

Zarka Educational &
Investment Co.
Zarka - Jordan



شركة الزرقاء للتعليم والاستثمار
الزرقاء - الأردن

No. :

Date :

الرقم : ٤٤٩/١٦/٢٠١٧
التاريخ : ١٥/١٠/٢٠١٧

To : Jordan Securities Commission
Amman Stock Exchange

Subject: Quarterly Report as of 31/3/2017

Attached the Quarterly Report of (Zarka Educational & Investment Co.) as of 31/3/2017.

Kindly accept our highly appreciation and respect.

Manager of the company

Hussein Al-Shabata



بورصة عمان الدائرة الإدارية والمالية الديوان ١٥ أيار ٢٠١٧ الرقم التسلسلي: 3097 رقم الملف: 31051 الجهة المختصة: 211061

**AL-ZARKA EDUCATIONAL AND
INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE PERIOD ENDED MARCH 31, 2017**

**AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT
FOR THE PERIOD ENDED MARCH 31, 2017**

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REPORT ON REVIEWING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the president and members of the board of directors

Al-Zarka Educational and Investment Company

Introduction

We have reviewed the accompanying Interim Consolidated Statement of Financial Position for Al-Zarka Educational and Investment Company (P.L.C.) as of March 31, 2017, and the related statements of Interim Consolidated Comprehensive income, other Comprehensive income, Owners' equity and cash flows for the period then ended, The management is responsible of preparing and presenting company's financial statements in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) which is an integral part of International Financial Reporting Standards. Our responsibility is limited to issue a conclusion on these interim financial statements based on our review.

Scope of Review

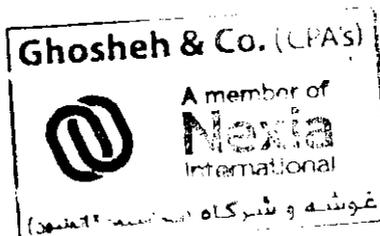
We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. Our review is primarily limited to inquiries of the company's accounting and financial departments personnel as well as applying analytical procedures to financial data .The range of our review is narrower than the broad range of audit procedures applied according to International Auditing Standards, Accordingly, Getting assurances and confirmations about other important aspects checked through an audit procedure was not achievable, Hence, We don't express an opinion regarding in this regard.

Conclusion

Based on our review, except what was mentioned in basis of qualification above, nothing has come to our attention that causes us to be believe that the accompanying interim consolidated financial statements do not give a true and fair view in accordance with International Accounting Standard No. 34.

Ghosheh & Co.

Abdul Kareem Qunais
License No.(496)



Amman- Jordan
April 18, 2017

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS OF MARCH 31, 2017 AND DECEMBER 31, 2016
(EXPRESSED IN JORDANIAN DINAR)

	Note	2017	2016
ASSETS			
Non-current assets			
Property and equipment	4	42,747,332	42,056,566
Projects under construction		258,041	258,041
Total non-current assets		43,005,373	42,314,607
Current assets			
Prepaid expenses and other receivables		727,084	445,157
Inventory		296,921	329,697
Accrued Revenues	5	5,329,323	4,001,759
Accounts receivable and checks under collection		558,476	598,019
Financial assets designated at fair value through statement of comprehensive income		74,693	66,894
Cash at banks		2,822,940	3,475,344
Total current assets		9,809,437	8,916,870
TOTAL ASSETS		52,814,810	51,231,477
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	15,000,000	15,000,000
Statutory reserve		3,750,000	3,750,000
Voluntary reserves		4,730,926	4,730,926
Special reserve		4,357,545	4,357,545
Retained earnings		2,820,178	2,309,387
Total owners' equity		30,658,649	30,147,858
Unearned and deferred revenues	6	6,423,391	4,762,167
non-current liabilities			
Long-term notes payable	7	9,613,068	10,081,473
Total non-current liabilities		9,613,068	10,081,473
Current liabilities			
Accrued expenses and other payables		848,427	976,245
Miscellaneous Deposit		1,057,937	1,149,703
Accounts payable and Deferred checks		600,613	942,355
Current portion of long term payable	7	3,612,725	3,171,676
Total current liabilities		6,119,702	6,239,979
TOTAL LIABILITIES AND OWNERS' EQUITY		52,814,810	51,231,477

The accompanying notes are an integral part of these consolidated financial statements

