalents at end of the year	<u>5,508,849</u>	<u>8,460,852</u>

"The attached notes from (1) to (25) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Notes to the Financial Statements as at 31 December 2017

(In Jordanian Dinar)

1. General

Petra Education Company was established and registered as a limited liability Company on 1 August 1990 at the Ministry of Industry and Trade under number (2308) and it was a university for females only, on 5 December 1999 the Company's name was changed to Petra Company and it became a university for both males and females starting from the academic year 1999/2000, on 22 September 2004 the Legal form of the Company was changed to a public shareholding company under number (353). The Company's head office is in the Hashemite kingdom of Jordan.

The Company's shares are listed in Amman Stock Exchange.

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 11 February 2018 and requires the General assembly's approval.

2. Summary of significant accounting policies

Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards.

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

The financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous year.

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 2017. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

<u>Standard No.</u>	<u>Title of Standards</u>	<u>Effective Date</u>
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

Use of estimates

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

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of comprehensive income.
- The management periodically reviews whether a financial asset or group of financial assets is impaired, if so this impairment is taken to the statement of comprehensive income.
- Estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable for individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. 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 statement of comprehensive income.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis using the following annual depreciation rates:

Buildings	2%	Scientific equipment and labs	10%
Furniture and fixture	10-25%	Electromechanical equipment	5-10%
Vehicles	15-20%	Others	2-20%

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.

Projects under construction

Projects under construction are recorded at cost which represents the contractual obligations of the Company for the construction. Allocated costs directly attributable to the construction of the asset are capitalized. The Projects under construction is transferred to the appropriate asset category and depreciated in accordance with the Company's policies when construction of the asset is completed and commissioned.

Financial assets at amortized cost

Financial assets at amortized cost are the financial assets which the company management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium \ discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the statement of comprehensive income and should be presented subsequently at amortized cost less any impairment losses.

Fair Value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Trading and Settlement Date Accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset.

Accounts receivables

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the Cash flows statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

Inventory

Cost of stationary and educational materials is determined by the weighted average method.

Accounts payable and accrued expenses

Accounts payable and accrued expenses are recorded when goods are received and services are rendered.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the financial statement when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue recognition

Educational services revenues are recognized when the services are rendered.

Rent revenue is recognized on the straight line method over the contract period.

Other revenues are recognized according to accrual basis.

Income Taxes

Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Company operates.

Petra Education Company (PSC)
Notes to the Financial Statements (continued)
31 December 2017

3. Property and equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Scientific Equipment & Labs	Electromechanical Equipment	Others	Total
Cost								
Balance at 1/1/2017	8,292,832	17,359,870	3,737,658	2,196,524	7,768,261	7,699,857	1,811,475	48,866,477
Transfers form projects under construction	-	1,528,882	-	-	-	287,115	-	1,815,997
Additions	-	-	187,314	260,750	512,356	-	36,178	996,598
Disposals	-	-	(700)	-	(215)	-	-	(915)
Balance at 31/12/2017	8,292,832	18,888,752	3,924,272	2,457,274	8,280,402	7,986,972	1,847,653	51,678,157
Accumulated depreciation								
Balance at 1/1/2017	-	2,469,724	3,160,450	1,702,644	5,475,606	4,269,252	1,681,496	18,759,172
Depreciation	-	354,842	101,279	115,076	445,813	488,613	57,548	1,563,171
Disposals	-	-	(700)	-	(215)	-	-	(915)
Balance at 31/12/2017	-	2,824,566	3,261,029	1,817,720	5,921,204	4,757,865	1,739,044	20,321,428
Net book value at 31/12/2017	8,292,832	16,064,186	663,243	639,554	2,359,198	3,229,107	108,609	31,356,729
Cost								
Balance at 1/1/2016	8,292,832	17,019,989	3,596,313	2,010,524	7,207,730	5,964,505	1,743,595	45,835,438
Transfers form projects under construction	-	339,961	-	-	-	1,735,352	-	2,075,283
Additions	-	-	141,345	198,000	660,516	-	67,880	1,067,741
Disposals	-	-	-	(12,000)	(99,985)	-	-	(111,985)
Balance at 31/12/2016	8,292,832	17,359,870	3,737,658	2,196,524	7,768,261	7,699,857	1,811,475	48,866,477
Accumulated depreciation								
Balance at 1/1/2016	-	2,127,609	3,061,945	1,647,933	5,087,227	3,771,784	1,610,451	17,276,949
Depreciation	-	342,115	128,505	66,709	388,664	497,468	71,045	1,494,506
Disposals	-	-	-	(11,998)	(285)	-	-	(12,283)
Balance at 31/12/2016	-	2,469,724	3,160,450	1,702,644	5,475,606	4,269,252	1,681,496	18,759,172
Net book value at 31/12/2016	8,292,832	14,890,146	577,208	493,880	2,292,655	3,430,605	129,979	30,107,305

4. **Inventory**
This item represents cost of educational materials and stationery for educational purposes.

