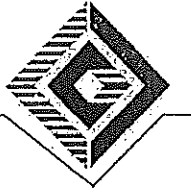




الشركة العربية الدولية للتعليم والاستثمار ش.م.ع

Arab International Co. For Education & Investment P.L.C.

Paid Up. Capital: J.D40,500,000 - Com.Reg:208 - سجل تجاري 208 رأس المال المدفوع 40500000 دينار أردني



Ref.: Sh/S/21

Date: 21/3/2017

الرقم : ش س/21

التاريخ: 2017/3/21

To: Jordan Securities Commission
Amman Stock Exchange

السادة هيئة الأوراق المالية
السادة بورصة عمان

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

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

Attached the Audited Financial Statements
of ARAB INTERNATIONAL COMPANY
FOR EDUCATION & INVESTMENT for
the fiscal year ended 31/12/2016

مرفق طيه نسخة من البيانات المالية
المدققة للشركة العربية الدولية للتعليم
والاستثمار عن السنة المالية المنتهية في
2016/12/31

Kindly accept our high appreciation
and respect

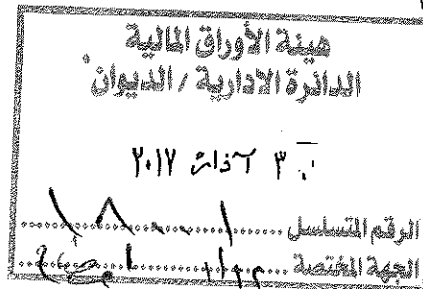
وتفضلوا بقبول فائق الاحترام،،،

Dr. Haitham Abdallah Abu-Khadijeh.

د. هيثم عبد الله أبو خديجة

Vice Chairman of the Board
General Manager

نائب رئيس مجلس الإدارة
المدير العام



تلفون: 5534121 / 5531172 فاكس: 06-5539103 ص.ب. 926296 عمان 11190 الأردن

Tel: 06-5534121 / 5531172 Fax: 06-5539103 P.O. Box 926296 Amman 11190 Jordan

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Email: shareholder@asu.edu.jo

**ARAB INTERNATIONAL COMPANY
FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT**

**ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

FOR THE YEAR ENDED DECEMBER 31, 2016

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Kawasmy & Partners CO.
Amman - Jordan
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**A TRANSLATION OF THE INDEPENDENT AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN ARABIC**

**To the General Assembly
ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(Public Shareholding Company)
Amman - Jordan**

Opinion

We have audited the financial statements of **Arab International Company for Education and Investment – Public Shareholding Company** (“the Company”), which comprise the statement of financial position as at December 31, 2016, the statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountant Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 period. 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.



Key Audit matters are described below:

1- Losing control of Ibn Alhaytham Hospital Company

| Description of Key Audit matter | How the Matter was addressed in Our Audit |
|--|--|
| <p>The Company board of directors decided in their meeting held in the 30th of March 2016 to sell 2,000,000 shares of Ibn Alhaytham hospital shares "subsidiary company" in the amount of 2,684,799 Jordanian Dinar. The number of the owned shares became 9,737,443 which equivalent to 48.69% after the sale transaction. And the company has lost its control over its subsidiary from the 1st of April 2016.</p> | <p>Our audit procedures included the estimates of the Company's internal controls over the process of determining the value of the remaining shares and the adoption of equity method to determine if there was any impairment in its value and calculating the profit and loss resulting from the selling of these shares, in addition, the evaluation of the assessments followed by the management to determine the fair value/investment impairment. Also this assessments have been compared with the requirements of the international financial reporting standards considering the available information.</p> <p>The audit procedures also included the evaluation of the methodology used and the extent of the appropriateness of the evaluation models and the inputs used to determine the fair value/ investments impairments, and review the reasonableness of the most important inputs used in the evaluation process through reviewing the available market information as the share price in the time of sale, as well as we have evaluated the sufficiency of the company's disclosure related to the significant assessment.</p> |

2- Legal Cases and Contingent Liabilities

| Description of Key Audit matter | How the Matter was addressed in Our Audit |
|--|---|
| <p>In the normal course of business, contingent liabilities may arise from legal cases held against the Company or from governmental fines. The amounts involved are potentially significant and the application of IFRS to determine the amount, if any, to be provided as a liability, require from management judgments and estimates, accordingly the determination of liabilities is considered a key audit matter.</p> <p>The disclosures relative to legal and contingent liabilities are summarized respectively in Note 30 to the financial statements.</p> | <p>Our audit procedures includes the assessment of the Company's internal controls to determine the liabilities and the review of correspondence with the regulatory parties and the Company's external legal consultants on all significant legal cases and discussions with the Company's external legal consultant when necessary. In addition, we obtained formal opinion from the Company's external legal consultants for all significant litigation, analyzed correspondence with regulators, and monitored the procedures followed to obtain information from third parties. We also assessed the disclosures made by the Company</p> |



3- Impairment of account receivables and cheques under collection

| Description of Key Audit matter | How the Matter was addressed in Our Audit |
|---|---|
| <p>The impairment loss of account receivables and cheques under collection is considered one of the matters that have an impact over the Company's results and requires significant judgment and estimates from management to determine the default and accordingly the existence of impairment. Following the requirements of IFRS, management exercises judgment and estimates over the inputs used to determine the impairment including the date of default, the financial position of the customers and the position of the legal cases held against these customers. Accordingly, the accounts receivables and cheques under collection is considered a key audit matter.</p> <p>The company has accounts receivables and cheques under collection with total balance of 3,206,720 as of the 31 of December 2016, and the company recorded a provision for doubtful debts in the amount of 548,076 JOD as of the 31 of December 2016.</p> | <p>Our audit procedures included the assessment of the Company's internal controls over the collection processes for receivables and cheques under collection ; testing the receipt of cash after the year end, testing the sufficiency of the Company's provisions against receivables and the cheques under collections and testing the position of the legal cases held by the Company by assessing management's assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience. We have also considered the adequacy of the Company's disclosures about the degree of estimation involved in arriving at the provision and the disclosures over the movement of doubtful debts provision.</p> |

Other Information

Management is responsible for the other information. The other information does not include the financial statements and our auditors' report on the financial statements.

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 were not provided with the annual report of the company or any other information as it relates to this paragraph until the date of this report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditors' 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 auditors' 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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 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 auditors' 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. The accompanying financial statements are, in all material aspects, in agreement with the Company's accounting records, and we recommend that the Company's General Assembly approves these financial statements.

**Kawasmy and Partners
KPMG Jordan**

Hatem Kawasmy
License No (656)

