بسم الله الرحمن الرحيم

Philadelphia Int'l Educational Investment
Company (PLC)

شركة فيلادلفيا الدولية للاستثمارات التعليمية
المساهمة العامة

للإيضاح
* بورصة عمان
* السيد عبدالله

Date: 15/ 5/2017
No: B.D 39/2017

Messrs Jordan Securities Commission

Please find attached the financial data for Philadelphia International Educational Investment Company (PLC) as of 31/12/2016.

With Kind Regards

Chairman of the Board of Directors

Dr. Hassan Abdel-Haleem Badran

٢١ أيار ٢٠١٧

الجامعة هاتف : ٤٧٩٩٠٠٠-٦-(٩٦٢) - فاكس : ٤٧٩٩٠٤٠-٦ (٩٦٢) - مكتب الارتباط - هاتف : ٥١٦٣٤٩٨ تلفاكس : ٥١٦٣٦٤٩ شارع الملكة رانيا - مجمع أبو الحاج التجاري

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Philadelphia Int'l Educational Investments Company
Public Shareholding Company

Financial Statements as at 31 December 2016
Together With
Independent Auditors' Report

Arab Professionals
(Member Firm within Grant Thornton International Ltd.)

Philadelphia Int'l Educational Investments Company
Public Shareholding Company

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Philadelphia Int'l Educational Investments Company
Public Shareholding Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **Philadelphia Int'l Educational Investments** Company, which comprise the statement of financial position as at 31 December 2016, 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 2016, 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 that there are no key audit matters to communicate in our report.

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 skepticism 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.

28 January 2017
Amman - Jordan

Arab Professionals
Ibrahim Hammoudeh
(License No. 606)

Arab Professionals
Grant Thornton

Philadelphia Int'l Educational Investments Company
Public Shareholding Company
Statement of financial position as at 31 December 2016

(In Jordanian Dinar)

	Notes	2016	2015
Assets			
Non - current assets			
Property and equipment	3	24,636,160	24,194,282
Financial assets measured at fair value through other comprehensive income	4	99,661	99,661
Projects under construction	5	920,997	923,280
Total non – current Assets		25,656,818	25,217,223
Current assets			
Other assets	6	417,381	463,321
Accounts receivable	7	1,406,717	1,246,670
Checks under collection		206,514	126,206
Cash and cash equivalents	8	4,989,619	6,192,484
Total current assets		7,020,231	8,028,681
Total assets		32,677,049	33,245,904
Equity and liabilities			
Equity	9		
Paid – in capital		15,000,000	15,000,000
Statutory reserve		3,750,000	3,750,000
Retained earnings		4,802,062	4,876,486
Total equity		23,552,062	23,626,486
Liabilities			
Accounts payable	10	1,397,423	1,708,366
Other liabilities	11	3,598,135	2,996,148
Unearned revenues	12	4,129,429	4,914,904
Total liabilities		9,124,987	9,619,418
Total equity and liabilities		32,677,049	33,245,904

"The accompanying notes from (1) to (23) are an integral part of these financial statements"

Philadelphia Int'l Educational Investments Company
Public Shareholding Company
Statement of comprehensive income for the year ended 31 December 2016

(In Jordanian Dinar)

	Notes	2016	2015
Revenues			
Net tuition revenue	21	21,708,129	20,960,972
Other revenues	13	613,443	641,109
Total revenue		22,321,572	21,602,081
Expenses			
Administrative expenses	14	(15,440,998)	(14,692,425)
Depreciation	3	(702,806)	(677,391)
Finance cost		(1,895)	(1,567)
Other revenues & expenses, net		(13,904)	615
Provision for doubtful accounts		(129,000)	(150,000)
Board of Directors' remunerations		(25,000)	(25,000)
Total expenses		(16,313,603)	(15,545,768)
Profit before income tax		6,007,969	6,056,313
Income tax		(1,282,393)	(1,249,262)
Total comprehensive income for the year		4,725,576	4,807,051
Basic and diluted earnings per share	15	0.32	0.32

"The accompanying notes from (1) to (23) are an integral part of these financial statements"

Philadelphia Int'l Educational Investments Company
Public Shareholding Company
Statement of changes in equity for the year ended 31 December 2016

(In Jordanian Dinar)

	Paid - in Capital	Statutory Reserve	Retained Earnings	Total
Balance at 1 January 2016	15,000,000	3,750,000	4,876,486	23,626,486
Dividends paid	-	-	(4,800,000)	(4,800,000)
Total comprehensive income for the year	-	-	4,725,576	4,725,576
Balance at 31 December 2016	15,000,000	3,750,000	4,802,062	23,552,062
Balance at 1 January 2015	15,000,000	3,750,000	4,569,435	23,319,435
Dividends paid	-	-	(4,500,000)	(4,500,000)
Total comprehensive income for the year	-	-	4,807,051	4,807,051
Balance at 31 December 2015	15,000,000	3,750,000	4,876,486	23,626,486

"The attached notes from (1) to (23) form an integral part of these financial statements"

Philadelphia Int'l Educational Investments Company
Public Shareholding Company
Statement of cash flows for the year ended 31 December 2016

(In Jordanian Dinar)

	2016	2015
Operating activities		
Profit before income tax	6,007,969	6,056,313
Depreciation	702,806	677,391
End of service Indemnity	250,000	40,000
Board of directors remunerations	25,000	25,000
Provision for doubtful accounts	129,000	150,000
Profit from selling property and equipment	(21,113)	-
Change in working capital		
Checks under collection	(80,308)	(1,387)
Accounts receivable	(289,047)	64,727
Other assets	45,940	17,002
Accounts payable	(310,943)	278,025
Unearned revenues	(785,475)	2,367,710
Other liabilities	102,411	51,755
Paid income tax	(1,057,817)	(904,332)
Net cash flows from operating activities	4,718,423	8,822,204
Investing activities		
Property and equipment	(726,940)	(699,618)
Projects under construction	(394,348)	(923,280)
Net cash flows used in investing activities	(1,121,288)	(1,622,898)
Financing activities		
Dividends	(4,800,000)	(4,500,000)
Change in cash and cash equivalents	(1,202,865)	2,699,306
Cash and cash equivalents, beginning of the year	6,192,484	3,493,178
Cash and cash equivalents, end of the year	4,989,619	6,192,484

"The accompanying notes from (1) to (23) are an integral part of these financial statements"

1. General

Philadelphia Int'l Educational Investments Company was established during the year 1990 as a limited liability company under the number (2240), the legal entity of the firm was converted to a public shareholding company at the year 2004 under the number (352). The company head office is in the Hashemite Kingdom of Jordan.

The company's main objectives are the following:
1. The acceptance and preparing higher education students.
2. Establishing Scientific Research Centers and cooperating with other national and arabic Universities.
3. Renting and investing Real Estate to the favor of the university.

The company stocks are listed in Amman Stock exchange.

The accompanying financial statements were authorized for issue by the company's board of directors in their meeting held on the 28 January 2017, and it is subject to the General assembly 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 2016. Management anticipates that the adoption of new and revised Standards will have no material impact on the financial statements of the Company.

Standard No.	Title of Standards	Effective Date
IFRS 2	Classification and Measurment of Share-based Payment Transactions (Amendments)	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

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.
- 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 the 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 brining 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 and infrastructure	1%
Equipment, machines and furniture	5 - 20%
Vehicles	7.5 - 15%
Computers and software	20%
Others	5 - 15%

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is booked in the statement of comprehensive income for the year.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of deprecation 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 measured at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. In statement of comprehensive income within owners' equity and the reserve for the sold assets is directly transferred to the retained earnings and not through the statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of profit or loss on a separate line item

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.

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.

Accounts payable and accrued expenses

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

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.

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.

Revenue recognition

Educational services revenues are recognized when the services are rendered.

Interest revenue is recognized on a time proportion basis that reflects the effective yield on the assets.

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.

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.

3. Property and equipment

	Lands	Buildings & infrastructure	Equipment, machines & furniture	Vehicles	Computers & software	Others	Total
Cost							
Balance at 1/1/2016	4,951,792	19,624,026	4,856,019	333,678	2,198,868	2,211,136	34,175,519
Additions	-	123,492	356,925	-	140,921	132,322	753,660
Transfers	-	396,706	-	-	-	-	396,706
Disposals	-	-	-	(62,645)	-	-	(62,645)
Balance at 31/12/2016	4,951,792	20,144,224	5,212,944	271,033	2,339,789	2,343,458	35,263,240
Accumulated depreciation							
Balance at 1/1/2016	-	3,483,519	3,065,784	197,000	2,012,261	1,222,673	9,981,237
Depreciation	-	197,795	271,678	13,410	111,642	108,281	702,806
Disposals	-	-	-	(56,963)	-	-	(56,963)
Balance at 31/12/2016	-	3,681,314	3,337,462	153,447	2,123,903	1,330,954	10,627,080
Net book value at 31/12/2016	4,951,792	16,462,910	1,875,482	117,586	215,886	1,012,504	24,636,160
Cost							
Balance at 1/1/2015	4,951,792	19,483,754	4,541,434	264,128	2,119,748	2,115,045	33,475,901
Additions	-	140,272	314,585	69,550	79,120	96,091	699,618
Balance at 31/12/2015	4,951,792	19,624,026	4,856,019	333,678	2,198,868	2,211,136	34,175,519
Accumulated depreciation							
Balance at 1/1/2015	-	3,288,201	2,806,254	184,371	1,902,211	1,122,809	9,303,846
Depreciation	-	195,318	259,530	12,629	110,050	99,864	677,391
Balance at 31/12/2015	-	3,483,519	3,065,784	197,000	2,012,261	1,222,673	9,981,237
Net book value at 31/12/2015	4,951,792	16,140,507	1,790,235	136,678	186,607	988,463	24,194,282

4. Financial assets measured at fair value through other comprehensive income

Company name	Country of origin	Ownership percentage	Cost	Fair Value
Jordan company for antibody production	Jordan	3%	99,661	Not listed

The Investment above is recorded at cost, hence the investment is not listed and not quoted in an active market.

5. Projects Under Construction

This item represents the cost of installing an electrical solar system, the expected cost to finish this project at 31/12/2016 is JOD (135) thousand, it is expected to be completed during 2017.

6. Other Assets

	2016	2015
Refundable deposits	19,356	19,413
Prepaid expenses	292,191	253,144
Inventory	103,354	148,880
Others	2,480	41,884
	417,381	463,321

7. Accounts Receivable

	2016	2015
Students receivables	1,587,086	1,249,592
General receivables	116,148	141,346
Employee and shareholders receivables	173,483	196,732
	1,876,717	1,587,670
Provision for doubtful accounts	(470,000)	(341,000)
	1,406,717	1,246,670

The movement on the provision for doubtful accounts was as follows:

	2016	2015
Balance, beginning of the year	341,000	191,000
Additions	129,000	150,000
	470,000	341,000

Company's management believes that all the receivables not included in the provision are collectable.

8. Cash and Cash Equivalents

	2016	2015
Cash at current accounts	976,145	1,153,581
Deposits at banks	4,013,474	5,038,903
	4,989,619	6,192,484

Bank deposits mature within a month with an annual interest rate of (2.75%).

9. Equity

Paid-in capital

The Company's authorized and paid up capital is JOD (15) Million divided equally into (15) Million shares with par value of JOD (1) each as at 31 December 2016 and 2015.

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 statutory reserve is not available for distribution to shareholders. The deduction was stopped when the accumulated amount reached 25% of the company's capital.

Dividends

- The Board of Director will propose to the General Assembly in is its meeting which will be held in 2017 to distribute 32% cash dividends to shareholders.

- The General Assembly has resolved in its meeting held in 2016 to distribute 32% cash dividends to the shareholders.

10. Accounts payable

	2016	2015
Students payables	735,853	1,015,752
General payables	606,202	640,319
Employees payables	55,368	52,295
	1,397,423	1,708,366

11. Other liabilities

	2016	2015
Students withholdings	928,603	945,403
Accrued expenses	660,814	579,200
Income tax provision and withholding	1,189,326	964,750
End of service provision	450,000	200,000
General withholdings	101,554	80,810
Board of directors remuneration provision	25,000	25,000
Retention withholdings	2,327	3,727
Other withholdings	240,511	197,258
	3,598,135	2,996,148

12. Unearned revenues

	2016	2015
Unearned tuition fees	3,827,173	4,715,762
Other unearned revenues	302,256	199,142
	4,129,429	4,914,904

13. Other revenues

	2016	2015
Rent revenues	121,983	123,091
Level exam revenues	86,670	153,470
Cafeteria rent revenues	79,134	67,610
Certificates revenues	77,476	63,289
Net graduation and alumni revenues	56,078	49,082
Late registration revenues	52,982	53,577
Credit bank interests	47,009	38,921
Book center rent revenue	24,501	24,501
Others	67,610	67,568
	613,443	641,109

14. Administrative expenses

	2016	2015
Salaries, wages and other benefits	8,749,869	8,294,948
Social security	852,301	779,181
Busses expenses	1,857,184	1,896,247
Scientific research support	631,821	628,231
Scholarship expenses	510,104	443,563
Utilities	405,813	545,727
Insurance and medication	428,620	427,396
End of service Indemnity	345,338	140,916
Cleaning	259,587	239,101
Fuel expenses	160,724	111,117
Accreditation fees	144,000	135,000
Conferences and courses	97,112	103,515
Advertising expenses	28,042	45,353
Security	120,325	117,770
Stationary and printings	79,682	86,435
Board of director's and trustee's transportation expense	86,961	87,639
Telephone and post	28,178	30,032
Professional fees	59,013	49,812
Licenses and subscriptions	94,391	90,157
Maintenance	90,187	81,687
Labs expenses	100,377	81,814
Student activities	41,173	23,203
Employees savings fund expenses	121,496	101,608
Polarization centers commissions	25,326	29,023
Car expenses	31,537	33,538
Agricultural expenses	10,264	5,312
Database expenses	8,891	12,859
Educational sponsorship fund	1,019	-
Others	71,663	71,241
	15,440,998	14,692,425

15. Basic and diluted earnings per share

	2016	2015
Profit for the year	4,725,576	4,807,051
Weighted average number of shares	15,000,000	15,000,000
	0.32	0.32

16. Contingent Liabilities

The Company is contingently liable with the following:

	2016	2015
Letters of credit	135,579	225,000
Letters of bank guarantee	20,000	20,000

17. Income Tax

The movement on provision for the income tax during the year is as follows:

	2016	2015
Balance at beginning of the year	964,750	619,820
Income tax for the year	1,282,393	1,249,262
Income tax paid	(1,057,817)	(904,332)
Balance at end of the year (Note 11)	**1,189,326**	**964,750**

Income tax for the year in the statement of comprehensive income consists of the following:

	2016	2015
Income tax for the year	1,282,393	1,249,262
Prior years income tax	-	-
Deferred tax assets	-	-
	1,282,393	1,249,262

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

	2016	2015
Declared income	6,007,969	6,056,313
Tax exempted income	-	-
Non - Taxable expenses	404,000	190,000
Taxable income	6,411,969	6,246,313
Income tax rate	20%	20%
Effective tax rate	21%	21%

- The Company settled its tax liabilities with the Income Tax Department up to 2014.
- The Company hasn't settled its tax liabilities for the years 2008 and 2009 until now, because there is a pending case in the court.
- The income tax return for the year 2015 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 2016 was calculated in accordance with the Income Tax Law.

18. Related party transactions

The remuneration of executive management during the years 2016 and 2015 amounted to JOD (277,193) and JOD (257,353) respectively.

19. Law Suits

The Company is contingently liable against several law suits amounted to JOD (58,067). Management and legal counsel believe that no provision is required against law suits as the Company has good chance of winning the case.

20. Operating Segment

The company's main operation is providing educational services inside the Hashemite Kingdom of Jordan.

21. Segment analysis

The following is the breakdown of tuition fees revenues in 2016 classified by faculties:

Faculty	Morning program	Evening program	Total
Faculty of Engineering	8,102,351	28,102	8,130,453
Faculty of pharmacy	4,647,001	-	4,647,001
Faculty of administrative and financial sciences	3,868,633	6,240	3,874,873
Faculty of arts	1,670,612	68,612	1,739,224
Faculty of information technology	1,481,224	48,445	1,529,669
Faculty of Science	1,108,523	-	1,108,523
Faculty of Nursing	478,476	-	478,476
Faculty of Law	199,910	-	199,910
Total	21,556,730	151,399	21,708,129

22. Financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash and cash equivalents, checks under collection, accounts receivables and financial assets measured at fair value through other comprehensive income. Financial liabilities of the Company include accounts payable and unearned revenues.

Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	99,661	99,661

2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	-	99,661	99,661

Financial assets included in level 3 are stated at cost less impairment charges, as the fair value of these assets cannot be measured reliably due to the lack of available active markets for identical assets.

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.

2016	Less than one year	More than one year	Total
Accounts payable	1,397,423	-	1,397,423
Other liabilities	3,598,135	-	3,598,135
Unearned revenues	4,129,429	-	4,129,429
	9,124,987	-	9,124,987

2015	Less than one year	More than one year	Total
Accounts payable	1,708,366	-	1,708,366
Other liabilities	2,996,148	-	2,996,148
Unearned revenues	4,914,904	-	4,914,904
	9,619,418	-	9,619,418

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the company's income or the value of its holdings of financial instruments. As most of the company's financial instruments have fixed interest rate and carried at amortized cost, the sensitivity of the company's results or equity to movements in interest rates is not considered significant.

Currency Risk

The management considers that the company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinar or US Dollar. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollar are not considered to represent significant currency risk and the company's results or equity to movements in exchange rates is not considered significant.

23. 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.