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Operating revenues		
Tuition fees revenue	4,210,528	4,437,612
Students transportation revenues	587,085	393,296
University facilities revenues	243,839	251,749
Fuels assurance station revenues	23,917	23,221
Other operating income	6,375	6,249
Total Operating revenues	5,071,744	5,112,127
Operating expenses		
Salaries and wages	(2,700,625)	(2,669,799)
Depreciation	(664,869)	(567,241)
Health insurance for students	(27,655)	(19,808)
Maintenance and consumed materials	(145,430)	(125,977)
Electricity, water and fuels	(170,267)	(141,221)
Administrative and other operating expenses	(744,064)	(766,107)
Total operating expenses	(4,452,910)	(4,290,153)
Net operating profit	618,834	821,974
Unrealized gains / (losses) from financial assets designated at fair value through statement of comprehensive income	7,799	(1,214)
Other revenues and other expenses	44,566	34,457
Income before tax	671,199	855,217
Income tax	(160,408)	(189,682)
Income For The period	510,791	665,535
Other comprehensive income :	-	-
Total comprehensive income for the period	510,791	665,535
Earnings per share:		
Earning per share-JD/Share	0,03	0,04
Weighted average of outstanding shares	15,000,000	15,000,000

The accompanying notes are an integral part of these consolidated financial statements

**AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONSOLIDATED STATEMENT OF OWNERS' EQUITY (Unaudited)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)**

	Share capital	Statutory reserve	Voluntary reserves	Special reserve	Retained earnings			Total
					Realized Gains	Unrealized Gains	Retained earnings	
Balance at January 1, 2017	15,000,000	3,750,000	4,730,926	4,357,545	2,257,130	52,257	2,309,387	30,147,858
Comprehensive income for the period	-	-	-	-	502,992	7,799	510,791	510,791
Balance at March 31, 2017	15,000,000	3,750,000	4,730,926	4,357,545	2,760,122	60,056	2,820,178	30,658,649
Balance at January 1, 2016	15,000,000	3,750,000	4,196,248	3,822,867	3,008,892	46,885	3,055,777	29,824,892
Comprehensive income for the period	-	-	-	-	665,535	-	665,535	665,535
Balance at March 31, 2016	15,000,000	3,750,000	4,196,248	3,822,867	3,674,427	46,885	3,721,312	30,490,427

The accompanying notes are an integral part of these consolidated financial statements

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
OPERATING ACTIVITIES		
Income before tax of the period	671,199	855,217
Adjustments of income before tax:		
Depreciation	664,869	567,241
Unrealized Gains / (losses) from financial assets designed at fair value through statement of comprehensive income	(7,799)	1,214
Changes in operating assets and liabilities:		
Accounts receivable and checks under collection	39,543	(58,368)
Accrued revenues	(1,327,564)	(1,955,097)
Inventory	32,776	(19,357)
Prepaid expenses and other receivables	(281,927)	(152,511)
Accounts Payable and Deferred checks	(341,742)	127,159
Miscellaneous Deposit	(91,766)	(14,588)
Accrued expenses and other payables	(288,226)	(482,724)
Unrealized and deferred revenues	1,661,224	1,373,266
Net cash available from operating activities	730,587	241,452
INVESTING ACTIVITIES		
Change in property and equipment	(1,355,635)	(1,113,496)
Change in projects under construction	-	(11,814)
Net cash used in investing activities	(1,355,635)	(1,125,310)
FINANCING ACTIVITIES		
Due to/Financing of Notes payables	(27,356)	550,343
Net cash (used in)/ available from financing activities	(27,356)	550,343
Net change in cash and cash equivalents	(652,404)	(333,515)
Cash and cash equivalents, January 1	3,475,344	5,395,754
CASH AND CASH EQUIVALENTS, March 31	2,822,940	5,062,239

The accompanying notes are an integral part of these consolidated financial statements

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Al-Zarka Educational and Investment ("the company") is a Public Shareholding Company. Registered under commercial registration number (214) on December 22, 1991 and obtained operating rights on October 2, 1992. The Company's share capital is JD 15,000,000 divided into 15,000,000 shares each for JD 1.

The Company's principal activity is establishing a civil university and related institutes to help qualify students and contributing to scientific research and establishing schools.

The Company and university's headquarter is in AL-zarqa City.

