



To: Jordan Securities Commission
Amman Stock Exchange

Date : 17/05/2017

Ref: 106/2017

Subject: Audited Financial Statements for the
fiscal year ended 31/12/2016

السادة هيئة الاوراق المالية

السادة بورصة عمان

التاريخ: 2017/05/17

الرقم: 2017/106

الموضوع: البيانات المالية السنوية المدققة للسنة المنتهية
في 2016/12/31

Attached the Audited Financial Statements of
Petra Education Company for the fiscal year
ended 31/12/2016

مرفق طيه نسخة من البيانات المالية المدققة لشركة
البتراء للتعليم المساهمة العامة عن السنة المالية
المنتهية في 2016/12/31م

Kindly accept our highly appreciation and
respect

وتفضلوا بقبول فائق الاحترام...

Petra Education Company

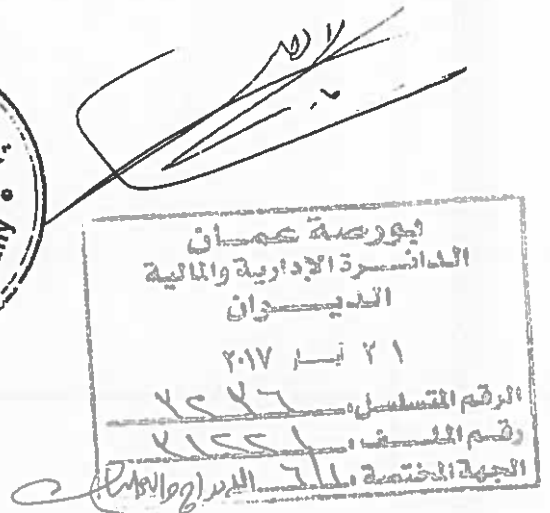
شركة البتراء للتعليم المساهمة العامة

General Manager

عضو مجلس الإدارة / المدير العام

Arch. (Mohammad Mazen) El-Ansari

المهندس / "محمد مازن" الأنصاري



Petra Education Company

Public Shareholding Company

Financial Statements as at 31 December 2016

Together With

Independent Auditor's Report

Arab Professionals

(Member Firm within Grant Thornton International Ltd.)

**Petra Education Company
Public Shareholding Company**

Contents

	<u>Page</u>
- Independent auditor's report	2 - 4
- Statement of financial position	5
- Statement of comprehensive income	6
- Statement of changes in equity	7
- Statement of cash flows	8
- Notes to the financial statements	9 - 19

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of **Petra Education Company (PSC)**, 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

5 February 2017
Amman - Jordan



Ibrahim Hammoudah

(License No. 606)

Arab Professionals



Arab Professionals
Grant Thornton

Petra Education Company
Public Shareholding Company
Statement of Financial Position as at 31 December 2016

(In Jordanian Dinar)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Assets			
Non - current assets			
Property and equipment	3	30,107,305	28,558,489
Projects under construction		1,816,353	1,317,951
Financial assets at fair value through other comprehensive income		-	60,000
Total non-current assets		<u>31,923,658</u>	<u>29,936,440</u>
Current assets			
Inventory	4	88,406	94,425
Other current assets	5	752,498	1,116,129
Accounts receivable	6	3,411,151	4,248,806
Financial assets measured at amortized cost	7	1,500,000	1,500,000
Checks under collection		667,332	456,876
Cash and cash equivalents	8	8,107,024	6,238,739
Total current assets		<u>14,526,411</u>	<u>13,654,975</u>
Total assets		<u>46,450,069</u>	<u>43,591,415</u>
Equity and liabilities			
Equity			
Paid - in capital		16,000,000	16,000,000
Statutory reserve		4,000,000	4,000,000
Retained earnings		14,836,453	12,463,832
Total equity		<u>34,836,453</u>	<u>32,463,832</u>
Liabilities			
Accounts payable		1,743,231	2,282,684
Unearned revenues	10	5,565,669	5,089,592
Other current liabilities	11	4,304,716	3,755,307
Total liabilities		<u>11,613,616</u>	<u>11,127,583</u>
Total Equity and liabilities		<u>46,450,069</u>	<u>43,591,415</u>

"The attached notes from (1) to (24) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Statement of Comprehensive Income for the Year Ended 31 December 2016
(In Jordanian Dinar)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Operational revenues	12	25,870,814	25,045,920
Operational costs	13	<u>(12,401,940)</u>	<u>(12,898,247)</u>
Gross profit		13,468,874	12,147,673
Administrative expenses	16	(3,590,653)	(3,829,090)
Depreciation	3	(1,494,506)	(1,288,704)
Provision for doubtful debts		-	(150,000)
Other revenues & expenses, net	17	665,906	713,691
Board of Directors' remunerations		<u>(55,000)</u>	<u>(55,000)</u>
Profit before income tax		8,994,621	7,538,570
Income tax expense	21	<u>(1,822,000)</u>	<u>(1,530,000)</u>
Total comprehensive income for the year		<u>7,172,621</u>	<u>6,008,570</u>
Basic and diluted earnings per share	18	<u>0.448</u>	<u>0.376</u>

"The attached notes from (1) to (24) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Statement of Changes in Equity for the Year Ended 31 December 2016

(In Jordanian Dinar)

	<u>Paid - in Capital</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at 1 January 2016	16,000,000	4,000,000	12,463,832	32,463,832
Paid dividends	-	-	(4,800,000)	(4,800,000)
Total comprehensive income for the year	-	-	7,172,621	7,172,621
Balance at 31 December 2016	<u>16,000,000</u>	<u>4,000,000</u>	<u>14,836,453</u>	<u>34,836,453</u>
Balance at 1 January 2015	16,000,000	4,000,000	11,255,262	31,255,262
Paid dividends	-	-	(4,800,000)	(4,800,000)
Total comprehensive income for the year	-	-	6,008,570	6,008,570
Balance at 31 December 2015	<u>16,000,000</u>	<u>4,000,000</u>	<u>12,463,832</u>	<u>32,463,832</u>

"The attached notes from (1) to (24) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Statement of Cash Flows for the Year Ended 31 December 2016

(In Jordanian Dinar)

	<u>2016</u>	<u>2015</u>
Operating activities		
Profit for the year before income tax	8,994,621	7,538,570
Depreciation	1,494,506	1,288,704
Bad debts	100,000	101,997
Provision for doubtful accounts	-	150,000
Board of Directors' remunerations	55,000	55,000
Impairment loss of financial assets	60,000	-
Change in working capital		
Checks under collection	(210,456)	3,706
Accounts receivable	737,655	444,209
Inventory	6,019	(17,538)
Other current assets	363,631	(385,809)
Accounts payable	(539,453)	784,519
Unearned revenues	476,077	217,635
Other current liabilities	(117,591)	(261,302)
Paid income tax	(1,210,000)	(1,237,000)
Net cash flows from operating activities	<u>10,210,009</u>	<u>8,682,691</u>
Investing activities		
Property and equipment	(3,043,322)	(1,472,491)
Projects under construction	(498,402)	(1,963,135)
Net cash flows used in investing activities	<u>(3,541,724)</u>	<u>(3,435,626)</u>
Net cash flows used in financing activities		
Paid dividends	(4,800,000)	(4,800,000)
Change in cash and cash equivalents	1,868,285	447,065
Cash and cash equivalents at beginning of the year	<u>6,238,739</u>	<u>5,791,674</u>
Cash and cash equivalents at end of the year	<u>8,107,024</u>	<u>6,238,739</u>

"The attached notes from (1) to (24) form an integral part of these financial statements"

Petra Education Company
Public Shareholding Company
Notes to the Financial Statements as at 31 December 2016

(In Jordanian Dinar)

1. General

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

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

These financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 5 February 2017 and requires the General assembly's approval.

2. Summary of significant accounting policies

Basis of preparation

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

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

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

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

Adoption of new and revised IFRS standards

The following standards have been published that are mandatory for accounting periods after 31 December 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 Measurement 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.
- The management periodically reviews whether a financial asset or group of financial assets is impaired, if so this impairment is taken to the statement of comprehensive income.
- Estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable for individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in statement of comprehensive income.

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

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

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

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Projects under construction

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

Financial assets at 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 case those assets - or part of them- were sold, the resultant gain or loss is recorded in the 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

Financial assets at amortized cost

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

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

Fair Value

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

Trading and Settlement Date Accounting

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

Accounts receivables

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

Cash and cash equivalents

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

Inventory

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

Accounts payable and accrued expenses

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

Provisions

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

Offsetting

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

Revenue recognition

Educational services revenues are recognized when the services are rendered.

Other revenues are recognized according to accrual basis.

Income Taxes

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

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

Petra Education Company
Notes to the Financial Statements (continued)
31 December 2016

3. Property and equipment

	Lands	Buildings	Furniture & Fixtures	Vehicles	Scientific Equipment & labs	Electromechanical Equipment	Others	Total
Cost								
Balance at 1/1/2016	8,292,832	17,019,939	3,596,313	2,010,524	7,207,730	5,964,505	1,743,595	45,835,438
Transfers form projects under construction	-	339,931	-	-	-	1,735,352	-	2,075,283
Additions	-	-	141,345	198,000	660,516	-	67,880	1,067,741
Disposals	-	-	-	(12,000)	(99,985)	-	-	(111,985)
Balance at 31/12/2016	8,292,832	17,359,870	3,737,658	2,196,524	7,768,261	7,699,857	1,811,475	48,866,477
Accumulated depreciation								
Balance at 1/1/2016	-	2,127,609	3,031,945	1,647,933	5,087,227	3,771,784	1,610,451	17,276,949
Depreciation	-	342,115	128,505	66,709	388,664	497,468	71,045	1,494,506
Disposals	-	-	-	(11,998)	(285)	-	-	(12,283)
Balance at 31/12/2016	-	2,469,724	3,160,450	1,702,644	5,475,606	4,269,252	1,681,496	18,759,172
Net book value at 31/12/2016	8,292,832	14,890,146	577,208	493,880	2,292,655	3,430,605	129,979	30,107,305
Cost								
Balance at 1/1/2015	8,292,832	14,622,652	3,245,724	1,858,624	6,298,376	4,799,644	1,695,639	40,813,491
Transfers form projects under construction	-	2,397,287	-	-	-	1,164,861	-	3,562,148
Additions	-	-	350,589	164,400	909,354	-	49,613	1,473,956
Disposals	-	-	-	(12,500)	-	-	(1,657)	(14,157)
Balance at 31/12/2015	8,292,832	17,019,939	3,596,313	2,010,524	7,207,730	5,964,505	1,743,595	45,835,438
Accumulated depreciation								
Balance at 1/1/2015	-	1,815,017	2,941,897	1,602,661	4,788,011	3,296,959	1,556,392	16,000,937
Depreciation	-	312,592	90,048	57,772	299,216	474,825	54,251	1,288,704
Disposals	-	-	-	(12,500)	-	-	(192)	(12,692)
Balance at 31/12/2015	-	2,127,609	3,031,945	1,647,933	5,087,227	3,771,784	1,610,451	17,276,949
Net book value at 31/12/2015	8,292,832	14,892,330	564,368	362,591	2,120,503	2,192,721	133,144	28,558,489

4. Inventory

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

5. Other current assets

	<u>2016</u>	<u>2015</u>
Prepaid expenses	496,342	462,997
Margin on letters of guarantee	36,643	373,828
Employees receivable	76,702	139,546
Refundable deposits	21,443	19,944
Others	121,368	119,814
	<u>752,498</u>	<u>1,116,129</u>

6. Accounts receivable

	<u>2016</u>	<u>2015</u>
Students receivables	3,354,401	3,481,868
General receivables	706,750	1,416,938
	<u>4,061,151</u>	<u>4,898,806</u>
Provision for doubtful debts	<u>(650,000)</u>	<u>(650,000)</u>
	<u>3,411,151</u>	<u>4,248,806</u>

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

7. Financial assets measured at amortized cost

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

8. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
Cash at banks	7,039,646	5,553,871
Time deposits	1,067,378	684,868
	<u>8,107,024</u>	<u>6,238,739</u>

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

9. Equity

Paid-in capital

The Company's authorized, subscribed and paid - in capital is JOD (16) Million divided equally into (16) Million shares with par value of JOD (1) for each share as at 31 December 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 Company stopped deducting the reserve when its balance reached 25% of the paid - in capital. The statutory reserve is not available for distribution to shareholders.

Proposed dividends

The Board of Directors will propose to the General Assembly in its meeting which will be held during 2017 to distribute 35% cash dividends to shareholders.

Paid dividends

The General Assembly has resolved in its meeting held on 20 March 2016 to distribute 30% cash dividends to shareholders.

10. Unearned revenues

This item represents the unearned revenues related to the tuition fees.

11. Other current liabilities

	2016	2015
Provision for income tax (Note 21)	1,928,453	1,316,453
Refundable students withholdings	879,400	886,500
Provision for vacations and end of service indemnity	985,919	842,018
Students support fund	150,434	162,672
Accrued expenses	35,201	46,698
Board of Directors remuneration Provision	55,000	55,000
Employees payable	59,098	101,557
Social security withholdings	121,054	237,349
Sundry withholdings	35,917	37,014
Sales tax withholdings	798	1,699
Income tax withholdings	16,755	33,206
Students union withholdings	36,687	35,141
	<u>4,304,716</u>	<u>3,755,307</u>

Petra Education Company
Notes to the Financial Statements (continued)
31 December 2016

12. Operational revenues

	<u>2016</u>	<u>2015</u>
Tuition fees	19,161,013	18,727,788
Registration fees	3,726,416	3,633,906
Services fees	1,954,108	1,695,693
Transportations	712,960	679,560
Dorm fees	211,088	212,884
Graduation fees	105,229	96,089
	<u>25,870,814</u>	<u>25,045,920</u>

13. Operational costs

	<u>2016</u>	<u>2015</u>
Faculties expenses (Note 14)	9,012,154	8,975,294
Centers and administrations expenses (Note 15)	3,264,786	3,796,953
General and private accreditation fees	125,000	126,000
	<u>12,401,940</u>	<u>12,898,247</u>

14. Faculties expenses

	<u>2016</u>	<u>2015</u>
Salaries, wages and other benefits	7,629,000	7,677,305
Social security	672,356	662,126
Military sciences	247,320	224,888
Computer supplies & labs	60,900	61,441
Stationery	42,658	37,148
Training & employment	32,584	43,557
Health & life insurance	235,055	190,208
Other	92,281	78,621
	<u>9,012,154</u>	<u>8,975,294</u>

15. Centers and administrations expenses

	<u>2016</u>	<u>2015</u>
Centers and administrations	1,739,687	1,711,908
Scientific research deanship	1,388,539	1,818,130
Library	136,560	266,915
	<u>3,264,786</u>	<u>3,796,953</u>

16. Administrative expenses

	2016	2015
Salaries, wages and other benefits	1,394,101	1,323,516
Maintenance supplies	220,518	119,998
Daily workers' wages	143,390	109,895
Cleaning	315,890	303,910
Building maintenance	185,242	199,713
Fuel	141,735	126,537
Health & life insurance	131,439	121,876
Bad debts	100,000	101,997
Social security	98,435	97,139
Property tax	85,337	85,337
Board of trustees remunerations	77,242	75,814
Professional fees	103,824	72,222
Stationary	45,025	51,188
Telephone & mail	53,004	49,352
Maintenance	24,125	48,629
Hospitality	66,467	47,172
Transportation	48,572	46,987
Advertising	38,063	46,771
Bank fees	56,610	45,599
Governmental fees & subscriptions	34,328	40,112
Water	35,672	35,810
Electricity	26,742	524,896
Agricultural supplies	24,603	18,070
Insurance	13,105	9,762
Rent	6,065	6,075
Other	121,119	120,713
	<u>3,590,653</u>	<u>3,829,090</u>

17. Other revenues and expenses, net

	2016	2015
Rent	247,000	284,027
Training courses	230,209	218,439
Profits from investment portfolio	50,413	53,778
Scholarships expenses recoveries	36,508	21,222
Murabaha from bank deposits	29,915	28,287
Bad debts recoveries	38,737	28,763
Impairment loss of financial assets	(60,000)	-
Other	93,124	79,175
	<u>665,906</u>	<u>713,691</u>

18. Basic and diluted earnings per share

	2016	2015
Profit for the year	7,172,621	6,008,570
Weighted average number of shares	16,000,000	16,000,000
	<u>0.448</u>	<u>0.376</u>

19. **Executive management remuneration**
The general manager is not compensated any fees for managing the Company.
20. **Segment reporting**
The company is engaged only in providing educational services and operates within the territory of the Hashemite kingdom of Jordan.

21. **Income tax**
The movements on provision for the income tax during the year were as follows:

	<u>2016</u>	<u>2015</u>
Balance at beginning of the year	1,316,453	1,023,453
Income tax expense for the year	1,822,000	1,530,000
Paid income tax	<u>(1,210,000)</u>	<u>(1,237,000)</u>
Balance at end of the year (Note 11)	<u>1,928,453</u>	<u>1,316,453</u>

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

	<u>2016</u>	<u>2015</u>
Declared profit	8,994,621	7,538,570
Non-deductible expenses	<u>115,000</u>	<u>150,000</u>
Taxable profit	<u>9,109,621</u>	<u>7,688,570</u>

Statutory income tax rate	20%	20%
Effective tax rate	20.3%	20.3%

- The Company settled its tax liabilities with the Income Tax Department up to 2014.
- The income tax return for the year 2015 has been filed with the Income Tax Department, 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.

22. **Contingent Liabilities**
The Company is contingently liable with respect to bank letters of guarantee for JOD (215,434).

23. Financial instruments

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

Foreign currency

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

Credit risk

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

Liquidity Risk

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

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

2016	Less than one year	More than one year	Total
Accounts payable	1,743,231	-	1,743,231
Unearned revenues	5,565,669	-	5,565,669
Other current liabilities	4,304,716	-	4,304,716
	<u>11,613,616</u>	<u>-</u>	<u>11,613,616</u>
2015	Less than one year	More than one year	Total
Accounts payable	2,282,684	-	2,282,684
Unearned revenues	5,089,592	-	5,089,592
Other current liabilities	3,755,307	-	3,755,307
	<u>11,127,583</u>	<u>-</u>	<u>11,127,583</u>

24. 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.