5. **Other current assets**

	<u>2017</u>	<u>2016</u>
Prepaid expenses	541,255	496,342
Margin on letters of guarantee	51,328	36,643
Employees receivable	58,272	76,702
Refundable deposits	21,443	21,443
Others	<u>151,577</u>	<u>121,368</u>
	<u>823,875</u>	<u>752,498</u>

6. **Accounts receivable**

	<u>2017</u>	<u>2016</u>
Students receivables	3,472,265	3,354,401
General receivables	<u>1,121,985</u>	<u>706,750</u>
	4,594,250	4,061,151
Provision for doubtful debts	<u>(650,000)</u>	<u>(650,000)</u>
	<u>3,944,250</u>	<u>3,411,151</u>

The Company's management believes that all past due not impaired accounts receivable are collectable in full.

7. **Financial assets measured at amortized cost**

This item represents the cost of the Company's investment in Muqarada bonds managed by the Islamic bank of Jordan.

8. **Cash and cash equivalents**

	<u>2017</u>	<u>2016</u>
Cash at banks	4,410,766	7,393,474
Time deposits	<u>1,098,083</u>	<u>1,067,378</u>
	<u>5,508,849</u>	<u>8,460,852</u>

Time deposits mature within a month and earn Murabaha in accordance with the deposit's balance, duration and terms.

9. Equity

Paid-in capital

The Company's authorized, subscribed and paid - in capital is JOD (16) Million divided equally into (16) Million shares with par value of JOD (1) for each share as at 31 December 2017 and 2016.

Statutory reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The Company stopped deducting the reserve when its balance reached 25% of the paid - in capital. The statutory reserve is not available for distribution to shareholders.

Proposed dividends

- The Board of Directors will propose to the General Assembly in its meeting which will be held during 2018 to distribute (35%) cash dividends to shareholders.
- The General Assembly has resolved in its meeting held on 11 March 2017 to distribute (35%) cash dividends to shareholders.

10. Accounts payable

	<u>2017</u>	<u>2016</u>
Students payables	764,113	907,905
General payables	<u>1,822,548</u>	<u>2,097,059</u>
	<u>2,586,661</u>	<u>3,004,964</u>

11. Unearned revenues

This item represents unearned revenues related to the tuition fees will be earned next financial year.

12. Other current liabilities

	<u>2017</u>	<u>2016</u>
Provision for income tax (Note 22)	1,935,453	1,928,453
Provision for vacations and end of service indemnity	972,679	985,919
Refundable students withholdings	799,500	879,400
Accrued expenses	225,321	35,201
Social security withholdings	118,671	121,054
Students support fund	116,395	150,434
Board of Directors remuneration provision	55,000	55,000
Students union withholdings	37,284	36,687
Employees payable	68,554	59,098
Sundry withholdings	32,211	35,917
Sales tax withholdings	10,770	798
Income tax withholdings	-	16,755
	<u>4,371,838</u>	<u>4,304,716</u>

13. Operational revenues

	<u>2017</u>	<u>2016</u>
Tuition fees	19,382,046	19,161,013
Registration fees	3,780,434	3,726,416
Services fees	1,831,894	1,954,108
Transportations	740,157	712,960
Dorm fees	179,990	211,088
Graduation fees	115,430	105,229
	<u>26,029,951</u>	<u>25,870,814</u>

14. Operational costs

	<u>2017</u>	<u>2016</u>
Faculties expenses (Note 15)	9,022,289	8,942,121
Centers and administrations expenses (Note 16)	3,610,187	3,378,309
General and private accreditation fees	101,000	125,000
	<u>12,733,476</u>	<u>12,445,430</u>

15. Faculties expenses

	<u>2017</u>	<u>2016</u>
Salaries, wages and other benefits	7,672,296	7,629,000
Social security	694,682	672,356
Military sciences	249,690	247,320
Computer supplies & labs	61,436	60,900
Health & life insurance	144,218	165,022
Stationery	32,462	42,658
Training & employment	36,744	32,584
Other	130,761	92,281
	<u>9,022,289</u>	<u>8,942,121</u>

