

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

CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(Public Shareholding Company)
AMMAN - JORDAN

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FOR THE YEAR ENDED 31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT

31 December 2024

To the shareholders of Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Arab International Company for Education and Investment and its subsidiaries, "The Group", which comprise of:

- The consolidated statement of financial position as at 31 December 2024.
- The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, and consolidated statement of cash flows for the year then ended; and
- Notes to the consolidated financial statements, including material accounting policies information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Qualified Opinion

We were unable to obtain sufficient and appropriate audit evidence regarding the investments in associates and the related share of profits presented in the financial statements, as the auditors of the associates did not provide us with the necessary audit evidence. As a result, we could not determine whether any adjustments were required to the investments in associates or the related share of profits.

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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with "the International Ethics Standards Board for Accountants" Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

To the shareholders of Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Other matter

The consolidated financial statements for the year ended 31 December 2023 were audited by another auditor who expressed an unqualified report on those statements on 17 March 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Revenues

Basic audit matter

Tuition fees revenue amounted to JD 20,697,604 for the year ended 31 December 2024, representing 67% of the total revenue. Tuition fees constitute the Group's primary source of revenue, and their recognition involves complexity and a significant degree of professional judgment. This is mainly due to the overlap of tuition revenues between two fiscal years, as academic semesters often extend across the financial year-end.

Accordingly, determining the appropriate timing for revenue recognition in line with IFRS 15 "Revenue from Contracts with Customers" requires careful application of accounting policies, particularly in identifying the services rendered within a specific period and allocating the corresponding revenue to the correct accounting period.

Related Disclosures

Note No. (23) regarding the attached consolidated financial statements.

Audit response

Audit procedures included understanding and evaluating revenue recognition policies for tuition and other fees, reviewing the details of overlapping revenues between two fiscal years, and verifying the accuracy of their allocation. They also included reconciling revenues in the Student financial claims statement with accounting records. The procedures also included analyzing changes in tuition revenues with prior periods and assessing the adequacy of related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

To the shareholders of Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

2 Investment properties

Basic audit Matter

The value of investment properties amounted to approximately JD 6,446,175 as of 31 December 2024, representing 6% of total assets. Determining the fair value of these properties requires a significant level of professional judgment, as the valuation relies on market estimates and factors that may be influenced by several external conditions.

Related Disclosures

Note No. (8) regarding the attached consolidated financial statements.

Audit Response

Our audit procedures included reviewing the valuation bases adopted by the Group's management in determining the fair value of investment properties, which were assessed by independent real estate appraisers in accordance with the requirements of International Accounting Standard No. 40 "Investment property". We also reviewed the valuation reports and discussed the key assumptions used in determining fair value, including market factors and future expectations. In addition, we assessed the appropriateness and adequacy of the related disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year 2024 except the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 that we have not been provided with yet and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 that we have not been provided with yet, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

**To the shareholders of Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan**

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

To the shareholders of Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 group to express an opinion on the consolidated financial statements we are responsible for the direction supervision and completion of the company's audit we remain a absolutely responsible for the audit option.

We communicated with those charged with governance regarding other matters, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal control that have been identified during our audit.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

To the shareholders of Arab International Company for Education and Investment
(Public Shareholding Company)
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The Group maintains proper accounting records, and the accompanying consolidated financial statements are in agreement therewith, we recommend the General Assembly to approve them taking into consideration the basis for qualified opinion paragraph above.

Samman & Co.





Rami Samman
License No. (594)

25 March 2025
Amman - Jordan

Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Consolidated statement of financial position
As at 31 December 2024

	Note	2024 JD	2023 JD
Assets			
Non-current assets			
Investments in associates	(6)	44,368,673	47,191,802
Property and equipment	(7)	31,583,316	20,431,079
Investment properties	(8)	6,446,175	7,492,570
Projects under construction	(9)	2,254,266	10,678,027
Advance payments for solar energy project	(10)	3,352,899	3,189,939
Intangible assets	(11)	40,841	7,753
Financial assets at fair value through other comprehensive income	(12)	127,792	120,486
Right of use assets	(13)	27,604	55,208
		<u>88,201,566</u>	<u>89,166,864</u>
Current assets			
Cash and cash equivalents	(14)	945,522	706,804
Investment deposits at banks	(15)	5,006,002	5,005,705
Students and other receivables	(16)	4,706,141	4,654,237
Financial assets at fair value through profit or loss	(17)	404,169	422,343
Due from related parties	(30)	194,017	173,700
Inventory		578,408	492,641
		<u>11,834,259</u>	<u>11,455,430</u>
Total assets		<u><u>100,035,825</u></u>	<u><u>100,622,294</u></u>

ARAB INTERNATIONAL COMPANY FOR EDUCATION AND INVESTMENT
(Public Shareholding Company)
AMMAN - JORDAN

Consolidated statement of financial position (Continued)
As at 31 December 2024

	Note	2024 JD	2023 JD
<u>Shareholders' equity and liabilities</u>			
<u>Shareholders' equity</u>	(18)		
Share capital		40,500,000	40,500,000
Statutory reserve		10,125,000	10,125,000
Fair value Reserve		(1,168,884)	433,904
Retained earnings		26,059,956	25,429,009
		<u>75,516,072</u>	<u>76,487,913</u>
Non-controlling interest		12,483	1,635
Total Shareholders' equity		<u>75,528,555</u>	<u>76,489,548</u>
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Provisions	(19)	1,879,897	1,703,336
Bank loans and facilities	(20)	523,606	-
Postdated cheques	(21)	-	39,527
Lease liabilities	(13)	-	32,288
		<u>2,403,503</u>	<u>1,775,151</u>
<u>Current liabilities</u>			
Bank loans and facilities	(20)	13,647,638	15,302,792
Unearned revenues		4,542,704	3,448,493
Trade and other payables	(21)	2,062,401	2,042,348
Due to related parties	(30)	88,610	278,418
Lease liabilities	(13)	30,015	25,262
Income tax provision	(22)	1,732,399	1,260,282
		<u>22,103,767</u>	<u>22,357,595</u>
Total liabilities		<u>24,507,270</u>	<u>24,132,746</u>
Total shareholders' equity and liabilities		<u>100,035,825</u>	<u>100,622,294</u>

The consolidated financial statements on pages [1] to [33] were approved and authorized for issue by the Board of Directors on 23 March 2025 and were signed by:

Dr. Haitham Abu Khadija
Deputy chairman of the board

Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Note	2024 JD	2023 JD
Revenue	(23)	30,805,927	25,263,780
Other income (Net)	(24)	1,160,229	866,767
Salaries, wages and benefits	(25)	(11,873,893)	(10,728,301)
Depreciation and amortization	(26)	(2,484,465)	(1,965,967)
Scientific research expenses		(1,067,873)	(928,499)
Subscriptions and Credits		(937,674)	(824,258)
Water, electricity and fuel		(1,191,010)	(1,076,555)
Student scholarships		(547,038)	(490,742)
Maintenance		(439,675)	(276,198)
Provisions	(19)	(176,561)	(143,076)
Other expenses	(27)	(2,147,985)	(2,007,730)
Expected credit losses	(16)	(873,566)	-
Reverse of expected credit losses	(16)	-	110,467
Impairment of solar energy project	(10)	(117,040)	-
Impairment of investment properties	(8)	(1,046,395)	-
Impairment of Investments in associates	(29)	(262,004)	-
Operating profit		8,800,977	7,799,688
Finance cost	(28)	(1,205,996)	(654,605)
Share of post-tax profits of equity-accounted associates	(29)	(765,435)	(1,338,652)
Profit for the year before tax		6,829,546	5,806,431
Income tax	(22)	(2,141,441)	(1,591,930)
Profit for the year		4,688,105	4,214,501
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in fair value reserves	(31)	(1,599,098)	(1,297,349)
Total comprehensive income		3,089,007	2,917,152
Profit for the year attributable to:			
Owners of the parent		4,682,834	4,213,866
Non-controlling interest		5,271	635
		4,688,105	4,214,501
Total comprehensive income for the year attributable to:			
Owners of the parent		3,083,736	2,916,517
Non-controlling interest		5,271	635
		3,089,007	2,917,152
Basic and diluted share of profit for the year - JD/share	(32)	0.116	0.104

Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2024

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Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Consolidated statement of cash flows
For the year ended 31 December 2024

	Note	2024 JD	2023 JD
<u>Operating activities</u>			
Profit for the year before tax		6,829,546	5,806,431
Adjustments for:			
Depreciation and amortization	(26)	2,484,465	1,965,967
Expected credit losses	(16)	873,566	-
Share of post-tax profits of equity-accounted associates	(29)	765,435	1,338,652
Impairment of Investments in associates	(29)	262,004	-
Dividends		(33,270)	(30,533)
Unrealized gains on financial assets at fair value	(17)	(6,365)	(5,304)
Impairment of financial assets at fair value through profit or loss	(17)	24,539	-
Provision	(19)	176,561	143,076
Impairment of investment properties	(8)	1,046,395	-
Impairment of solar energy project	(10)	117,040	-
Gain from selling property and equipments		(11,785)	(390)
Finance cost	(28)	1,205,996	654,605
		<u>13,734,127</u>	<u>9,872,504</u>
Students and other receivables	(16)	(925,471)	(759,427)
Due from related parties	(30)	(20,317)	2,823
Inventory		(85,767)	(83,107)
Trade and other payables	(21)	(19,474)	97,843
Due to related parties	(30)	(189,808)	143,227
Unearned revenues		<u>1,094,211</u>	<u>443,299</u>
Cash generated from operations		<u>13,587,501</u>	<u>9,717,162</u>
Income tax paid	(22)	(1,669,324)	(1,072,655)
Net cash flows from operating activities		<u>11,918,177</u>	<u>8,644,507</u>
<u>Investing activities</u>			
Purchases of property and equipment	(7)	(3,553,754)	(1,586,462)
Purchase of intangibles assets	(11)	(16,263)	-
Cash proceed from sale of property and equipment		14,734	4,352
Cash proceed from sale of share	(12)	20,079	-
Projects under construction	(9)	(1,651,356)	(8,234,543)
Advance payments for solar energy project	(10)	(280,000)	(1,086,346)
Cash proceeds from sale of shares in associate companies	(6)	-	20,354
Share dividends	(24)	33,270	30,533
Dividends received from associate companies	(6)	194,262	339,958
Purchase of shares in associate companies	(6)	(25,055)	(5,699)
Paid from investment from subsidiary companies		-	1,000
Net cash used in investing activities		<u>(5,264,083)</u>	<u>(10,516,853)</u>
<u>Financing activities</u>			
Bank loans and facilities	(20)	(1,131,548)	11,592,933
Dividends	(18)	(4,050,000)	(4,050,000)
Payments on lease liability	(13)	(27,535)	(25,262)
Finance cost	(28)	(1,205,996)	(654,605)
Net cash (used in) /from financing activities		<u>(6,415,079)</u>	<u>6,863,066</u>
Net increase in cash and cash equivalents		239,015	4,990,720
Cash and cash equivalents at beginning of the year		<u>5,712,509</u>	<u>721,789</u>
Cash and cash equivalents at end of the year	(33)	<u>5,951,524</u>	<u>5,712,509</u>

Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Notes forming part of the consolidated financial statements
For the year ended 31 December 2024

1) General

Arab International Company for Education and Investment was established on 20 November 1989 as a Limited Public Shareholding Company under registration No. (208).

The Group's main activity is in the university education sector under the name of the Applied Science University, which started its teaching activity on 13 October 1991.

The address of the company in Jordan - Amman

The following are the names of the Board of Director's members:

<u>Name</u>	<u>Position</u>
Hejra Mohammed Al-Faris Hammad	Chairman
Haitham Abdullah AbdulHalim Abu Khadija	Deputy chairman
Muhammad Abdullah Abdul Halim Abu Khadija	Board Member
Nabil Hamdi Muhammad Al-Qawqa	Board Member
Muhammad Muhammad Abdul Hadi Abu Muailesh	Board Member
Alaa El-Din Abdul Karim Saeed Al-Tamam	Board Member
Sahar Abdullah Abdul Halim Abu Khadija	Board Member
Ibrahim Abdullah Abdul Halim Abu Khadija	Board Member
"Muhammad Fawaz" "Muhammad Shaker" Salim Abu Al-Nasr	Board Member
Heba Abdullah Abdul Halim Abu Khadija	Board Member
Ahmad Abdullah Abdul Halim Abu Khadija	Board Member
Sawsan Abdullah Abdul Halim Abu Khadija	Board Member

2) Basis of preparation

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out in Note (3). The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in JD, which is also the Group's functional currency. Amounts are rounded to the nearest JD.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted by the Jordanian laws.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect is disclosed in note (4).

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, details of which are shown in their respective accounting policies.

Changes in accounting policies

a) New standards, interpretations and amendments adopted from 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on the characteristics of supplier finance arrangements.

These amendments had no effect on the consolidated financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On 22 September 2022, the IASB issued amendments to IFRS 16 - Lease Liability in a Sale and Leaseback. Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the consolidated financial statements.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1).

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants. The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In the case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the consolidated financial statements.

b) New standards, interpretations and amendments not yet effective:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates);

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

The following amendments are effective for the period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7);

The following standards are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Group is assessing the impact of these new accounting standards and amendments. The Group does not expect that the standards and amendments issued by IASB but not yet effective to have a material impact on the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group does not expect to be eligible to apply IFRS 19.

3) Accounting policies

Basis of consolidation statements

When the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present:

- Power over the investee
- Exposure to variable returns from the investee
- The ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De Facto control exists when the company has the practical ability to direct the relevant activities of the investee without holding a majority of the voting rights. In determining whether de facto control exists, the company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to the size and dispersion of other parties holding voting rights
- Potential voting rights held by the Company and other parties
- Other contractual arrangements, and
- Historical patterns of voting attendance.

The consolidated financial statements present the operating results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Accordingly, intra-group transactions and balances are eliminated in their entirety. The consolidated financial statements include the results of business combinations using the acquisition method. The acquired entity's identifiable assets, liabilities, and potential liabilities are initially recognized in the statement of financial position at their fair values at the acquisition date.

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Company name	Country of establishment	Main activity	Ownership%
Modern Jordan Medical University	Jordan	Establishing a medical university	98%
Al Taleb Al Mujtahid Stationery Company	Jordan	Selling stationery and books	55%

Revenue

Revenue is recognized when educational and administrative services are provided and the student receives benefits. main revenue includes tuition, registration fees, campus activities, and other services, including transportation. Revenue is recognized when accrued and linked to the relevant financial period, while any amounts received in advance are recorded as deferred revenue until the service is rendered.

Impairment of non-financial assets

Non-financial assets are subject to an impairment test when an event or change in circumstances appears, which is an indication that the value of the carrying assets is likely or not recoverable. An asset is reduced when its carrying value exceeds its recoverable value (the value in use or fair value minus the cost of sale, whichever is higher). Impairment is recognized in the consolidated financial statements of profit or loss and other comprehensive income.

Investment in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The entity investment in its associate is accounted for under the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investors share of the profit or loss of the investee is recognized in the investors profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

The group determines whether it is necessary to record impairment losses in the value of the group investment in its associates. The group determines, at the date of each financial period, whether there is any objective evidence that the investment in the associate has decreased in value. If such evidence is found, the group calculates the amount of the decrease in value as the difference between the recoverable value of the associate and its book value, and this amount is included in the consolidated statement of profit or loss and other comprehensive income.

Foreign currencies

Transactions entered by the Group in a currency other than the currency of the primary economic environment in which they operate (functional currency- Jordanian Dinar) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities recognized at cost are translated at rates ruling at the date of transaction, where non-monetary items recognized at fair value translated at rates of valuation date, valuation of profit or loss are recognized as part of the intended fair value.

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

Financial assets:

Financial assets measured at amortized cost

The Group classifies financial assets at amortized cost based on the business model in which a financial asset is managed and its contractual cash flow characteristics and when both of the following conditions are met:

1. It's held within a business model whose objective is to hold assets for collection of future cash flows.
2. Its contractual terms cause, on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains or losses on disposal of financial assets are recognized in profit or loss.

The consolidated financial assets at amortized cost include Students and other debit balances and cash and cash equivalents.

Cash and cash equivalents include cash on hand and cash at banks.

Financial Assets Through Other Comprehensive Income

The Group has elected to classify a portion of its investments in listed entities that are not recognized as subsidiaries, associates, or joint ventures at fair value through other comprehensive income (FVTOCI) (this designation is irrevocable) rather than through profit or loss, as the Group believes this classification most closely represents the business model for these assets.

These assets are initially recognized at fair value, and any directly attributable transaction costs are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividends represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Financial assets through profit or loss

The Group has elected to classify a portion of its investments in listed companies that are

not recognized as subsidiaries, associates, or joint ventures at fair value through profit or loss, as the Group believes this classification most closely represents the business model of these assets.

These assets are initially recognized at cost and subsequently measured at fair value. Net gains and losses from revaluation are recognized in the statement of profit or loss.

Expected credit loss

The Group applies the IFRS (9) simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for student receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced during the period leading up to the period-end.

Financial liabilities

Trades and other payables

Trades and other payables initial recognized in the fair value and listed later in the amortized cost using effective interest rate method.

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

Loans and Bank Facilities

The initial recognition is in the net fair value after subtracting the cost of getting these loans such these liabilities that have interest measured later by amortized cost using the effective interest rate method. The borrowing cost include initial costs, the premium that paid once the loan settle, and interest accrued through the liability period.

Capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Employees benefits

The Group's contribution to the defined employees benefit schemes are recognized in the consolidated profit or loss and other comprehensive income in the year to which it relates.

Borrowing Costs

Interest on loans and bank facilities is recognized in the consolidated statement of profit or loss and other comprehensive income for the period in which such costs are incurred. The Group has not incurred any financing costs that qualify for capitalization.

Property and equipment

Items of property and equipment are initially recognized at cost. In addition to the purchase price, cost includes directly attributable costs that sets the asset in a condition that enables it to achieve the purpose which it was purchased for, in addition to the present value of the estimated costs that cannot be avoided in the future, such as: dismantling and removing the asset, which are recorded as provisions.

Land and projects in progress are not depreciated. Depreciation is provided on all other property and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

<u>Asset</u>	<u>Depreciation Percentage %</u>
Buildings and constructions	2-20
Laboratory equipment and office equipment	12-20
Furniture and fixture	10-15
Scientific research devices	10-20
Vehicles	10-15
Books and periodicals	5
Other	10-30

Items of property and equipment are derecognized upon disposal or when the items are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the period in which the asset is derecognized.

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

Investment Properties

Investment properties are initially recognized at cost, which includes, in addition to the purchase cost, all direct costs associated with the asset. Subsequently, the cost model is used, whereby investment properties are stated at cost less impairment losses, so that the fair value of investment properties is disclosed at the date of the Group's consolidated financial statements.

Land is not depreciated

Intangible Assets

Intangible assets acquired of the Group are recognized at cost. These intangible assets are amortized on a straight-line basis over their useful life at a rate of 20% annually

Lease contracts

Lease liability:

The group measures the lease liabilities at the present value of the contractual payments owed to the lessor during the lease period using the interest rate implicit in the lease if this can be easily determined, and if that rate cannot be easily determined, the Group uses the incremental borrowing rate (9%) On the commencement date of the lease, the Company's incremental borrowing rate is the rate at which a similar borrowing can be obtained from an independent creditor under comparable terms and conditions.

Right -of- use asset:

The Group makes the initial measurement of the right of use the asset with the value of the lease liability minus any incentives received, in addition to the following:

- Any lease payments made on or before the commencement date of the lease.
- Any initial direct costs incurred.
- The value of any provision recognized when it is contractually required by the Group to dismantle, remove or return the leased asset to its original condition.

Upon the subsequent measurement of the lease liabilities, the lease liabilities is increased as a result of the interest charged at a fixed rate on the outstanding balance, and the lease liabilities is reduced by the lease payments paid. The right of use asset is amortized on a straight-line basis over the remaining contractual period or the remaining productive life of the asset if it is shorter than the lease term (this rarely happens).

Inventory

Inventory is initially recognized at cost and subsequently at the lower of cost or net realizable value. Cost includes the total cost of acquisition, costs of conversion, and other costs directly attributable to bringing inventory to its present location and condition.

Cost is calculated using the weighted average method.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as result of past events, the settlement of the obligations is probable, and the amount of those obligations can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risk and uncertainties surrounding the obligation.

When it is expected that some or all of the consideration required to settle the provision, will be recovered from another party, a receivable is recognized within the assets if the receipts certain and the liability , can be measured reliably.

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

4) Critical accounting estimates and judgment

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The following are some significant accounting estimates used in the preparation of the consolidated financial statements:

lawsuits

The Group reviews unsolved legal cases by monitoring developments in legal proceedings at each reporting date to assess the need for provisions or disclosures in the consolidated financial statements. Factors to consider when making provisions include the nature of the lawsuits and proceedings initiated, particularly between the date of the consolidated financial statements and the date of issuance of these statements. It is also important to obtain the opinion of legal counsel on the case and review the decisions of the Group's management.

Expected credit loss

The Group recognized the expected credit losses of the financial assets at amortized cost using the general approach according to IFRS (9), which requires the management to use an important estimates and assumptions as disclosed in the accounting policy of the financial instruments in Note (3).

Property and equipment

The Group reviews the estimated useful life of property and equipment and the depreciation methods to verify that it reflects the used economic benefits and in case there is a difference it will be treated as changes in estimates in the year of change and subsequent years.

Income tax

The Group is subject to income tax and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. The group believes that its tax dues are sufficient for all years of auditing, based on the interpretation of the tax law with the assistance of the tax advisor.

Fair Value Measurement

The Group measured the fair value of financial assets classified as fair value through profit or loss and other comprehensive income, as well as the fair value of other assets. The Group disclosed significant estimates in the relevant notes.

5) Financial instruments - Risk management

The Group is exposed through its operations to the following risks:

- Credit risks
- Market risks
- Liquidity risks

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group objectives, policies

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise.

(I) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Investment deposits at banks
- Students and other debit balances
- Due from related parties
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss
- Trade and other payables
- Bank loans and facilities
- Due to related parties

(II) Financial instruments by category:

	At fair value through profit or loss		At amortized cost		At fair value through other comprehensive income	
	2024	2023	2024	2023	2024	2023
	JD	JD	JD	JD	JD	JD
Financial assets						
Cash and cash equivalents	-	-	945,522	706,804	-	-
Investment deposits at banks	-	-	5,006,002	5,005,705	-	-
Students and other debit balances	-	-	2,829,542	2,815,501	-	-
Due from related parties	-	-	194,017	173,700	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	127,792	120,486
Financial assets at fair value through profit or loss	404,169	422,343	-	-	-	-
Total financial assets	404,169	422,343	8,975,083	8,701,710	127,792	120,486
Financial liabilities						
Bank loans and facilities	-	-	14,171,244	15,302,792	-	-
Trade and other payables	-	-	1,327,423	1,334,987	-	-
Due to related parties	-	-	88,610	278,418	-	-
Total financial liabilities at amortized cost	-	-	15,587,277	16,916,197	-	-

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

(III) Financial instruments not measured at fair value

- A financial instrument not measured at fair value includes cash and cash equivalents, investment deposits at banks, students and other receivables, due from related parties, trade and other payables, bank loans and facilities and due to related parties. Due to their nature as short-term instruments, the carrying value of the financial instruments above approximates their fair value.

General objectives, policies and procedures

The Group management has overall responsibility for the determination of the Group risk management objectives and policies, whilst retaining ultimate responsibility for them.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group competitiveness and flexibility. Further details regarding these policies are set out below:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to this type of risk is primarily from student receivable. Credit risk is mitigated by continually reviewing student receivables, tracking their collection, ensuring adequate provisions are in place, and verifying that students have settled their outstanding dues from previous semesters before registering for the next semester or before completing graduation procedures if the student has completed university education requirements.

Credit risk also arises from cash and cash equivalents. The Group deals with banks with appropriate credit ratings.

Market risks

Market risk arises from the Group use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (another price risk).

Interest Rate or Fair Value Risk

Financial instruments and loans that carry variable interest rates expose the Group to interest rate risk on future cash flows. The Group is not exposed to interest rate risk because it uses financial instruments that do not carry variable interest rates.

Currency Risk

Currency risk arises when the Group enters into financial transactions in currencies other than its functional currency. The Group is not exposed to this type of risk as there are no amounts expected to be settled in a foreign currency, except for the US dollar, which does not involve risk because the Jordanian dinar is pegged to the US dollar.

Other Market Price Risk

Other market risks arise when the Group enters into investments in the financial instruments of other companies. The Group is exposed to this risk because it owns investments in the equity of other companies. The effect of a 5% increase in the value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at the date of the consolidated financial statements, keeping all other variables constant, will result in an increase in the value of investments by an amount of 26,598 JD for the year 2024 (2023: 27,141 JD), and a 5% decrease in value will result in a decrease of the same percentage and value.

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Until year	More than year	Total
	JD	JD	JD
As at 31 December 2024			
Bank loans and facilities	13,647,638	523,606	14,171,244
Trade and other payables	1,731,493	330,908	2,062,401
	<u>15,379,131</u>	<u>854,514</u>	<u>16,233,645</u>
As at 31 December 2023			
Bank loans and facilities	15,302,792	-	15,302,792
Trade and other payables	1,752,830	289,518	2,042,348
	<u>17,055,622</u>	<u>289,518</u>	<u>17,345,140</u>

Capital Management

The Group monitors "adjusted capital" which comprises all components of shareholder's equity (Share capital, statutory reserve, and retained earnings). The Group objectives when maintaining capital are:

- To safeguard the group ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group's manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, reduce or increase the capital, or sell some assets to reduce debt. The adjusted debt-to-equity ratio as of December 31 is as follows:

	2024	2023
	JD	JD
Bank loans and facilities	14,171,244	15,302,792
Less : Cash and cash equivalents	<u>(5,951,525)</u>	<u>(5,712,509)</u>
Net debt	<u>8,219,719</u>	<u>9,590,283</u>
Total shareholders' equity	<u>75,528,555</u>	<u>76,489,548</u>
Debt to equity ratio	11%	13%

Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

6) Investments in associates

Name	Legal form	Ownership%	Company objectives	Balance as at	
				2024	2023
				JD	JD
First Finance Co.		23	Financing real estate and consumer goods	11,044,563	11,065,378
Jordanian Real Estate Co. for Development		16	Sell and purchase property and leasing	5,595,600	5,697,716
Contempro Co. for Housing prjects	P.L.C.	11	Building and selling appartments	750,277	713,491
Ibn Alhaytham Hospital Co.		50	Private hospitals- All specializations	7,033,920	7,152,084
International Co. for Medical Investments		46	Investing in medical fields	715,724	907,084
Arab Int'l Food & Factories & Investments Co.		46	Food industry	9,196,492	10,105,404
Ettihad Schools Co.		42	Establishing schools for all educational stages	6,347,759	7,235,361
Alomana for Investment and portfolio management	L.L.C.	41	Mediating, financial services, and managing investment	3,408,341	4,016,359
Trans World Information Technology Co.		45	IT and computer services	275,497	298,425
Applied Energy Co.		40	Investing and developing renewable systems	-	-
Jordanian Consultative Center for Administrative Development & Capacity Building		50	Developing human resources	500	500
				<u>44,368,673</u>	<u>47,191,802</u>

Arab International Company for Education and Investment
(Public Shareholding Company)
Amman - Jordan

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

The movements in investments in associates during the year are as follows:

Name	As at 31 December 2023	Purchase shares	distributed profits	Company's share of	The company's share of prior	The company's share in the	Impairment	As at 31 December 2024
	JD	JD	JD	JD	JD	JD	JD	JD
First Finance Co.	11,065,378	-	-	165,435	(13,157)	(59,914)	(113,179)	11,044,563
Jordanian Real Estate Co. for Development	5,697,716	-	-	85,170	(106,275)	(81,011)	-	5,595,600
Contempro Co. for Housing projects	713,491	25,055	-	11,731	-	-	-	750,277
Ibn Alhaytham Hospital Co.	7,152,084	-	-	27,946	19,900	(166,010)	-	7,033,920
International Co. for Medical Investments	907,084	-	-	(102,081)	-	(77,775)	(11,504)	715,724
Arab Int'l Food & Factories & Investments Co.	10,105,404	-	(194,262)	207,613	(241,352)	(680,911)	-	9,196,492
Etithad Schools Co.	7,235,361	-	-	(726,852)	-	(26,638)	(134,112)	6,347,759
Alomana' for Investment and portfolio management	4,016,359	-	-	(179,505)	82,942	(508,246)	(3,209)	3,408,341
Trans World Information Technology Co.	298,425	-	-	3,050	-	(25,978)	-	275,497
Applied Energy Co.	-	-	-	-	-	-	-	-
Jordanian Consultative Center for Administrative Development & Capacity Building	500	-	-	-	-	-	-	500
	<u>47,191,802</u>	<u>25,055</u>	<u>(194,262)</u>	<u>(507,493)</u>	<u>(257,942)</u>	<u>(1,626,483)</u>	<u>(262,004)</u>	<u>44,368,673</u>

Arab International Company for Education and Investment
(Public Shareholding Company)
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Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

7) Property and equipment

	Laboratory equipment and office furniture and Scientific research devices Vehicles Books and periodicals Other Total									
	Lands	Buildings and constructions	equipment office	Furniture and fixture	Scientific research devices	Vehicles	Books and periodicals	Other	Total	
Cost	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance 1 January 2023	2,652,735	41,892,757	15,263,283	4,607,873	2,984,405	2,762,144	3,341,158	1,012,898	74,517,253	
Additions	-	101,002	625,644	187,581	1,916	650,336	12,233	7,750	1,586,462	
Converted from projects under construction	-	54,823	101,204	46,331	-	-	-	-	202,358	
Disposals	-	-	(5,031)	-	-	-	-	-	(5,031)	
Balance 31 December 2023	2,652,735	42,048,582	15,985,100	4,841,785	2,986,321	3,412,480	3,353,391	1,020,648	76,301,042	
Additions	-	492,637	1,685,568	246,513	26,751	1,004,487	21,557	76,241	3,553,754	
Converted from projects under construction	-	9,078,404	178,481	793,093	-	-	-	-	10,049,978	
Disposals	-	-	(26,849)	(13,617)	-	(62,122)	-	(1,400)	(103,988)	
Balance 31 December 2024	2,652,735	51,619,623	17,822,300	5,867,774	3,013,072	4,354,845	3,374,948	1,095,489	89,800,786	
<u>Accumulated Depreciation</u>										
Balance 1 January 2023	-	27,332,195	13,998,636	4,473,906	1,944,898	2,559,293	2,718,344	908,083	53,935,355	
Depreciation	-	1,005,874	421,115	66,013	268,346	77,595	60,261	36,473	1,935,677	
Disposals	-	-	(1,069)	-	-	-	-	-	(1,069)	
Balance 31 December 2023	-	28,338,069	14,418,682	4,539,919	2,213,244	2,636,888	2,778,605	944,556	55,869,963	
Disposals	-	-	(25,581)	(12,874)	-	(61,184)	-	(1,399)	(101,038)	
Depreciation	-	1,261,997	533,763	147,293	239,783	164,450	58,869	42,390	2,448,545	
Balance 31 December 2024	-	29,600,066	14,926,864	4,614,338	2,453,027	2,740,154	2,837,474	985,547	58,217,470	
<u>Net Book Value</u>										
At 1 January 2023	2,652,735	14,560,562	1,264,647	133,967	1,039,507	202,851	622,814	104,815	20,581,898	
At 31 December 2023	2,652,735	13,710,513	1,566,418	301,866	773,077	775,592	574,786	76,092	20,431,079	
At 31 December 2024	2,652,735	22,019,557	2,895,436	1,193,436	560,045	1,614,691	537,474	109,942	31,583,316	

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

8) Investment properties

Investment properties consist of three plots of land owned by the Arab International Company for Education and Investment in the Tla' Al Ali area. The average fair value of these plots was 6,446,175 JD as of 31 December 2024. The plots were appraised by independent real estate appraisers. There is a five-year restraint on disposal of these properties, effective 20 May 2017, has not been lifted by the date of the Group's consolidated financial statements. The following are the movements in investment properties during the year:

	2024	2023
	JD	JD
Balance as at 1 January	7,492,570	7,492,570
Impairment of investment properties	(1,046,395)	-
Balance at 31 December	6,446,175	7,492,570

9) Projects under construction

This item represents projects related to construction and improvements to the facilities of the Applied Science University. The estimated cost to complete the projects amounted to 4,027,366 JD, and they are expected to be completed in the coming years.

The following are the movements in the projects under construction during the year:

	Projects under construction
	JD
Balance 1 January 2023	2,645,842
Additions	8,234,543
Transferred to property and equipment	(202,358)
Balance 31 December 2023	10,678,027
Additions	1,651,356
Transferred to intangible assets	(25,139)
Transferred to property and equipment	(10,049,978)
Balance 31 December 2024	2,254,266

10) Advance payments for solar energy project

This item represents advance payments for the Group's electricity consumption coverage project. Applied Energy Company LLC was established to design, implement, operate, and supervise this project. The group's share of Applied Energy Company LLC's capital is 40%. The University of Applied Sciences' share of the project's generating capacity has been set at 38%. Work on the project is expected to be completed within three months from the date of the consolidated financial statements, and the project is expected to commence operation in early June 2025. The total cost of the project has not yet been finalized, as work is currently underway to determine the final project cost.

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

The following are the movements in the solar energy project during the year:

	solar JD
Balance 1 January 2023	2,103,593
Additions	1,086,346
Balance 31 December 2023	3,189,939
Additions	280,000
Impairment Provisions*	(117,040)
Balance 31 December 2024	3,352,899

- * The Group has recognized an impairment loss of 117,040 JD relating to the Group's share of the non-recoverable value of the electrical inverter transformers purchased for the project that were not approved by the competent authorities.

11) Intangible assets

	Software Miscellaneous JD
<u>Cost</u>	
Balance 1 January 2023	721,002
Balance 31 December 2023	721,002
Transferred from projects under construction	25,139
Additions	16,263
Balance 31 December 2024	762,404
<u>Accumulated amortization</u>	
Balance 1 January 2023	710,563
Amortization	2,686
Balance 31 December 2023	713,249
Amortization	8,314
Balance 31 December 2024	721,563
<u>Net Book Value</u>	
At 1 January 2023	10,439
At 31 December 2023	7,753
At 31 December 2024	40,841

Notes forming part of the consolidated financial statements (Continued)
For the year ended 31 December 2024

12) Financial assets at fair value through other comprehensive income

	2024	2023
	JD	JD
Balance as at 1 January	120,486	89,311
Sell shares	(20,079)	-
Change in fair value	27,385	31,175
Balance at 31 December	127,792	120,486

The details of financial assets at fair value through other comprehensive income are as follows:

	Number of shares		Fair value for share		Fair value for shares	
	2024	2023	2024	2023	2024	2023
			JD	JD	JD	JD
<u>Shares listed on the financial market in Jordan:</u>						
The professional company for real estate investment and housing	124,395	124,395	0.45	0.49	55,977	60,954
Al-Quds ready mix	60,349	79,377	1.19	0.75	71,815	59,533
					127,792	120,486

13) Lease contract

	Offices JD
<u>Right of use asset:</u>	
As at 1 January 2023	82,812
Amortization	(27,604)
As at 1 December 2023	55,208
Amortization	(27,604)
As at 1 December 2024	27,604
<u>Lease liabilities:</u>	
As at 1 January 2023	82,812
Lease payments	(32,715)
Financing cost	7,453
As at 1 December 2023	57,550
Lease payments	(32,715)
Financing cost	5,180
As at 1 December 2024	30,015

Notes forming part of the consolidated financial statements (Continued)
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The following table shows the contractual maturities (which represent the contractual undiscounted cash flows) of the lease liabilities:

	Less than a year	From one year to two years	Total
	JD	JD	JD
As at 1 December 2024	32,715	-	32,715
As at 1 December 2023	32,715	23,715	56,430

14) Cash and cash equivalents

	2024	2023
	JD	JD
Cash on hand	10,427	4,033
Cash at banks	935,095	702,771
	<u>945,522</u>	<u>706,804</u>

15) Investment deposits at banks

The Bank's investment deposits consist of deposits with Bank Al Etihad, which has a good credit rating, as follows:

Bank name	Credit rating	2024	2023
		JD	JD
Bank al Etihad	BB-	6,002	5,705
Bank al Etihad - restricted	BB-	5,000,000	5,000,000
		<u>5,006,002</u>	<u>5,005,705</u>

The interest rate on the investment deposit balance at Bank Al Etihad is 5.5%, noting that this deposit is tied until 24 June 2025.

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16) Students and other receivable

	<u>2024</u>	<u>2023</u>
	JD	JD
Student receivables	4,834,145	4,119,332
Interest receivables	143,151	-
Employee's receivables	121,850	114,890
Cheques under collection	127,559	104,875
Refundable deposits	251,063	251,064
Expected credit losses provision	(2,648,226)	(1,774,660)
Total financial assets classified as amortized cost except cash in banks	<u>2,829,542</u>	<u>2,815,501</u>
prepayments	1,655,533	1,527,645
Others	<u>221,066</u>	<u>311,091</u>
	<u><u>4,706,141</u></u>	<u><u>4,654,237</u></u>

The fair value of student and other debit balances is not materially different from their carrying value. The Group has no guarantees or mortgages over these receivables.