The consolidated financial statement as of December 31, 2016 contains the financial statement of (Al Dou'a Al Satee' for Satellite broadcasting and radio)

Subsidiary name	Registration place	Registration year	Vote and equity percentage	Main activity
Al Dou'a Al Satee' for Satellite broadcasting and radio	The Hashemite kingdom of Jordan	2015	100 %	Managing Satellite broadcasting and radio stations

According to net equity method, book value of investment in subsidiaries as of December 31 are as follows:

	2017	2016
Book value of investment in subsidiary	(171,823)	(125,953)
The Company's share from the subsidiary's gains	(45,870)	(200,710)

The subsidiaries assets, liabilities, revenues, profits and major item of assets and liabilities as of March 31, 2017 and December 31, are as following:

	2017	2016
Total assets	1,777,780	1,528,953
Total owners equity	1,777,762	1,528,953
Total current liabilities	18	18
Cash and cash equivalents	18,948	10,529
Loss of the period / year	(45,870)	(200,710)
Share Capital	200,000	200,000

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

2. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs ISSUED BUT NOT YET EFFECTIVE:-

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1, 2018
(IFRS) No.15 – Contract Revenues	January 1, 2018
(IFRS) No.16 – Leases	January 1, 2019

Board of directors of the company is expected that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim consolidated financial statement is presented in Jordanian Dinar, since that is the currency in which the majority of the Company's transactions are denominated.

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

The interim statement do not include all the information and notes needed in the annual financial statement and must be reviewed with the ended financial statement at December 31, 2016, in addition to that the result for the three months ended in March 31, 2017 is not necessarily to be the expected results for the financial year ended December 31, 2017.

Interim Financial statements consolidation basis

The consolidated financial statements incorporate the financial statements of Al-Zarka Educational and Investment P.L.C and the subsidiaries controlled by the Company

Control is achieved when the Company has :

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

- Ability to exert power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- Ability to exert power over the investee to affect the amount of the investor's returns

The Company reassesses 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 described in the accounting policy for subsidiaries above.

When the Company has less than a majority of the voting, The Company shall have control over the investee when the voting rights sufficient to give it the ability to direct relevant activities of the investee individually.

When The Company reassesses whether or not it controls an investee, it consider all the relevant facts and circumstances which includes:

- Size of the holding relative to the size and dispersion of other vote holders
- Potential voting rights, others vote-holders, and Other parties
- Other contractual rights
- Any additional facts and circumstances may indicate that the company has, or does not have, the current ability to direct the activities related to the time needed to make decisions, including how to vote at previous shareholders meetings.

The consolidation process begins when the company's achieve control on the investee enterprise (subsidiary), while that process stops when the company's loses control of the investee (subsidiary). In particular Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, and the consolidated comprehensive income statement from the effective date of acquisition and up to the effective date of which it loses control of a subsidiary Company.

Significant accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the audited financial statements for the period ended 31 December 2016.

Financial assets designated at fair value through statement of comprehensive income

Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income .A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated income statement.

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

Financial assets specified at fair value through statement of other comprehensive income

Specific financial assets at fair value through statement of other comprehensive income are non-derivative financial assets, the purpose of the acquisition is to keep them as available for sale until the date of maturity, not for trading.

Differences in the change in fair value of financial assets specified at fair value through other comprehensive income statement are recorded in other comprehensive income statement. Financial assets specified at fair value through statement of other comprehensive income that is have a market prices stated at fair value after deducting any accumulated Impairment losses in its fair value.

Financial assets specified at fair value through statement of other comprehensive income that is do not have a market prices and cannot determine the fair value stated at cost and any Decline in its value recorded in other comprehensive income statement.

Profits and losses resulting from differences of foreign currency translation for the debt instruments are recorded within the financial assets specified at fair value through other comprehensive income statement in the statement of other comprehensive income, while differences from foreign currency translation for the debt instruments are recorded in the accumulated change in fair value in owners' equity.

Revenue Recognition

The tuition revenues are recognized when tutorial services are provided.

Student Transportation and University facilities and other operating income are recognized on accrual basis.

Expenses

Expenses are reported in the Statement of Comprehensive Income according to its nature, and the expense principally arising from the costs spent on salaries and wages, depreciations, students health insurance, maintenance, consumed materials, electricity water and fuels, for the purpose of providing services. The expenses are classified and reported as Administrative and operating expenses.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are recorded at the original amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable

Accounts payable and Accruals

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

Inventory

Finished goods and work in process are stated at the lower of cost or net realizable value, and it stated at cost which is determined by using a First in First Out cost basis.

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Buildings, walls and wells	2-15%
Furniture	15%
Equipments, devices and elevators	12-25%
Vehicles	15%
Labs	25-33%
Parking, roads, landscapes	10%
Books, tools and others	5-25%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment.

Impairment test is performed to the value of the property and equipment that appears in the Statement of Financial Position. When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to impairment, Impairment losses are calculated according to the policy of the low value of the assets.

At the exclusion of any subsequent property and equipment, recognize the value of gains or losses resulting, Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the Statement of Financial Position, Gross Profit and loss.

The Decline in value of the financial assets

In date of each consolidated statement of financial position, values of the financial assets have been reviewed, to determine if there indication to decline in its value.

As for the financial assets such as trade accounts receivable and assets was evaluated as individual low-value, were evaluated for the decline in the value on a collective basis. The substantive evidence for decline in portfolio of the accounts receivable includes the past experience about the collection of payments. And the increase in the number of the late payments portfolio (which is beyond the rate of borrowing) also it includes the significant changes in the international and local economic conditions that are related with non-collection of accounts payable.

The Reduce in the listed value of the financial assets is the amount of loss decline of value directly. this is for all the financial assets except the trade accounts receivable as the listed value had been reduced by provisions accounts . when one of the accounts receivable are non-collectable then write off the amount of this debt and the equal amount from account of provisions.

The changes in the listed value for the provisions account recognized in consolidated statement of comprehensive income.

As for the ownership equity tools which are available for sale , decline losses are not closed in the recognized value in the consolidated statement of comprehensive income. However any increase in the fair value becomes after decline loss has recognized directly in the interim consolidated statement of owner's equity.

As for the ownership equity tools which are available for sale, decline losses are not closed in the recognized value in the comprehensive income statement. However any increase in the fair value become after decline loss has recognized directly in the interim consolidated owner's equity statement.

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

The Provisions

The provision had been formed, when the Company has a present obligation (legal or expected) from past events which its cost of repayment consider accepted and it has ability to estimate it reliably.

The provision had been measured according to the best expectations of the required alternative to meet the obligation as of the consolidated statement of financial position date after considering the risks and not assured matters about the obligation. When the provision is measured with the estimated cash flows to pay the present obligation, then the accounts receivable are recognized as asset in case of receipt and replacement of the amount is certain and it able to measure the amount reliably.

De-recognition

The Company cancels the recognition of financial assets only when the contractual rights about the receipt of cash flows from the financial assets had ended . and substantially all the risks and benefits of the ownership that belong to another firm. In the case of the Company doesn't transfer or retain substantially the risks and benefits of the ownership and continue its control of the transferred assets, the Company in this case recognize it's share retained in the transferred assets and the related liabilities in the limits of the amounts excepted to be paid . In the other case, when the Company retained substantially all risks and benefits of the ownership of the transferred assets , the Company will continue to recognize the financial assets.

The decline in value of the non-current assets

The decline in value of the non-current assets, in the date of each consolidated statement of financial position the Company reviews the listed values for it's assets to specify if there is an indication to decline losses of the value. If there is an indication to that, the recovery value of the asset will be appreciated to determine the loss of decline in the value if it occurs. In case, in ability to appreciate the recovery value of specific asset. The company estimate the recovery value for unit producing of cash that related in the same asset .when there is ability to determine basis of distribution that is fixed and reasonable, the joint assets distribute to units producing of cash that related in the same asset. the common assets distribute to specific units producing of cash or it is distributed to specific units producing of cash or it distribute to smallest group from units producing cash that can determine basis of distribution fixed and reasonable for it.

The Recovery value is the fair value of asset minus the cost of sale or used value whichever is higher. In case, the recovery value of an asset (or the unit producing of cash) is estimated lower than the listed value, reduce the listed value for asset should be reduced (or unit producing of cash) to the recovery value. Losses of the decline recognized directly in the comprehensive income statement unless the asset that is re-evaluated then losses are recorded of the decline as a reduction from re-evaluated provision.

Accounts payable

Accounts payable are stated at the obligation amounts for received services and goods, whether billed by the suppliers or not.

The sectoral report

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – markers in the Company.

Group include key business sector to invest in financial assets & ready mix concert and the transport sector and shipping sector maintenance& spare parts and operate only inside the Hashemite Kingdom of Jordan.

AL-ZARKA EDUCATIONAL AND INVESTMENT COMPANY
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Income tax

The company is subject to Income Tax Law and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

The use of estimation

The preparation of financial statements and the application of accounting policies required of the Company's management to make estimates that affect the amounts of financial assets and liabilities and disclosure of contingent liabilities, these estimates also affect the revenues, expenses and provisions.

As well as changes in fair value that appears in the owners' equity.

In particular, required of the Company's management to issue important judgments to estimate the amounts of future cash flows and its times Mentioned that the estimates are shown necessarily on the assumptions and multiple factors have a varying degree of appreciation and uncertainty and that actual result may differ from estimates As a result of changes resulting about the conditions and circumstances of these estimates in the future.

We believe that our estimates in the consolidated financial statements are reasonable, detailed as follows:-

Impairment losses on receivable. Impairment losses are reviewed within the foundations established by the administration and International Financial Reporting Standards. The management reviewed periodically of financial assets which are stated at cost to assess any decline in its value.

This declining is recorded in the statement of comprehensive income.

Adoption of estimate useful lives of intangible assets periodically for the purpose of calculating depreciation declining losses is (if any) recorded in the consolidated statement of comprehensive income.

Foreign currency translation

Foreign currency transactions are translated into Jordanian dinar at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income.

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(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED MARCH 31, 2017
(EXPRESSED IN JORDANIAN DINAR)

4. PROPERTY AND EQUIPMENT

	As March 31,2017	As December 31, 2016
Cost:		
Beginning balance	64,853,662	60,068,750
Additions	1,355,635	4,931,798
Disposal	-	(146,886)
Ending balance	<u>66,209,297</u>	<u>64,853,662</u>
Depreciation:		
Beginning balance	22,797,096	20,485,066
Depreciation	664,869	2,458,916
Disposal	-	(146,886)
Ending balance	<u>23,461,965</u>	<u>22,797,096</u>
Book value	<u>42,747,332</u>	<u>42,056,566</u>

* The land is first class mortgaged to the International Islamic Arab bank by JD 350,000 for the granted Murabaha facilities.

5. ACCRUED REVENUES

	2017	2016
Accrued revenues to the university*	4,908,742	3,082,535
Accrued revenues to AL-zarqa university	420,581	919,224
	<u>5,329,323</u>	<u>4,001,759</u>

*This item represents the rest of the revenues for the first semester in which it ended within the beginning of 2017, the second and summer semesters and uncollected revenues from students until the date of this consolidated financial statement.

6. UNEARNED AND DEFERRED REVENUES

	2017	2016
Unearned and deferred revenues to university*	5,568,386	3,386,848
Unearned and deferred revenues to Azzarqa university	855,005	1,375,319
	<u>6,423,391</u>	<u>4,762,167</u>

* This item represents the amount tutorial expenses and student transportation from the first semester for 2017 which have been deferred to be recognized considering the extend of the first semester between 2016 and 2017 and unearned revenues for the second semester which begins and ends in 2017.

7. NOTES PAYABLE

Islamic International Arab Bank

	2017	2016
Notes payable	13,225,793	13,253,149
Less: short term	3,612,725	3,171,676
Long term loan	<u>9,613,068</u>	<u>10,081,473</u>

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8. FINANCIAL INSTRUMENTS

Management of share capital risks

The Company manages its capital to make sure that the Company will continue when it is take the highest return by the best limit for debts and owners equity balances. The Company's strategy doesn't change from 2016.

Structuring of Company's capital includes debts that consist of loans as shown in (note 16, 17) and the owner's equity in the Company which includes share capital, statutory reserve, and retained earnings as it listed in the changes in consolidated owners' equity statement.

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial risks:

Management of the foreign currencies risks

The company is not exposed to significant risks related to foreign currency price changes, so there is no need to effective management for this exposure.

Other price risk

Other price risk is defined as the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors all similar financial instruments traded in the market, the financial instruments in the consolidated statement of financial position are not subject to other pricing risk with the exception of investments

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Credit risk management

The credit risks represent in one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses, However, there are no any contracts with any other parts so the Company doesn't expose to different types of the credit risks, The significant credit exposed for any parts or group of parts that have a similar specification have been .The Company classified the parts which have similar specifications as a related parties, Except the amounts which are related in the cash money, The credits risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks have good reputations and have been controlled from control parties,

The amounts had listed in the financial statements data represents the highest credit risk expose to the trade accounts receivable and to the cash and cash equivalent.

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity, The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of assets and liabilities.

The following table represents the contractual eligibilities to non-derivative financial liabilities.

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issuance on April 18, 2017.