16. Centers and administrations expenses

	<u>2017</u>	<u>2016</u>
Centers and administrations	1,878,770	1,853,210
Scientific research deanship	1,581,811	1,388,539
Library	149,606	136,560
	<u>3,610,187</u>	<u>3,378,309</u>

17. Administrative expenses

	2017	2016
Salaries, wages and other benefits	1,388,975	1,394,101
Maintenance supplies	55,406	220,518
Daily workers' wages	121,492	143,390
Cleaning	381,523	315,890
Building maintenance	212,179	185,242
Fuel	180,945	141,735
Health & life insurance	75,565	87,949
Bad debts	-	100,000
Social security	104,720	98,435
Property tax	86,338	85,337
Board of trustees remunerations	75,000	77,242
Professional fees	104,258	103,824
Stationary	78,949	45,025
Telephone & mail	42,569	53,004
Maintenance	87,545	24,125
Hospitality	43,012	66,467
Transportation	72,817	48,572
Advertising	34,096	38,063
Bank fees	59,018	56,610
Governmental fees & subscriptions	41,240	34,328
Water	34,428	35,672
Electricity	144,825	26,742
Agricultural supplies	63,826	24,603
Insurance	11,637	13,105
Rent	6,065	6,065
Other	113,215	121,119
	<u>3,619,643</u>	<u>3,547,163</u>

18. Other revenues and expenses, net

	2017	2016
Rent	254,505	247,000
Training courses	197,821	230,209
Profits from investment portfolio	52,141	50,413
Scholarships expenses recoveries	44,095	36,508
Murabaha from bank deposits	30,705	29,915
Bad debts recoveries	80,846	38,737
Impairment loss of financial assets	-	(60,000)
Other	126,162	93,124
	<u>786,275</u>	<u>665,906</u>

19. Basic and diluted earnings per share

	<u>2017</u>	<u>2016</u>
Profit for the year	7,052,936	7,172,621
Weighted average number of shares	<u>16,000,000</u>	<u>16,000,000</u>
	<u>0.441</u>	<u>0.448</u>

20. Executive management remuneration

The General Manager is not compensated any fees for managing the Company.

21. Segment reporting

The Company is engaged only in providing educational services and operates within the territory of the Hashemite Kingdom of Jordan.

22. Income tax

The movements on provision for the income tax during the year were as follows:

	<u>2017</u>	<u>2016</u>
Balance at beginning of the year	1,928,453	1,316,453
Income tax expense for the year	1,792,000	1,822,000
Paid income tax	<u>(1,785,000)</u>	<u>(1,210,000)</u>
Balance at end of the year (Note 12)	<u>1,935,453</u>	<u>1,928,453</u>

The following is the reconciliation between declared profit and taxable profit:

	<u>2017</u>	<u>2016</u>
Declared profit	8,844,936	8,994,621
Non-deductible expenses	<u>115,000</u>	<u>115,000</u>
Taxable profit	<u>8,959,936</u>	<u>9,109,621</u>
Statutory income tax rate	20%	20%
Effective tax rate	20.3%	20.3%

- The Company settled its tax liabilities with the Income Tax Department up to 2014.
- The income tax return for the year 2015 has been filed with the Income Tax Department and the Department has reviewed the Company's records and didn't resolve its final decision yet.
- The income tax return for the year 2016 has been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- The income tax provision for the year 2017 was calculated in accordance with the Income Tax Law.

23. **Contingent Liabilities**
The Company is contingently liable with respect to bank letters of guarantee for JOD (362,285).

24. **Financial instruments**
Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, accounts receivable and checks under collection. Financial liabilities of the Company include accounts payable.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of comprehensive income.

Credit risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligations. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at date of the statement of financial position to the contractual maturity date.

2017	Less than one year	More than one year	Total
Accounts payable	2,586,661	-	2,586,661
Unearned revenues	5,052,397	-	5,052,397
Other current liabilities	4,371,838	-	4,371,838
	<u>12,010,896</u>	<u>-</u>	<u>12,010,896</u>
2016	Less than one year	More than one year	Total
Accounts payable	3,004,964	-	3,004,964
Unearned revenues	4,657,764	-	4,657,764
Other current liabilities	4,304,716	-	4,304,716
	<u>11,967,444</u>	<u>-</u>	<u>11,967,444</u>

25. **Capital Management**
The Company's board of directors manages its capital structure with the objective of safeguarding the Company's ability to continue as an ongoing entity and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk.