

Ittihad School Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Condensed Interim Financial Statements
and Report on Review as of september 30, 2018
(Reviewed Not Audited)

Ittihad School Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

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Report on the review of the condensed interim financial statements

521 18 04

To the Board of Directors of
Ittihad School Co. (P.S.C)
Amman - The Hashemite Kingdom of Jordan

Introduction:

We have reviewed the accompanying condensed interim financial statements of **Ittihad School Co. (P.S.C)** comprising of condensed interim statement of financial position as at 30 September 2018, and the related condensed interim statements of comprehensive income, changes in owners' equity and cash flows for nine months ended 30 September 2018 and the related explanatory notes.

The management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with *IAS 34 –interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review:

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

Conclusion:

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

Other matters:

- Condensed interim financial statements were prepared for Instructions for listing the securities in the Amman Stock Exchange & for management's purposes.

Al Abbasi & Partners Co.

Ahmed Moh'd Abbasi

License No. 710

Amman in

24 October 2018

Ittihad School Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Condensed Interim Statement of Financial Position as of september 30, 2018

Reviewed Not Audited

<u>Assets</u>	<u>Note</u>	<u>30-Sep-2018</u>	<u>31-Dec-2017</u>
<u>Non - Current Assets</u>		JD (Reviewed)	JD (Audited)
Property , plant & equipments - net	5	20,562,298	20,330,359
Financial assets at fair value through comprehensive		969,087	1,022,216
Investments in associates	6	46,682	5,000
Total Non - Current Assets		21,578,067	21,357,575
<u>Current Assets</u>			
Cash on hand and at banks		65,163	272,917
Accrued student premium and Returned cheques- Net	7	773,268	1,197,392
Cheques under collection and Note Receivables		3,769,234	2,166,957
Due to related parties	13	15,000	10,000
supplies Warehouse		302,138	413,983
Other debit balances - Net		486,003	281,652
Total Current Assets		5,410,806	4,342,901
Total Assets		26,988,873	25,700,476
<u>Owners' Equity And Liabilities</u>			
<u>Owners' Equity</u>			
Capital		15,000,000	15,000,000
Issuance premium		67,323	67,323
Statutory reserve		1,203,095	1,203,095
Voluntary reserve		24,753	24,753
Fair value reserve		(434,087)	(380,958)
Retained earning	8	1,334,721	3,088,877
Profit for the period		1,024,293	-
Total Owner's Equity		18,220,098	19,003,090
<u>Current Liabilities</u>			
Credit banks	9	184,084	-
Due to related parties	13	51,034	33,041
accounts payable		339,967	293,998
Unearned revenues		7,298,853	5,497,554
Income Tax Provision	10	295,197	378,556
Other credit balances		599,640	494,237
Total Current Liabilities		8,768,775	6,697,386
Total owners' Equity And Liabilities		26,988,873	25,700,476

The accompanying notes form is an integral part of these statements

Ittihad School Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan
Condensed Interim Statement of Comprehensive Income
For the nine Months Ended september 30, 2018

Reviewed Not Audited

	For the nine months ended at		For the three months ended at		
	Note	30-Sep-2018	30-Sep-2017	30-Sep-2018	30-Sep-2017
		JD	JD	JD	JD
<u>Revenue and profit (loss) of various activities</u>					
Schools premium - Net		5,718,665	5,835,158	1,901,266	1,988,857
Other income		302,680	153,672	110,968	18,386
Buses (Losses)		(214,652)	(176,523)	(47,233)	(76,421)
School Uniforms & Cafeteria profit		36,570	32,236	22,418	13,226
Total Revenues		5,843,263	5,844,543	1,987,419	1,944,048
<u>Expenses</u>					
Salaries and wages		(3,341,127)	(2,992,089)	(1,139,059)	(1,008,216)
Administrative and general expenses	11	(789,116)	(627,696)	(212,575)	(218,702)
Depreciation		(383,864)	(393,878)	(128,289)	(131,941)
Provision for doubtful debts		(100,000)		(100,000)	
Company's share of associates profit		(3,318)	-	-	-
Interest expenses		(51,095)	(15,275)	(27,126)	(6,991)
Total Expenses		(4,668,520)	(4,028,938)	(1,607,049)	(1,365,850)
Profit of the year before tax		1,174,743	1,815,605	380,370	578,198
Income tax	10	(150,450)	(255,877)	(62,119)	(88,441)
Profit of the year		1,024,293	1,559,728	318,251	489,757
<u>Add: Other comprehensive income items</u>					
Change in Fair value		(53,129)	(84,544)	(45,253)	10,889
Total Comprehensive income for the period		971,164	1,475,184	272,998	500,646
		Fils/Dinar	Fils/Dinar	Fils/Dinar	Fils/Dinar
Basic and diluted earning per share	12	0.068	0.104	0.021	0.033

The accompanying notes form is an integral part of these statements

Ittihad School Co
Public Shareholding Company
Amman - The Hashemite Kingdom of Jordan

Condensed Interim Statement Of Changes In Owners' Equity For the nine Months Ended september 30, 2018

Description	Reviewed Not Audited							
	Capital	Issuance premium	Statutory Reserve	Voluntary reserve	Fair Value Reserve	Retained Earnings	Profit Of The Period	Total
	JD	JD	JD	JD	JD	JD	JD	JD
For the three months ended september 30,2018								
Balance as of January 1,2018	15,000,000	67,323	1,203,095	24,753	(380,958)	3,088,877	-	19,003,090
Expenses of previous years	-	-	-	-	-	(16,266)	-	(16,266)
Effect of application of IFRS 9 (note 4)	-	-	-	-	-	(237,890)	-	(237,890)
adjusted opening Balance	15,000,000	67,323	1,203,095	24,753	(380,958)	2,834,721	-	18,748,934
Profit of the period	-	-	-	-	-	-	1,024,293	1,024,293
Change in Fair value	-	-	-	-	(53,129)	-	-	(53,129)
Total Comprehensive income for the period	-	-	-	-	(53,129)	-	1,024,293	971,164
Dividends paid (note 8)	-	-	-	-	-	(1,500,000)	-	(1,500,000)
Balance as of september 30,2018 (Reviewed)	15,000,000	67,323	1,203,095	24,753	(434,087)	1,334,721	1,024,293	18,220,098
For the three months ended september 30,2017								
Balance as of January 1,2017	15,000,000	67,323	994,723	24,753	(198,917)	2,624,287	-	18,512,169
Revenue from previous years	-	-	-	-	-	(41,752)	-	(41,752)
adjusted opening Balance	15,000,000	67,323	994,723	24,753	(198,917)	2,582,535	-	18,470,417
Profit of the period	-	-	-	-	-	-	1,559,728	1,559,728
Change in Fair value	-	-	-	-	(84,544)	-	-	(84,544)
Total Comprehensive income for the period	-	-	-	-	(84,544)	-	1,559,728	1,475,184
Dividends paid	-	-	-	-	-	(1,050,000)	-	(1,050,000)
Balance as of september 30,2017 (Reviewed)	15,000,000	67,323	994,723	24,753	(283,461)	1,532,535	1,559,728	18,895,601

The accompanying notes form is an integral part of these statements

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Condensed Interim Statement of Cash Flows For the nine Months Ended september 30, 2018

Reviewed Not Audited

	Note	30-Sep-2018 JD	30-Sep-2017 JD
<u>Cash Flows From Operating Activities</u>			
Profit for the period before tax		1,174,743	1,815,605
Expenses of previous years		(16,266)	(41,752)
Depreciation		570,587	585,754
Provision for doubtful debts		100,000	-
Company's share of associates profit / (Loss)		3,318	-
Operating Income before changes in working capital		1,832,382	2,359,607
<u>(Increase) decrease in current assets</u>			
Accrued student premium and Returned cheques		86,234	536,196
Cheques under collection and Note Receivable		(1,602,277)	(2,090,057)
Due to related parties		(5,000)	(971,474)
Inventory		111,845	(137,460)
Other debit balances		(204,351)	(19,931)
<u>Increase (decrease) in current liabilities</u>			
Accounts payable		45,969	180,387
Due to related parties		17,993	(31,265)
Unearned revenues		1,801,299	2,052,731
Other credit balances		105,403	20,212
Net Cash (Used in) Provided from Operating Activities before paid ta		2,189,497	1,898,946
Paid tax	10	(233,809)	(315,150)
Net Cash Provided from Operating Activities		1,955,688	1,583,796
<u>Cash flows from investing activities</u>			
Changes of property, plant and equipment		(802,526)	(110,025)
Investments in associates		(45,000)	-
Net cash flows (used in) Provided from investing activities		(847,526)	(110,025)
<u>Cash Flows from Financing Activities</u>			
Credit banks		184,084	(95,585)
Dividends paid		(1,500,000)	(1,050,000)
Net cash flows (used in) Financing activities		(1,315,916)	(1,145,585)
Net (decrease) in cash balances		(207,754)	328,186
Cash balances at beginning of Period		272,917	63,088
Cash balances at end of Period		65,163	391,274

The accompanying notes form is an integral part of these statements

Ittihad School Co
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Notes to The Condensed Interim Financial Statements - Reviewed Not Audited

1- Company's Registration and Objectives

Al-Ittihad Public shareholding Company Limited was established on 1/5/2000 according to the provisions of paragraph (b) of Article (231) of the Companies Law No. (22) of 1997 as a result of the merger of the Union Schools Company Limited with the Fajr Al-Sabah Limited Liability Schools.

One of the goals of the company is to establish and own schools from preschool to the end of the secondary school stage and to qualify students for university studies.

The Condensed interim financial statements were approved by the board of directors at its meeting held on October 24,2018 .

2- Significant Accounting Policies

Basis of Preparation of Interim Financial Statements

- These condensed interim financial statement have been prepared in accordance with international accounting standards ((IFRS) IAS 34)(Interim Financial Reporting).
- The condensed interim financial statements are presented in Jordanian Dinars (JOD) which is the company's presentation functional currency .
- The condensed interim financial statements have been prepared on historical cost except financial assets and liabilities which appears on fair value.
- These condensed interim financial statements do not include all the information required for a complete set of IFRS financial statements, However , selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual report of financial statements as of December 31,2017 , in addition, The results for the three months period ended september 30,2018 are not necessarily indicative of the results that may be expected for the financial year ending December 31,2018 . No Provision has been made for the profit for the nine months ended at september 30,2018 wich is made at the end of the financial year

3- Significant accounting estimates and assumptions

There are no material changes to the nature and amount of the changes in the estimate of amounts recognized in the interim financial statements as compared to the financial statements for 2017 In addition to :

The management of the Company estimates the impairment loss of financial assets in accordance with IFRS 9 as this process requires the use of several assumptions and estimates when calculating future cash flows, collateral values, default rates and balances of financial assets at default and determining whether there is an increase In the degree of credit risk of financial assets

4- Changes in accounting policies

The preparation of interim condensed financial information requires to use of significant and specific accounting estimates It also requires management to use its own judgment in the process of applying accounting policies, The significant estimates and assumptions used in the preparation of the financial statements have been disclosed in note No. (3)

Accounting policies followed in condensed interim financial statements' preparation for this period are consistent with the policies followed the last year .

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Notes to The Condensed Interim Financial Statements - Reviewed Not Audited

Changes in accounting policies

During the current period, the Group adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for periods beginning on 1 January 2018:

- * IFRS 15 "Revenue from Contracts with Customers"
- * IFRS 9 "Financial Instruments"
- * Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions".
- * Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts".
- * Amendments to IAS 40 "Transfers of Investment Property"
- * Annual improvements to IFRS 2014-2016 Cycle "Amendments to IFRS 1 and IAS 28".
- * IFRIC 22 Foreign Currency Transactions and Advances consideration.

The adoption of the above new and amended IFRS and improvements to IFRS had no significant impact on the condensed consolidated interim financial statements, except for IFRS 9, which led an increase in the provision for impairment of trade and other receivables .

IFRS 9 "Financial Instruments"

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

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

The impact of the adoption of IFRS 9 as at 1st January 2018 has been recognised in retained earnings. The standard eliminated the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has fundamentally changed the company accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss IFRS 9 requires the company to record an allowance for ECLs for all debt instruments measured at amortization cost.

For all debt instruments, the company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group's policy to calculate ECLs of debt instruments is for a period of 12 months

The following table summarizes the impact of transition to IFRS 9 on the opening balance of retained earnings (for a description of the transition method,

Line item impacted in the financial statements	As reported at 31 December 2017	Effect of application of IFRS 9	Estimated adjusted opening balances as at 1 January 2018
Expected credit Losses (Note7)	467,000	237,890	704,890
Retained earnings	3,088,877	(237,890)	2,850,987

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Notes to The Condensed Interim Financial Statements - Reviewed Not Audited

5- Property, plant and equipment - Net

This item consists of :

	Lands		Buildings		Vehicles		Furniture and Decoration		Computers & P.O.S		Equipment of the scientific laboratories		Sport equipment		Other assets		Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Cost at september 30, 2018																			
Balance as of January 1, 2018	6,848,142	16,184,561	2,499,170	1,319,594	529,954	844,586	72,620	202,645	485,601	28,986,873									
Additions	126,369	330,739	156,000	44,224	46,004	62,597	1,102	2,545	32,946	802,526									
Cost at september 30, 2018	6,974,511	16,515,300	2,655,170	1,363,818	575,958	907,183	73,722	205,190	518,547	29,789,399									
Accumulated Depreciation at september 30, 2018																			
balance as of January 1, 2018	-	3,777,096	2,037,291	1,077,185	388,595	786,425	69,517	134,174	386,231	8,656,514									
Additions	-	244,752	186,722	49,969	31,891	31,090	1,047	13,168	11,948	570,587									
balance as of september 30, 2018	-	4,021,848	2,224,013	1,127,154	420,486	817,515	70,564	147,342	398,179	9,227,101									
Net book value as of september 30, 2018 (Reviewed)	6,974,511	12,493,452	431,157	236,664	155,472	89,668	3,158	57,848	120,368	20,562,298									
Net book value as of December 31, 2017 (Audited)	6,848,142	12,407,465	461,879	242,409	141,359	58,161	3,103	68,471	99,370	20,330,359									

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Notes to The Condensed Interim Financial Statements - Reviewed Not Audited

6- Investments in associates

	Ownership	30-Sep-2018 JD (Reviewed)	31-Dec-2017 JD (Audited)
Balance at the Bigening of the year	20%	5,000	5,000
Pay the remaining Of the capital		45,000	-
Company's share of associates profit for 2017		(3,318)	-
Balance at the Ending of the year		46,682	5,000

7- Accured student premium and Returned cheques - Net

a- This item consists of :

	30-Sep-2018 JD (Reviewed)	31-Dec-2017 JD (Audited)
Accrued student premium	1,455,644	1,542,206
Returned cheques	122,514	122,186
Total	1,578,158	1,664,392
Expected credit loss Provision	(804,890)	(467,000)
Net	773,268	1,197,392

b- Changes in Expected credit loss Provision as following :

	30-Sep-2018 JD (Reviewed)	31-Dec-2017 JD (Audited)
Balance at the beginig of the period / year	467,000	467,000
Effect of application of IFRS 9 (Note 4)	237,890	-
Additions for the year	100,000	-
Balance at the endinf of the period / year	804,890	467,000

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Notes to The Condensed Interim Financial Statements - Reviewed Not Audited

8- Retained Earning at the end of the year

This item consists of the following:

	30-Sep-2018	31-Dec-2017
	JD	JD
	(Reviewed)	(Audited)
Balance at the beginning of the year	3,088,877	2,624,287
Profit for the year	-	1,766,697
prior years revenues (expenses)	(16,266)	(43,735)
Effect of application of IFRS 9 (note 4)	(237,890)	-
Transfer to statutory reserve	-	(208,372)
Dividends paid (Note 8 - B)	(1,500,000)	(1,050,000)
Balance at end of year	1,334,721	3,088,877

At its meeting held on 21 April 2018, the General Assembly decided to Approve to the distribution of cash dividends JD 1,500,000 of 10 % of the capital

9- Credit Banks

This item consists of :

	Intere st rate	Ceiling facilities	30-Sep-2018	31-Dec-2017
			JD	JD
			(Reviewed)	(Audited)
Arab Bank	8.625	4,500,000	184,084	-
Total			184,084	-

10- Income Tax

This item consists of :

	30-Sep-2018	31-Dec-2017
	JD	JD
	(Reviewed)	(Audited)
Balance beginning of the Period / year	378,556	421,677
tax Paid	(233,809)	272,029
tax Paid Half yearly	-	(63,363)
tax for the Period	150,450	(251,787)
Balance at the ending of the Period / year	295,197	378,556

- The company was terminated with the Income and Sales Tax Department until 2015 with a sambel system
- The annual estimate of 2016,2017 was presented within the legal period of the Income and Sales Tax Department and has not yet been reviewed

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Notes to The Condensed Interim Financial Statements - Reviewed Not Audited

11- General and administrative expenses

This item consists of :

	<u>30-Sep-2018</u> JD (Reviewed)	<u>30-Sep-2017</u> JD (Reviewed)
Students expenses	72,417	55,134
Electric and water	328,340	289,198
Maintenance	75,378	79,818
Stationery and prints	48,583	31,424
Cleaning services	10,949	9,130
Fees and subscriptions	63,388	24,042
Fuels and Heating	47,896	14,702
transportation of boards of directors	29,217	32,202
miscellaneous	20,206	9,746
Phone and Internet expenses	26,498	12,765
Hospitality	8,386	7,210
Advertising	34,369	26,600
Educational Consultancy Fees	11,637	3,884
insurance expenses	3,836	3,795
Professional fees	8,016	27,866
Tota	<u>789,116</u>	<u>627,516</u>

12- Basic and diluted earninig per share

This item consists of :

	<u>30-Sep-2018</u> JD	<u>30-Sep-2017</u> JD
Profit of the period after tax	1,024,293	1,559,728
Weighted average shares (share)	15,000,000	15,000,000
Basic and diluted earninig per share	<u>0.068</u>	<u>0.104</u>

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Notes to The Condensed Interim Financial Statements - Reviewd Not Audited

13 Related parties transactions

Realated parties include key shareholders , key management personnel , key managers , associates and subcdiaries and controlled companies . The company's management has approved the pricing policies and terms of transactions with related parties.

A- Details of due from related parties appear on financial position

	30-Sep-2018	31-Dec-2017
	JD	JD
	(Reviewed)	(Audited)
Applied Energy Company	5,000	-
Omnaa for investment	10,000	10,000
	15,000	10,000

B- Details of due from related parties appear on financial position

	30-Sep-2018	31-Dec-2017
	JD	JD
	(Reviewed)	(Audited)
Arab International Company For Education And Investment	44,242	3,909
IBn-Alhitham Hospital Co	6,792	29,132
Total of due from related parties	51,034	33,041

C- Details of due to related parties appear on Statement of Comprehensive Income

	30-Sep-2018	30-Sep-2017
	JD	JD
	(Reviewed)	(Audited)
Ibn-Alhaytham Hospital Co - Health Insuranse	6,792	7,255

D- Wages , Allowances and other benefits for senior excutive managements :

	30-Sep-2018	30-Sep-2017
	JD	JD
Wages & other benefits	106,653	73,994

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Notes to The Condensed Interim Financial Statements - Reviewd Not Audited

14- Segment Information

the main company objective is Establishing and owning schools from kindergarten to high school
Following is a breakdown of the segment information for the business segments:

	Fro the nine Monthes ended at september 30				
			2018	2017	
	The main activity	shares	others	Total	
	JD	JD	JD	JD	
Revenue	5,843,263	-	-	5,843,263	5,844,543
<u>other segment</u>					
Capital expenditure	802,526	-	-	802,526	(110,025)
Depreciation	570,587	-	-	570,587	585,754
				30-Sep-2018	31-Dec-2017
	The main activity	shares	others	Total	Total
	JD	JD	JD	JD	JD
<u>Assets And Liability</u>					
Assets	25,907,941	1,015,769	65,163	26,988,873	25,700,476
Liabilities	8,768,775	-	-	8,768,775	6,697,386

15- Risk management

The company follows various risk management financial policies within a specific strategy. The company manages risk control and control and optimizes the strategic distribution of both financial assets and financial liabilities. Risks include interest rates, credit risk, foreign currency risk.

16- Subsequent events

There are no subsequent events may have material affects to financial position .

17- Comparative Figures

Certain comparative figures were reclassified to conform with the presentation of the current period.