Amman – Jordan
6 March 2017



**ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN**

STATEMENT OF FINANCIAL POSITION

| <i>In Jordanian Dinar</i> | Note | As at December 31, | |
|---|------|--------------------|--------------------|
| | | 2016 | 2015 |
| Assets | | | |
| Non- current assets: | | | |
| Property, plant and equipment | 5 | 30,053,432 | 51,125,350 |
| Projects under Constructions | 6 | 5,434,369 | 3,954,728 |
| Intangible assets | 7 | 43,650 | 85,473 |
| Investments in associate | 8 | 55,915,468 | 49,992,237 |
| Financial assets at fair value through other Comprehensive income | 9 | 80,000 | 91,200 |
| Total non-current assets | | 91,526,919 | 105,248,988 |
| Current assets: | | | |
| Inventory | 10 | 418,929 | 1,842,241 |
| Other Debit Balances | 11 | 726,485 | 946,734 |
| Financial assets at fair value through profit & Loss | 12 | 1,330,149 | 2,316,978 |
| Due from related party | 13 | 187,105 | 131,330 |
| Account receivables and cheques under collection | 14 | 2,658,644 | 7,813,130 |
| Cash and Cash equivalent | 15 | 418,717 | 344,998 |
| Total current assets | | 5,740,029 | 13,395,411 |
| Total Assets | | 97,266,948 | 118,644,399 |
| Shareholder's equity And Liabilities | | | |
| Shareholder's equity | | | |
| Paid- up capital | 1 | 40,500,000 | 40,500,000 |
| Statutory reserve | 16 | 10,125,000 | 10,125,000 |
| Fair Value reserve | 9 | 3,853,656 | 8,196,670 |
| Shares owned by Subsidiary | 17 | - | (4,139,303) |
| Retained earnings | | 31,495,482 | 28,604,524 |
| Total Shareholder's equity of the company | | 85,974,138 | 83,286,891 |
| Non-Controlling interest | | - | 10,670,969 |
| Shareholders' Equity | | 85,974,138 | 93,957,860 |
| Liabilities | | | |
| Current liabilities: | | | |
| Short term loans | 19 | - | 6,474,445 |
| Banks Over Draft | 20 | - | 1,984,492 |
| Other Credit balances | 21 | 3,108,474 | 2,904,527 |
| Income tax provision | 22 | 1,907,297 | 1,586,195 |
| Due to related parties | 13 | 223,742 | 46,325 |
| Unearned revenue | 23 | 5,146,497 | 7,347,852 |
| Deferred Cheques | | 189,145 | 425,039 |
| Students Refundable deposits | | 321,442 | 393,539 |
| Notes and Account Payables | | 396,213 | 3,524,125 |
| Total current liabilities | | 11,292,810 | 24,686,539 |
| Total shareholder's equity And Liabilities | | 97,266,948 | 118,644,399 |

The accompanying notes on pages from (10) to (34) are an integral part of these financial statements.
Financial statements from page (6) to (9) has been approved by the board of directors on February 1, 2017

Chairman of Board of Directors

Financial Manager

**ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| <i>In Jordanian Dinar</i> | Note | For the year ended December 31, | |
|--|-------------|--|-------------------|
| | | 2016 | 2015 |
| Revenue | 24 | 32,131,912 | 48,622,554 |
| Operating Costs | 25 | (16,699,273) | (27,987,233) |
| Gross Profit | | 15,432,639 | 20,635,321 |
| Administrative Expenses | | (5,349,965) | (10,234,937) |
| Bad Debt Provision | 26 | (147,642) | (109,232) |
| Litigation and fees | | (377,563) | (287,454) |
| Operating Profits | | 9,557,469 | 10,003,698 |
| Financing Costs | | (202,186) | (914,743) |
| Company's share in associate profits | 8 | 2,418,576 | 3,069,723 |
| Gain (Loss) from financial assets at fair value through profit or loss | | (11,124) | 127,190 |
| Gain from sale of shares in subsidiary | | 319,000 | - |
| Other Revenues | 27 | 1,027,989 | 1,290,254 |
| Loss on disposal of property and equipment | | (788) | (17,520) |
| Profit for the year before income Tax | | 13,108,936 | 13,558,602 |
| Income tax for the year | 22 | (2,215,089) | (2,244,566) |
| Profit for the Year | | 10,893,847 | 11,314,036 |
| Other comprehensive income items | | | |
| Items that will never be reclassified to profit or loss: | | | |
| Cumulative change in fair value of financial assets at fair value through other comprehensive income | | (5,781,595) | (1,999,082) |
| Profit from selling financial assets at fair value through other comprehensive income. | | 97,111 | 72,216 |
| Total comprehensive income for the year | | 5,209,363 | 9,387,170 |
| Profit for the year attributable to: | | | |
| Shareholders of the company | | 10,908,225 | 11,066,320 |
| Non-controlling Interest | | (14,378) | 247,716 |
| Total: | | 10,893,847 | 11,314,036 |
| Total comprehensive income for the year attributable to: | | | |
| Shareholders of the company | | 5,253,459 | 9,173,550 |
| Non-controlling Interest | | (44,096) | 213,620 |
| Total: | | 5,209,363 | 9,387,170 |
| Basic and diluted earnings per share (Dinar/Share) | 28 | 0,269 | 0,273 |

The accompanying notes on pages from (10) to (34) are an integral part of these financial statements.

Chairman of Board of Directors

Financial Manager

**ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN**

STATEMENT OF CASH FLOWS

| <i>Jordanian Dinar</i> | For the year ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2016 | 2015 |
| Cash Flow From Operating Activities: | | |
| Profit before income tax | 13,108,936 | 13,558,602 |
| Adjustments: | | |
| Depreciation and amortization | 2,166,429 | 4,716,481 |
| Bad debt provision | 87,642 | 109,232 |
| Company's share in associate profits | (2,418,576) | (3,069,723) |
| Change in fair value of financial assets at fair value through profit or loss | 11,124 | 18,368 |
| Gain from sale of shares in subsidiary | (319,000) | - |
| Loss (gains) on disposal of property and equipment | (788) | 17,520 |
| Financing costs | 202,186 | 914,743 |
| Changes in: | 12,837,953 | 16,265,223 |
| Account Receivables and cheques under collection | (194,644) | (340,028) |
| Due from related parties | (22,752) | 46,682 |
| Inventory | 16,226 | 504,817 |
| Other Debit Balances | (94,497) | 296,396 |
| Notes and Account Payables | 58,592 | 155,508 |
| Due to related parties | 210,083 | (182,230) |
| Unearned revenue | (1,510,593) | 1,600,114 |
| Students Refundable deposits | (72,095) | 87,662 |
| Other Credit Balances | 648,071 | 593,881 |
| | 11,876,344 | 19,028,025 |
| Income tax paid | (1,772,505) | (1,998,239) |
| Net cash flows from operating activities | 10,103,839 | 17,029,786 |
| Cash Flow from Investing Activities: | | |
| Acquisitions of property and equipment | (2,158,780) | (4,532,020) |
| Proceeds from sale of property and equipment | 3,745 | 15,221 |
| Acquisition of Intangible Assets | (2,784) | (5,010) |
| Dividends from associates | 2,272,719 | 871,013 |
| Proceeds from sale of subsidiary shares | 2,684,799 | - |
| Proceeds from reduction of paid up capital of Al mehania company- financial assets at fair value through other comprehensive income. | - | 40,000 |
| Proceeds from the sale of financial assets at fair value through profit or loss | 975,705 | 343,935 |
| Projects under constructions | (1,579,641) | (1,133,656) |
| Net cash flows from (used in) investing activities | 2,195,763 | (4,400,517) |
| Cash Flow Financing Activities: | | |
| Banks Borrowings | (3,474,445) | 4,474,475 |
| Banks Over Draft | - | (5,396,024) |
| Deferred cheques | (235,894) | (971) |
| Dividends | (8,100,000) | (11,739,083) |
| Paid financing costs | (202,186) | (914,743) |
| Net cash flows used in financing activities: | (12,012,525) | (13,576,340) |
| Net change in Cash and Cash equivalent | 287,077 | (947,077) |
| Cash and cash equivalent - beginning of the year | 131,640 | 1,292,075 |
| Cash and cash equivalents at 31 December | 418,717 | 344,998 |

The accompanying notes on pages from (10) to (34) are an integral part of these financial statements.

**ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

1. General

The Arab International Company for Education and Investment was established and registered as a limited public shareholding company under No. 208 on November 20, 1989. The company operates its educational activities through the Applied Science University, which started teaching as of October 13, 1991. The company's capital is 40,500,000 JD represented by 40,500,000 Share.

One of the company's main objective is to found and establish a private university to accommodate students from Jordan and abroad and prepare them as specialists at the university level in the technological fields mainly inlaid with human and social studies that can contribute to meet the needs of the Kingdom and neighboring Arab countries

It also aims to establish a number of centers and institutes for the rehabilitation of students enrolled to a leading positions in various scientific, training and performance fields.

The company may, in order to achieve its objectives directly, carry out all the investment activities required by its business and its interest in selling, buying, owning, brokering, lending, borrowing, pledging and lending. The company may also have an interest to participate in any way in the bodies and institutions that cooperate to achieve its objectives in the Hashemite Kingdom of Jordan or outside.

- The financial statements were approved by the Board of Directors at its meeting held on 1 February 2017 and are subject to the approval of the General Assembly of Shareholders.
- The company is listed on the Amman Stock Exchange

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets at Fair value through profit or loss and other comprehensive income which appears at fair value and financial assets and liabilities measured at amortized cost.

c. Functional and presentation currency

The financial statements are presented in the Jordanian Dinar, which is the Company's functional and presentation currency.

d. Use of Judgments and estimates

- The preparation of the financial statements in conformity with IFRSs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.
- In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are summarized as follows:

Management periodically reassesses the economic useful lives of tangible and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.

**ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the Company's lawyer. This study highlights potential risks that the Company may incur in the future.

A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).

Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and its selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.

Management estimates the recoverable amount of the other financial assets to determine whether there was any impairment in its value.

Management recognizes income tax expense for the year based on management's estimate for taxable profit in accordance with the prevailing laws and regulations

-Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 1- In the principal market for the asset or liability, or
- 2- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company

The asset or liability measured at fair value might be either of the following:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period

e. The excess of financial liabilities over financial assets

The Company's current liabilities exceeded its current assets by JOD 5,552,781 as of December 31, 2016 (JOD 11,291,128: December 31, 2015). Management of the company create available financial resources when needed and through the company's operation, based on that, the management foresees no issues in meeting the current liabilities when these liabilities due at least for the next twelve months.

3. SIGNIFICANT ACCOUNTING POLICIES

The company has adopted early International Financial Reporting Standard IFRS 9 Financial Instruments to be applied on the financial statement that begins on the first of January 2011 based on the instructions of security exchange commission. This standard is mandatory well be applied internationally on January 1, 2018:

The accounting policies applied by the Company in these financial statements for the year ended 31 December 2016 are the same as those applied by the Company in its financial statements for the year ended 31 December 2015, except for the following International Financial Reporting Standards effective after January 1, 2016 and after:

**ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – JORDAN**

NOTES TO THE FINANCIAL STATEMENTS

Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of comprehensive income as incurred

Depreciation

Items of property and equipment are depreciated on a straight-line basis in statement of profit or loss over the estimated useful lives of each component. Land is not depreciated.

The estimated useful lives of property and equipment for the current year are as follows:

| <u>property and equipment</u> | <u>Depreciation rate %</u> |
|---|----------------------------|
| | % |
| Buildings and constructions | 2-20 |
| Laboratory and office equipment | 12-15 |
| Furnitures and Fixtures | 2.5-15 |
| Tools and equipments | 15-20 |
| Cars and buses | 10-15 |
| Laboratory Equipments | 20 |
| Scientific Research Instruments -Solar Energy | 20 |
| Educational and clarification tools | 20 |
| Books and periodicals | 5 |
| Other Property and Equipments | 15-20 |
| Irrigation networks | 20 |
| Power plant | 10 |

- Property and equipment useful lives are reviewed at the end of each year; and if the expected useful life differs from the previous estimate, the difference is booked in subsequent years as a change in accounting estimates.

d. Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of profit or loss.

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Non-Financial Assets

- The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.
- Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.
- All impairment losses are recognized in the statement of profit or loss and other comprehensive income.

e. Intangible Assets

Intangible assets, which have finite useful lives, are amortized over their useful lives. Amortization is recognized in the statement of profit or loss and other comprehensive income; however, intangible assets without definite useful lives should not be amortized and are required to be tested for impairment as of the date the financial statement. Impairment loss shall be recognized in the statement of statement of profit or loss and other comprehensive income.

Intangible assets arising from company operation are not capitalized and should be recognized in the statement of profit or loss and other comprehensive income when incurred.

Intangible assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired as well as the useful lives of the intangible asset are annually reassessed and any adjustments raised are recognized in the subsequent years.

Amortization

The amortization expense is recognized in the statement of comprehensive income on a straight line basis over the estimated useful life of each item of intangible assets. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. They are amortized annually as follows

| <u>Intangible Asset</u> | <u>Amortization %</u> |
|--------------------------------|-----------------------|
| | % |
| Computers software and program | 20 |

f. Revenues recognition and expenses realization

Revenue recognition and expenses realization are recognized based on accrual basis.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts.

Revenue is recognized in the statement of profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on the number of semesters' days completed to total scheduled days. Interest revenues and expenses presented in the statement of profit or loss and other comprehensive income consist of the below:

Interest revenue\ expense on financial assets and liabilities at amortized cost calculated using effective interest rate.

Interest revenue on banks deposits.

Interest expense on banks overdrafts and loans.

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g. Inventory

Inventory presented at the lower of cost or net realizable value whichever is lower, the cost is determined using weighted average which includes the costs included to bring the inventory to the company and based on the agreed on condition.

The net realizable value represents the estimated selling price in the ordinary business cycle minus estimated costs for completion and necessary cost to complete the selling process.

h. Foreign Currency Transactions

Transactions in foreign currencies during the year are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinar at the exchange rate at that date.

The foreign currency gain (loss) on monetary items is the difference between amortized cost in Jordanian Dinar at the beginning of the year, adjusted for effective interest rate and payments during the year, and the amortized cost in foreign currency translated to JOD at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Jordanian Dinar at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation of foreign currencies to Jordanian Dinar are recognized in the consolidated statement of profit or loss and comprehensive income.

i. Fair value for financial assets

Fair values represent the amount with which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction

The closing prices (purchase of assets / sale of liabilities) on the consolidated financial statements date in effective markets, represents the fair value of financial assets and liabilities that have market prices.

In the absence of quoted prices or lack of active trading of some financial assets or the in absence of an active market, fair value is determined by comparing with current market value of financial instrument, or by using the discounted future cash flows discounted at the rate of similar financial instrument or by use the net assets value method of investments.

j. Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available or when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

k. Date of recognition of financial assets

Purchase and sell of financial assets are recognized on the trading date (date when company commitment to sell or buy financial assets)

l. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

m. Finance expenses

Finance expenses comprise interest expense on borrowings. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

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n. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss and other comprehensive income except, to the extent that, it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax payable is in accordance with prevailing income tax law in Jordan.

o. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4. Segment Reporting

The Company has several sectors as described below and are strategic sectors in the Company. Strategic departments provide different products and services, and are managed separately because they require different technical and marketing strategies.

Information relating to the results of each sector is included in the report below. Performance is measured based on the profit segment before tax, as reported in internal management reports reviewed by the company's management. The profit of the segment is used to measure performance where management believes that this information is most important in evaluating the results of certain segments relating to other entities operating within these segments.

When providing information on a geographical basis, segment revenue is based on the geographical location of the customers and the segment's assets are based on the geographical location of the asset.

a. Operating Segment

The Company operates its activities in major operating segments, which represents the follows:

- Education
- Medical Services
- Investments
- Others

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b. Geographical Segment

- The Company operated its activities inside of the Hashemite Kingdom of Jordan.
- Operating segments include the following

| <i>Jordanian Dinar</i> | <u>Education</u> | <u>Medical Services</u> | <u>Investments</u> | <u>Others</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------------|--------------------|------------------|-------------------|
| December 31, 2016 | | | | | |
| Segment revenue | 14,264,675 | 1,167,964 | 2,737,576 | 1,027,989 | 19,198,204 |
| Financing expenses | (108,455) | (93,731) | - | - | (202,186) |
| Administrative expense | (4,231,605) | (1,130,272) | - | - | (5,361,877) |
| Provision for Doubtful Debt | (87,642) | (60,000) | - | - | (147,642) |
| Litigation Provision | (370,063) | (7,500) | - | - | (377,563) |
| Segment Profits | 9,466,910 | (123,539) | 2,737,576 | 1,027,989 | 13,108,936 |
| Total segments assets | 41,351,480 | - | 55,915,468 | - | 97,266,948 |
| Total segments liability | (11,292,810) | - | - | - | (11,292,810) |
| Segment net Assets | 30,058,670 | - | 55,915,468 | - | 85,974,138 |
| Capital expenditure | (2,161,564) | - | - | - | (2,161,564) |
| December 31, 2015 | | | | | |
| Segment revenue | 14,098,084 | 6,537,237 | 3,196,913 | 1,272,734 | 25,104,968 |
| Financing expenses | (343,490) | (571,253) | - | - | (914,743) |
| Administrative expense | (5,560,721) | (4,674,216) | - | - | (10,234,937) |
| Provision for Doubtful Debt | (9,232) | (100,000) | - | - | (109,232) |
| Litigation Provision | (257,454) | (30,000) | - | - | (287,454) |
| Segment Profits | 7,927,187 | 1,161,768 | 3,196,913 | 1,272,734 | 13,558,602 |
| Total segments assets | 37,776,361 | 28,467,623 | 52,400,415 | - | 118,644,399 |
| Total segments liability | (15,131,416) | (9,555,123) | - | - | (24,686,539) |
| Segment net Assets | 22,644,945 | 18,912,500 | 52,400,415 | - | 93,957,860 |
| Capital expenditure | (2,291,087) | (2,245,943) | - | - | (4,537,030) |

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5. Property and equipment's

| <i>Jordanian Dinar</i> | Land | Buildings and constructions | Laboratory equipment and office machines | Furniture and fixtures | Tools and Equipment's | Cars and Buses | Laboratory equipment | Scientific Research Instruments - Solar Energy | Educational and clarification tools | Books and periodicals | Irrigation networks | Power plant | Others | Total |
|--|-------------------|-----------------------------|--|------------------------|-----------------------|------------------|----------------------|--|-------------------------------------|-----------------------|---------------------|----------------|----------------|--------------------|
| Cost | | | | | | | | | | | | | | |
| Balance as of January 1, 2016 | 13,947,404 | 48,121,117 | 30,841,751 | 5,168,622 | 243,488 | 3,027,924 | 103,075 | 774,740 | 330,983 | 3,023,896 | 15,081 | 151,191 | 113,038 | 105,862,310 |
| Effect of disposal of subsidiary | (4,497,118) | (12,522,417) | (17,939,466) | (858,105) | - | (499,908) | - | - | - | - | - | - | (62,788) | (36,379,802) |
| Adjusted Balance | 9,450,286 | 35,598,700 | 12,902,285 | 4,310,517 | 243,488 | 2,528,016 | 103,075 | 774,740 | 330,983 | 3,023,896 | 15,081 | 151,191 | 50,250 | 69,482,508 |
| Additions | - | 3,232 | 290,766 | 41,894 | 6,286 | 2,200 | - | 1,740,207 | - | 73,945 | - | - | 250 | 2,158,780 |
| Disposals | - | (76) | (112,638) | (36,183) | (34) | - | - | - | (825) | (226) | - | - | - | (149,982) |
| Cost as of December 31, 2016 | 9,450,286 | 35,601,856 | 13,080,413 | 4,316,228 | 249,740 | 2,530,216 | 103,075 | 2,514,947 | 330,158 | 3,097,615 | 15,081 | 151,191 | 50,500 | 71,491,306 |
| Accumulated Depreciation | | | | | | | | | | | | | | |
| Balance as of January 1, 2016 | - | 23,813,223 | 20,615,698 | 4,575,936 | 192,984 | 2,431,080 | 65,742 | 169,848 | 309,288 | 2,290,295 | 15,074 | 151,184 | 106,608 | 54,736,960 |
| Effect of disposal of subsidiary | - | (4,689,717) | (9,562,234) | (579,874) | - | (381,781) | - | - | - | - | - | - | (60,280) | (15,273,886) |
| Adjusted Balance | - | 19,123,506 | 11,053,464 | 3,996,062 | 192,984 | 2,049,299 | 65,742 | 169,848 | 309,288 | 2,290,295 | 15,074 | 151,184 | 46,328 | 39,463,074 |
| Additions | - | 1,121,608 | 586,686 | 80,079 | 10,409 | 159,396 | 15,891 | 83,846 | 7,254 | 55,513 | - | - | 1,143 | 2,121,825 |
| Disposals | - | (75) | (109,995) | (35,957) | (22) | - | - | - | (824) | (152) | - | - | - | (147,025) |
| Cost as of December 31, 2016 | - | 20,245,039 | 11,530,155 | 4,040,184 | 203,371 | 2,208,695 | 81,633 | 253,694 | 315,718 | 2,345,656 | 15,074 | 151,184 | 47,471 | 41,437,874 |
| Net book Value as of Dec 31, 2016 | 9,450,286 | 15,356,817 | 1,550,258 | 276,044 | 46,369 | 321,521 | 21,442 | 2,261,253 | 14,440 | 751,959 | 7 | 7 | 3,029 | 30,053,432 |
| Cost | | | | | | | | | | | | | | |
| Balance as of January 1, 2015 | 13,899,927 | 45,928,848 | 29,368,409 | 5,126,606 | 284,161 | 2,958,002 | 103,075 | 684,151 | 332,697 | 2,954,872 | 15,081 | 151,191 | 106,670 | 101,913,690 |
| Additions | 47,477 | 2,201,730 | 1,843,104 | 191,166 | 2,443 | 77,922 | - | 90,589 | 1,578 | 69,643 | - | - | 6,368 | 4,532,020 |
| Disposals | - | (9,461) | (369,762) | (149,150) | (43,116) | (8,000) | - | - | (3,292) | (619) | - | - | - | (583,400) |
| Cost as of December 31, 2015 | 13,947,404 | 48,121,117 | 30,841,751 | 5,168,622 | 243,488 | 3,027,924 | 103,075 | 774,740 | 330,983 | 3,023,896 | 15,081 | 151,191 | 113,038 | 105,862,310 |
| Accumulated Depreciation | | | | | | | | | | | | | | |
| Balance as of January 1, 2015 | - | 22,029,470 | 18,606,452 | 4,566,832 | 223,954 | 2,240,417 | 49,851 | 98,405 | 303,757 | 2,235,581 | 15,074 | 151,184 | 99,173 | 50,620,200 |
| Additions | - | 1,791,566 | 2,363,046 | 144,186 | 12,093 | 198,662 | 15,891 | 71,443 | 8,089 | 55,008 | - | - | 7,435 | 4,667,419 |
| Disposals | - | (7,813) | (353,800) | (135,132) | (43,063) | (7,999) | - | - | (2,558) | (294) | - | - | - | (550,659) |
| Balance as of December 31, 2015 | - | 23,813,223 | 20,615,698 | 4,575,936 | 192,984 | 2,431,080 | 65,742 | 169,848 | 309,288 | 2,290,295 | 15,074 | 151,184 | 106,608 | 54,736,960 |
| Net book Value as of Dec 31, 2015 | 13,947,404 | 24,307,894 | 10,226,053 | 592,686 | 50,504 | 596,844 | 37,333 | 604,892 | 21,695 | 733,601 | 7 | 7 | 6,430 | 51,125,350 |

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6. Projects under construction

This item consists of the following:

| <i>In Jordanian Dinar</i> | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|
| Central Computer building project | 5,423,094 | 2,663,248 |
| Surgery of the skull and spine training laps project | - | 1,121,305 |
| Rehabilitation of Alalali building project | 11,275 | - |
| Solar system project- Second Stage | - | 70,175 |
| Payments for the purchase of property and equipment's | - | 100,000 |
| | <u>5,434,369</u> | <u>3,954,728</u> |

- a. Those projects are expected to be finalized in 2017.

7. Intangible assets

| <i>In Jordanian Dinar</i> | <u>2016</u> | <u>2015</u> |
|---|----------------|----------------|
| Cost at the beginning of the year | 729,462 | 726,963 |
| Additions for the year | 2,784 | 5,010 |
| Disposals | (26,847) | (2,511) |
| Cost at year end | <u>705,399</u> | <u>729,462</u> |
| Accumulated amortization at the beginning of the year | 643,989 | 597,436 |
| Amortization for the year | 44,604 | 49,062 |
| Disposals | (26,844) | (2,509) |
| Accumulated amortization at year end | <u>661,749</u> | <u>643,989</u> |
| Net Book Value | <u>43,650</u> | <u>85,473</u> |

8. Investment in Associates

| <i>In Jordanian Dinar</i> | <u>Number of shares</u> | <u>Ownership percentage</u> | <u>December 31,</u> | |
|---|-------------------------|-----------------------------|---------------------|-------------------|
| | | | <u>2016</u> | <u>2015</u> |
| <u>Public Shareholding Companies</u> | | | | |
| <u>(listed in Amman stock exchange)</u> | | | | |
| Arab International Food Factories & Investment Co | 4,861,945 | 46,30 | 12,792,520 | 15,692,512 |
| International For Medical Investment | 2,168,108 | 48,18 | 1,436,147 | 2,388,549 |
| Ettihad Schools Co | 6,246,489 | 41,643 | 7,780,978 | 7,410,747 |
| First Finance Co | 8,163,047 | 23,32 | 11,416,250 | 11,452,433 |
| Ibn Alhaitham Hospital Co | 9,737,443 | 48.69 | 11,769,490 | - |
| Jordanian Real-estate Company for Development | 5,592,601 | 16,21 | 5,648,997 | 5,729,500 |
| | | | <u>50,844,382</u> | <u>42,673,741</u> |

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| | Number of shares Share | Ownership percentage % | December 31, | |
|--|------------------------------|------------------------------|-------------------|-------------------|
| | | | 2016 | 2015 |
| Limited responsibility companies (Non-Listed) | | | | |
| Trans world for Information Technology | 45,810 | 44,91 | 344,714 | 491,829 |
| Al Omana' for investment and portfolio management | 4,399,091 | 48,88 | 4,709,872 | 6,820,167 |
| Applied Energy Co | - | 40 | 10,000 | - |
| University Scientific research company | 6,000 | 20 | 6,000 | 6,000 |
| Jordanian Consultative Center for Administrative Development and Capacity Building | 500 | 50 | 500 | 500 |
| | | | <u>5,071,086</u> | <u>7,318,496</u> |
| Total | | | <u>55,915,468</u> | <u>49,992,237</u> |

The movement of investments in associates is as follows:

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|---|-------------------|-------------------|
| Balance at the beginning of the year | 49,992,237 | 49,687,448 |
| Effect of disposal of subsidiary | 11,412,081 | - |
| Adjusted beginning balance | 61,404,318 | 49,687,448 |
| The Company's share in associates profits | 2,418,576 | 3,069,723 |
| Company's share of other comprehensive income | (5,644,707) | (1,893,917) |
| Acquisition of Investments | 10,000 | - |
| Dividends distribution | (2,272,719) | (871,017) |
| Year end balance | 55,915,468 | 49,992,237 |

*The number of shares reserved for the purposes of membership in the board of directors of the below companies at the Security Depository Center as follows:

| Company name | Nature of Investment | Number of Shares | Market Value as of 31 of December 2016 | Market Value as of 31 of December 2015 |
|---|-------------------------|---------------------|--|--|
| Arab International Food Factories & Investment Company | Associate | 5,000 | 10,250 | 10,750 |
| International for Medical Investments | Associate | 20,000 | 14,200 | 44,600 |
| Ettihad Schools Company | Associate | 20,000 | 21,400 | 25,400 |
| First Finance Company | Associate | 50,000 | 41,000 | 87,000 |
| Jordanian Real Estate Company For Development | Associate | 5,000 | 2,800 | 2,900 |
| Ibn Alhaytham Hospital Company | Associate | 40,000 | 44,000 | - |
| | | | <u>133,650</u> | <u>170,650</u> |

The company own investments in associates "Amana Agricultural & Industrial Investments Co" number of shares is 1,206,727. The company has taken an impairment provision in full value in previous years.

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9. Financial assets at fair value through other comprehensive income

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|---|---------------|---------------|
| Almehania al aqaria company- listed in Amman stock exchange | 91,200 | 750,717 |
| Reduction of almehania company capital | - | (40,000) |
| Fair Value Reserve | (11,200) | (619,517) |
| | 80,000 | 91,200 |

Fair Value Reserve

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|--|------------------|------------------|
| Balance at the beginning of the year | 8,196,670 | 10,178,972 |
| Change in Fair Value in Associates | (5,770,395) | (1,929,443) |
| Reduction of almehania company capital | - | (40,000) |
| Change in company's shares fair value | (11,200) | 5,200 |
| Transferred from fair value reserve | - | (18,059) |
| Effect of disposal of subsidiary | 1,428,581 | - |
| Year end balance | 3,843,656 | 8,196,670 |

10. Inventory

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|--------------------------------|----------------|------------------|
| Medicine and medical materials | - | 1,322,594 |
| Supplies inventory and Others | 418,929 | 519,647 |
| | 418,929 | 1,842,241 |

11. Other Debit Balances

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|-----------------------------|----------------|----------------|
| Prepaid Expenses | 173,846 | 241,323 |
| Refundable Deposits | 250,791 | 242,730 |
| Advance Payments and Others | 104,793 | 190,615 |
| Employees receivables | 197,055 | 272,066 |
| Total | 726,485 | 946,734 |

12. Financial assets at fair value through Profit or Loss

| <i>Jordanian Dinar</i> | Number of shares | Fair Value | December 31, | |
|---|-----------------------------|-----------------------|---------------------|------------------|
| | | | 2016 | 2015 |
| Al-Isra for Education and Investments | 277,851 | 4.56 | 1,267,000 | 2,210,575 |
| Jordan Masaken for Land and Industrial Development Projects | 13 | 3.56 | 46 | 43,300 |
| First National Vegetable Oil Industries | 350,575 | 0.18 | 63,103 | 63,103 |
| | | | 1,330,149 | 2,316,978 |

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13. Related Parties Transactions

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

13-1) Due from Related Parties:

| <i>In Jordanian Dinar</i> | Nature of Relationship | Nature of Transaction | Volume of Transactions | | As of 31 of December | |
|--|------------------------|-----------------------|------------------------|--------|----------------------|----------------|
| | | | 2016 | 2015 | 2016 | 2015 |
| Etihad School Co | Associate | Expense | 17,545 | 55,082 | 9,134 | 19,165 |
| Arab International Food Factories & Investment Company | Associate | Expense | 6,356 | 13 | 6,268 | 5,493 |
| International company for medical investment | Associate | Expense | 106,000 | 206 | 51,855 | - |
| University Scientific research company | Associate | Expense | - | 8,132 | 8,132 | 8,132 |
| Al Omana' for investment and portfolio management | Associate | Brokerage | 3,663,491 | 220 | 13,261 | 2,640 |
| Jordanian Consultative Center for Administrative Development and Capacity Building | Associate | Expense | - | 86,500 | 86,500 | 86,500 |
| Jordanian Realstate Company for Development | Associate | Expense | 290 | 4,211 | 290 | 4,211 |
| First Finance Company | Associate | Expense | 13,082 | 2,871 | 10,565 | 5,189 |
| Applied Energy Company | Associate | Expense | 1,100 | - | 1,100 | - |
| | | | | | 187,105 | 131,330 |

13-2) Due to Related Parties:

| <i>In Jordanian Dinar</i> | Nature of Relationship | Nature of Transactions | Volume of Transactions | | As of 31 of December | |
|--|------------------------|--------------------------------|------------------------|--------|----------------------|---------------|
| | | | 2016 | 2015 | 2016 | 2015 |
| Ibn Alhaytham Hospital Company | Associates | Treatment and Medical services | 329,571 | - | 186,125 | - |
| International company for medical investment | Associates | Medical Services | - | 79,326 | - | 32,836 |
| Trans world Information Technology | Associates | Technology services | 25,694 | 5,877 | 37,617 | 13,489 |
| | | | | | 223,742 | 46,325 |

13-3) Salaries and benefits of executive management:

The salaries and benefits of the top executive management during the year ended 31 December 2016 amounted to 823,899 JOD (31 December 2015: 1,066,857 JOD).

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14. Account Receivables and Cheques under Collection

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|-----------------------------|------------------|-------------------|
| Students Receivables | 2,359,358 | 2,112,819 |
| Accounts Receivables | 311,821 | 8,128,524 |
| Cheques under Collection | 535,541 | 816,227 |
| Legal Cases receivables | - | 100,900 |
| Total | 3,206,720 | 11,158,470 |
| Deduct: Bad Debt Provision* | (548,076) | (3,345,340) |
| Net | 2,658,644 | 7,813,130 |

* Movement on bad debt provision is as follows:

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|--------------------------------------|----------------|------------------|
| Balance at the beginning of the year | 3,345,340 | 3,236,108 |
| Effect of disposal of subsidiary | (2,884,906) | - |
| Adjusted beginning balance | 460,434 | 3,236,108 |
| Additions for the year | 87,642 | 109,232 |
| Year end balance | 548,076 | 3,345,340 |

15. Cash and cash equivalent

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|---------------------------|----------------|----------------|
| Cash on hand | 16,934 | 192,775 |
| Cash at banks | 401,783 | 152,223 |
| | 418,717 | 344,998 |

16. Statutory Reserve

The amounts collected in this account represent the amount transferred from the annual profits before taxes by 10% during the year and prior years in accordance with the Companies Law and It is not available for distribution to the shareholders, provided that deductions for statutory reserve account do not exceed 25% of the paid up share capital.

17. Shares owned by subsidiary

This item represent the cost of the shares owned by Ibn Alhaytham hospital company in the parent company (Arab International company for Education and Investment) before losing the control over the subsidiary. Were the balance became zero due to the disposal of subsidiary as of 31 December 2016.

18. Dividends

The company has distributed 20% of the capital as cash dividends in the amount of 8,100,000 Jordanian Dinar based on the ordinary general assembly meeting held on 23 April 2016.

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19. Loans

| <u>In Jordanian Dinar</u> | <u>Facilities type</u> | <u>Guarantees</u> | <u>Interest Rate</u> | <u>Facilities Limits</u> | <u>2016</u> | <u>2015</u> |
|---------------------------|------------------------|-------------------|----------------------|--------------------------|-------------|------------------|
| Bank | | | | | | |
| Al-Rajhi bank | Loan | Company Name | 7,75% | 7,000,000 | - | 3,474,445 |
| Al-Rajhi bank | Loan | Company Name | 7.5% | 3,000,000 | - | 3,000,000 |
| | | | | | - | <u>6,474,445</u> |

20. Banks Overdraft

| <u>In Jordanian Dinar</u> | <u>Facilities type</u> | <u>Guarantees</u> | <u>Interest Rate</u> | <u>Facilities Limit</u> | <u>2016</u> | <u>2015</u> |
|---------------------------|------------------------|-------------------|----------------------|-------------------------|-------------|------------------|
| Bank | | | | | | |
| Arab bank | Overdraft | Company Name | % 8,125 | 4,000,000 | - | - |
| Al-Rajhi bank | Overdraft | Company Name | %7,50 | 7,000,000 | - | - |
| Arab Bank | Overdraft | Company Name | %7,75 | 5,000,000 | - | 1,013,816 |
| Etihad Bank | Overdraft | Company Name | %7,75 | 1,000,000 | - | 970,676 |
| | | | | | - | <u>1,984,492</u> |

21. Other Credit Balances

| <u>In Jordanian Dinar</u> | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|
| Shareholders deposits | 732,035 | 741,902 |
| Social security, Income tax, Sales tax deposits | 178,737 | 279,591 |
| Other Deposits | 43,058 | 106,476 |
| Employees Payables | 179,592 | 17,924 |
| Board of directors bonus provision | 60,000 | 50,000 |
| Accrual expenses | 101,060 | 199,031 |
| End of services and vacation provisions | 1,004,148 | 844,751 |
| Contractors retentions | 168 | 168 |
| provision for 13th & 14th & Special contract | 177,549 | 180,875 |
| Claims Provision | 632,127 | 483,809 |
| | <u>3,108,474</u> | <u>2,904,527</u> |

22. Income Tax

| <u>In Jordanian Dinar</u> | <u>2016</u> | <u>2015</u> | | |
|--------------------------------------|----------------------|----------------------|------------------|------------------|
| | <u>Arab</u> | <u>Arab</u> | <u>Ibn</u> | |
| | <u>International</u> | <u>International</u> | <u>Alhaytham</u> | |
| | <u>company for</u> | <u>for company</u> | <u>Hospital</u> | |
| | <u>education and</u> | <u>education and</u> | <u>company</u> | |
| | <u>investment</u> | <u>investment</u> | | <u>Total</u> |
| Balance at the beginning of the year | 1,464,713 | 1,203,558 | 136,310 | 1,339,868 |
| Income Tax for the year | 2,215,089 | 2,045,511 | 199,055 | 2,244,566 |
| Income tax paid during the year | (1,772,505) | (1,784,356) | (213,883) | (1,998,239) |
| Yearend balance | <u>1,907,297</u> | <u>1,464,713</u> | <u>121,482</u> | <u>1,586,195</u> |

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The company has filed its income tax return for the year 2016. A final settlement has been reached with the Income and Sales Tax Department relating to the Company's income tax up to 2014.

Reconciliation of Taxable Income

Income tax expense is recognized based on management's estimate of the expected weighted annual income tax rate of the Parent Company and the subsidiary for the full fiscal year which is applied to profit before tax for the financial period

| <i>In Jordanian Dinar</i> | For the year ended December 31, | |
|---------------------------------------|--|-------------------|
| | 2016 | 2015 |
| Profit for the year before income tax | 13,108,936 | 13,558,602 |
| Less: Non-taxable income | (2,033,489) | (2,335,772) |
| Taxable income | 11,075,447 | 11,222,830 |
| Income Tax Payable | 2,215,089 | 2,244,566 |
| Income tax rate | %20 | %20 |
| Effective tax rate | %16.9 | %16.6 |

23. Unearned Revenues

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|--|------------------|------------------|
| Tuition fees and others | 3,751,466 | 5,131,090 |
| Revenue of Credit hours and students transfer fees | 1,297,866 | 1,420,864 |
| Health insurance Revenues | - | 690,762 |
| Others | 97,165 | 105,136 |
| | 5,146,497 | 7,347,852 |

24. Revenues

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|--|-------------------|-------------------|
| <u>University revenues</u> | | |
| Credit hours fees | 23,486,805 | 24,552,273 |
| Services and students transfers fees | 5,679,544 | 5,779,197 |
| Registration fees and others | 386,611 | 454,667 |
| Total University Revenues | 29,552,960 | 30,786,137 |
| Less: Unearned revenues (Note 23) | (1,297,866) | (1,420,864) |
| Net University Revenues | 28,255,094 | 29,365,273 |
| <u>Hospital Revenues</u> | | |
| Entrances, Surgeries and Clinics Revenues | 2,971,976 | 12,022,263 |
| Pharmacy Revenues | 220,472 | 2,536,146 |
| Radiology Revenues | 360,071 | 2,244,514 |
| Laps Revenues | 324,299 | 2,454,358 |
| Total hospital revenues for the first quarter | 3,876,818 | 19,257,281 |
| Total Revenues | 32,131,912 | 48,622,554 |

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25. Operating Expenses

| <i>Jordanian Dinar</i> | 2016 | 2015 |
|---|-------------------|-------------------|
| Employees' Salaries and benefits | 8,586,037 | 11,796,756 |
| Depreciation | 2,560,944 | 3,766,960 |
| Medical Supply- Cost of Goods Sold | 333,883 | 2,756,010 |
| Medicine- Cost of Revenues | 595,320 | 2,437,346 |
| Teaching, research, scholarship and student activities needs | 1,372,313 | 2,401,704 |
| Company's contribution to social security | 840,085 | 1,197,319 |
| Maintenance | 328,763 | 683,049 |
| Water and electricity | 652,415 | 569,906 |
| Non-medical Supply-Cost of Goods Sold | 86,064 | 385,464 |
| Laps-Cost of Goods Sold | 96,797 | 380,887 |
| Health Insurance | 220,700 | 55,628 |
| Consumable materials | 166,728 | 234,193 |
| Fuels | 157,668 | 223,932 |
| Registration and insurance Expenses | 160,560 | 206,519 |
| Stationary, publications and computer supplies | 74,851 | 162,441 |
| College accreditation fees | 101,000 | 123,000 |
| Medical gases and printing films | 21,799 | 106,419 |
| External Examinations | 24,246 | 103,685 |
| provision for 13th & 14th & Special contract and other benefits | 138,553 | 98,857 |
| Donations and Hospitality | 11,353 | 79,202 |
| Advertisements, newspapers and magazines | 43,437 | 46,655 |
| Travel and Transportation | - | 7,213 |
| Others | 125,757 | 164,088 |
| | <u>16,699,273</u> | <u>27,987,233</u> |

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26. Administrative Expenses

| <i>Jordanian Dinar</i> | 2016 | 2015 |
|--|------------------|-------------------|
| Employees' Salaries and benefits | 2,756,054 | 4,110,162 |
| Water and electricity | 355,345 | 1,528,858 |
| Donations and Hospitality | 255,881 | 702,001 |
| Registration and Insurance Expenses | 35,772 | 399,976 |
| Health Insurance | 102,268 | 110,281 |
| Company's contribution to social security | 273,476 | 375,104 |
| Maintenance | 207,648 | 220,652 |
| Professional Fees | 136,975 | 217,492 |
| Fuels | 90,153 | 212,922 |
| Advertisements, newspapers and magazines | 124,683 | 167,650 |
| Income Tax Expenses | 93,000 | 158,246 |
| Stationary and publications | 57,112 | 138,877 |
| Portals, Fax and Telephones | 41,614 | 100,965 |
| Teaching, research, scholarship and student activities needs | 158,935 | 86,997 |
| Cleaning | 17,185 | 73,458 |
| Board of Trustees members transportation | 57,000 | 57,000 |
| Board of directors rewards | 60,000 | 45,000 |
| Board of directors members transportation | 36,000 | 36,000 |
| Travel and transportation | 6,191 | 32,778 |
| Depreciations | 253,815 | 949,521 |
| Rent of company's office | 52,810 | 28,806 |
| Social responsibility | 1,502 | 4,940 |
| Others | 176,546 | 477,251 |
| | 5,349,965 | 10,234,937 |

27. Other Revenues

| <i>In Jordanian Dinar</i> | 2016 | 2015 |
|---|------------------|------------------|
| Booths rent revenues | 136,721 | 136,400 |
| University Facilities net revenues | 118,242 | 253,575 |
| Rents | 50,635 | 169,879 |
| Net courses revenues | 328,001 | 262,247 |
| Dividends distributed by the investee companies | 112,689 | - |
| Acquired discount revenues | 35,267 | 259,515 |
| End of scholarships revenues | 98,011 | 49,191 |
| Others | 148,423 | 159,447 |
| | 1,027,989 | 1,290,254 |

28. Basic and diluted earnings per share

| <i>In Jordanian Dinar</i> | For the year ended December 31 | |
|--|---------------------------------------|--------------|
| | 2016 | 2015 |
| Profit for the year attributable to the Company's shareholders | 10,908,225 | 11,066,320 |
| Weighted average number of shares (share) | 40,500,000 | 40,500,000 |
| Basic and Diluted earnings per share per the year (JOD/Share) | 0,269 | 0,273 |

The diluted earnings per share is equal to the basic earnings per share.

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Risk management framework

The management has overall responsibility for the establishment and oversight of Company's risk management framework.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

- **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables and investment securities.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| <i>In Jordanian Dinar</i> | Carrying Value | |
|---|------------------|------------------|
| | 2016 | 2015 |
| Cash at banks | 401,783 | 152,223 |
| Other Debit balances | 552,639 | 705,411 |
| Due from related parties | 187,200 | 131,330 |
| Account receivables and cheques under collections | 2,658,644 | 7,813,130 |
| | <u>3,800,266</u> | <u>8,802,094</u> |

- **Liquidity risk**

- Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

- The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

- The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

- The following are the contracted maturities of financial liabilities:

| <i>In Jordanian Dinar</i> | Book value | Contracted cash flows | Less than one year | More than one year |
|--------------------------------|------------------|-----------------------|--------------------|--------------------|
| | | | | |
| As of December 31, 2016 | | | | |
| Other credit balances | 3,108,474 | (3,108,474) | (3,108,474) | - |
| Students Refundable deposits | 321,442 | (321,442) | (321,442) | - |
| Due to related parties | 223,742 | (223,742) | (223,742) | - |
| Unearned revenues | 5,146,497 | (5,146,497) | (5,146,497) | - |
| Deferred cheques | 189,145 | (189,145) | (189,145) | - |
| Accounts and notes payable | 396,213 | (396,213) | (396,213) | - |
| | <u>9,385,513</u> | <u>(9,385,513)</u> | <u>(9,385,513)</u> | <u>-</u> |

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| <i>In Jordanian Dinar</i> | <u>Book value</u> | <u>Contracted cash flows</u> | <u>Less than one year</u> | <u>More than one year</u> |
|---------------------------------------|-----------------------|----------------------------------|-------------------------------|-------------------------------|
| <u>As of December 31, 2015</u> | | | | |
| Short term loans | 6,474,445 | (6,474,445) | (6,474,445) | - |
| Banks Overdrafts | 1,984,492 | (1,984,492) | (1,984,492) | - |
| Other Credit balances | 2,904,527 | (2,904,527) | (2,904,527) | - |
| Students Refundable deposits | 393,539 | (393,539) | (393,539) | - |
| Due to related parties | 46,325 | (46,325) | (46,325) | - |
| Unearned revenues | 7,347,852 | (7,347,852) | (7,347,852) | - |
| Deferred cheques | 425,039 | (425,039) | (425,039) | - |
| Accounts and notes payable | 3,524,125 | (3,524,125) | (3,524,125) | - |
| | <u>23,100,344</u> | <u>(23,100,344)</u> | <u>(23,100,344)</u> | <u>-</u> |

- Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- Currency Risk

The Company is exposed to currency risk through sales and purchases transactions which are denominated in currencies other than the Jordanian Dinar. All of the Company's assets and operations are denominated in Jordanian Dinars and transactions abroad are denominated in US Dollars and the exchange rate of the Dollar against the Dinar is stable at JD 0.71 per USD. Therefore, the company is not substantially exposed to exchange rate risk

The risk of price volatility

Interest bearing financial instruments at the reporting date are as follows:

| <i>In Jordanian Dinar</i> | <u>As of December 31,</u> | |
|--|---------------------------|-------------|
| | <u>2016</u> | <u>2015</u> |
| Financial instrument at variable rate | | |
| Financial liabilities | - | 8,883,976 |

Other Market Price Risk:

Equity price risk arises from financial assets at fair value through profit or loss held to meet the partially unfunded portion of the Company's liabilities and investments at fair value through profit or loss. The company's management monitors the debt and securities portfolio in its investment portfolio based on market indices. The material investments are managed in the portfolio on an individual basis and the risk management committee approves all selling and buying decisions.

Sensitivity analysis for equity price risk

A change of 5% in fair value of the securities at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

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31 December 2016

| | Owners Equity | |
|---|------------------------|------------------------|
| | 5% increase | 5% Decrease |
| <i>In Jordanian Dinar</i> | | |
| Financial assets at fair value through other comprehensive income | 4,000 | (4,000) |
| Financial assets at fair value through profit or loss | 66,507 | (66,507) |

31 December 2015

| | | |
|---|---------|-----------|
| Financial assets at fair value through other comprehensive income | 4,560 | (4,560) |
| Financial assets at fair value through profit or loss | 115,849 | (115,849) |

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, statutory reserve and retained earnings.

The management monitors the return on capital, which the management defined as net operation income divided by total shareholders' equity..

The management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There have been no changes in the Company's approach to capital management during the year neither the Company is subject to externally imposed capital requirements.

Debt-to-adjusted Capital Ratio

| <i>In Jordanian Dina</i> | As of December 31, | |
|--|---------------------------|-------------------|
| | 2016 | 2015 |
| Total debt | 11,292,810 | 24,686,539 |
| Less: Cash on hand and at banks | (418,717) | (344,998) |
| Net debt | 10,874,093 | 24,341,541 |
| Net Shareholders' equity | 85,974,138 | 93,957,860 |
| Net Shareholders' equity | 85,974,138 | 93,957,860 |
| Debt - to -adjusted capital ratio | 0,126 | 0,259 |

32. Fair Value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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a. Financial assets and liabilities that are measured at fair value on a recurring basis:

| <i>Jordanian Dinar</i> | Carrying Amount | Fair value | | |
|--|--------------------|------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| <u>31 December 2016</u> | | | | |
| Financial assets at fair value through other comprehensive income | 80,000 | 80,000 | - | - |
| Financial assets at fair value through profit or loss | 1,330,149 | 1,330,149 | - | - |
| <u>31 December 2015</u> | | | | |
| Financial assets at fair value through other comprehensive income | 91,200 | | - | - |
| | | 91,200 | | - |
| Financial assets at fair value through profit or loss | 2,316,978 | 2,316,978 | - | - |

b. Financial assets and liabilities that are not measured at fair value:

With the exception of the table below, the Company's management believes that the carrying value of financial assets and liabilities approximate their fair value below as result of the maturity of these assets and liabilities in the short term

Assets and liabilities in the short term

| | | Fair value | | |
|---|-----------------|------------|-----------|---------|
| | Carrying Amount | Level 1 | Level 2 | Level 3 |
| <i>Jordanian Dinar</i> | | | | |
| <u>As of December 31, 2016</u> | | | | |
| Cash and cash equivalent | 418,717 | 418,717 | - | - |
| Accounts Receivables and Cheques under collection | 2,658,644 | - | 2,658,644 | - |
| Due from related parties | 187,105 | - | 187,200 | - |
| Other debit balances | 726,485 | - | 726,485 | - |
| Account and notes payables | 396,213 | - | 396,213 | - |
| Due to related parties | 223,742 | - | 223,837 | - |
| Deferred cheques | 189,145 | - | 189,145 | - |
| Unearned Revenues | 5,146,497 | - | 5,146,497 | - |
| Students refundable deposits | 321,442 | - | 321,442 | - |
| Other Credit balances | 3,108,474 | - | 3,108,474 | - |
| <u>As of December 31, 2015</u> | | | | |
| Cash and cash equivalent | 344,998 | 344,998 | - | - |
| Accounts Receivables and Cheques under collection | 7,813,130 | - | 7,813,130 | - |
| Due from related parties | 131,330 | - | 131,330 | - |
| Other Debit balances | 946,734 | - | 946,734 | - |
| Banks Overdraft | 1,984,492 | 1,984,492 | - | - |
| Short term loans | 6,474,445 | 6,474,445 | - | - |
| Account payables | 3,524,125 | - | 3,524,125 | - |
| Due to related parties | 46,325 | - | 46,325 | - |
| Deferred cheques | 425,039 | - | 425,039 | - |
| Unearned Revenues | 7,347,852 | - | 7,347,852 | - |
| Students refundable deposits | 393,539 | - | 393,539 | - |
| Other Credit balances | 2,904,527 | - | 2,904,527 | - |

For items illustrated above, level 2 fair values for financial assets and liabilities have been determined based on effective Interest rates and the agreed upon pricing models.

The company must disclose any transfers between Level 1 and Level 2 of the fair value and the reason behind this conversion and the company's policy that determines when switching between the fair values levels hold.

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SUPPLEMENTARY UNAUDITED INFORMATION

The following is a comparison between the statement of profit or loss and other comprehensive income for the Arab International company for Education and Investment for the period ended December 31, 2016 with the statement of profit or loss and other comprehensive income without consolidating the financial results of Ibn Alhaytham hospital company for the period ended December 31, 2015.

| Jordanian Dinar | For the year ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2016 | 2015 |
| Revenues | 28,255,094 | 29,365,272 |
| Operating Expenses | (13,990,418) | (14,989,204) |
| Gross Profits | 14,264,676 | 14,376,068 |
| Administrative expenses | (4,589,756) | (5,179,002) |
| Bad Debt Provision | (87,642) | (9,232) |
| Company's share in profits of associates | 2,415,824 | 2,982,768 |
| Interest Payables | 608 | 388 |
| Financing Expenses | (109,063) | (343,490) |
| Gain (Loss) from change in value of financial assets at fair value through profit or loss | (11,124) | 127,190 |
| Other Revenues | 935,222 | 806,294 |
| Loss on sale of property and equipment | (788) | (16,856) |
| Gain on sale of subsidiary shares | 319,000 | - |
| Income before tax | 13,136,957 | 12,744,128 |
| Income Tax | (2,215,089) | (2,045,511) |
| Profit for the year | 10,921,868 | 10,698,617 |
| <u>Other Comprehensive Income Items</u> | | |
| <u>Items cannot be reclassified into profit or loss</u> | | |
| Cumulative change in fair value of financial assets at fair value through other comprehensive income | (5,748,227) | (1,877,117) |
| Gain on sale of financial assets at fair value through other comprehensive income | 95,072 | 70,340 |
| Total Comprehensive Income | 5,268,713 | 8,891,840 |