Student receivables less than three months old amounted to 2,625,205 JD relating to the first semester of the 2024-2025 academic year, while students receivables more than three months old amounted to 2,208,940 JD relating to previous semesters.

The movement in the allowance for impairment of expected credit losses is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Beginning Balance	1,774,660	1,885,127
Provided during the year	873,566	-
Deduction During the Year	-	(110,467)
Balance end of the Year	<u><u>2,648,226</u></u>	<u><u>1,774,660</u></u>

17) Financial assets at fair value through profit or loss

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	422,343	417,039
Impairment of financial asset*	(24,539)	-
Change in fair value	6,365	5,304
	<u><u>404,169</u></u>	<u><u>422,343</u></u>

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The details of financial assets at fair value through profit or loss are as follows:

	Number of shares		Fair value for share		Fair value for shares	
	2024	2023	2024	2023	2024	2023
			JD	JD	JD	JD
<u>Shares listed on the financial market in Jordan:</u>						
Al-Isra for education and investment Co.	106,081	106,081	3.81	3.75	404,169	397,804
First national vegetable oil industries Co. *	350,575	350,575	-	-	-	24,539
					<u>404,169</u>	<u>422,343</u>

* The First national vegetable oil industries Co. was voluntarily liquidated on 7 February 2017. A compulsory liquidation lawsuit was filed against the company, and the company remains under compulsory liquidation as of the date of the consolidated financial statements. The group has calculated an impairment on the entire investment amounting to 24,539 JD.

18) Shareholders' Equity

Capital

The capital is 40,500,000 Jordanian dinars, divided into 40,500,000 full paid shares. The par value of the share 1 JD.

Statutory Reserve

The amounts accumulated in this item represent the 10% transfer from annual profits before income tax and fees over the years. This is non-distributable. The General Assembly may, after exhausting other reserves, decide at an extraordinary meeting to offset its losses from the amounts accumulated in the statutory reserve account, subject to replenishment. The Group may cease transferring amounts to the statutory reserve when its balance reaches 25% of the authorized capital. However, with the approval of the General Assembly, this annual deduction may continue until the reserve equals the amount of the Group's authorized capital.

Fair Value Reserve

This reserve represents the gains or losses resulting from the valuation of financial assets classified as financial assets at fair value through other comprehensive income and the Group's share of the fair value reserve in its associates.

Retained Earnings

This item includes profits and dividends.

The Group resolved, during its Ordinary General Assembly meeting held on 28 April 2024, to distribute dividends in the amount of 4,050,000 JD with each share being 0.10 JD per share as of 31 December 2024 (4,050,000 JD each share being 0.10 JD per share: 2023).

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19) Provisions

	lawsuits provision	End of service gratuity and vacation Provisions	Total
	JD	JD	JD
As at 1 January 2023	1,009,420	550,840	1,560,260
Provided (Deduction) during the year	198,817	(55,741)	143,076
As at 31 December 2023	1,208,237	495,099	1,703,336
Provided during the year	84,531	92,030	176,561
As at 31 December 2024	1,292,768	587,129	1,879,897

20) Bank loans and facilities

	2024	2023
	JD	JD
Non-current		
Bank loans	523,606	-
Current		
Bank facilities	10,355,457	8,302,792
Bank loans	3,292,181	7,000,000
	13,647,638	15,302,792
	14,171,244	15,302,792

The details of loans and bank facilities are as follows:

	Limit	Interest rate	2024	2023
	JD	%	JD	JD
<u>Bank facilities</u>				
Arab Bank	4,000,000	8.75	4,817,484	3,273,821
Bank al Etihad	5,000,000	6.25	5,028,819	5,028,971
Housing Bank	1,750,000	8.50	509,154	-
			10,355,457	8,302,792
<u>Bank loans</u>				
Arab Bank	1,000,000	8.75	1,000,000	-
Al Rajhi Bank	7,000,000	8.75	1,998,932	7,000,000
Safwa Bank	3,250,000	8.75	816,855	-
			3,815,787	7,000,000
			14,171,244	15,302,792

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21) Trade and other payables

	<u>2024</u>	<u>2023</u>
	JD	JD
Accounts payable	725,813	534,828
Refundable student deposits	330,908	289,518
Employee's payables	114,463	119,769
Accrued expenses	116,630	311,736
Post-dated checks	39,609	79,136
Total financial liabilities classified as amortized cost	1,327,423	1,334,987
Shareholders' deposits	184,045	252,479
Board of Directors' Remuneration	60,000	59,521
Social security deposits	216,692	203,355
Tax deposits	70,129	53,342
Other	204,112	178,191
Total trade and other payables	2,062,401	2,081,875
Less: non-current post-dated checks	-	(39,527)
	<u>2,062,401</u>	<u>2,042,348</u>

The fair value of trade and other payables is not materially different from their carrying value as of 31 December 2024.

22) Income tax provision

The movement in the income tax provision is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance at the beginning of the year	1,260,282	741,007
Income tax for the year	2,141,441	1,591,930
Income tax paid during the year	(1,669,324)	(1,072,655)
Balance at the end of the year	<u>1,732,399</u>	<u>1,260,282</u>

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Below is the reconciliation of the income tax for the year with the accounting profit:

	2024	2024
	JD	JD
Accounting profit	6,829,546	5,806,431
Unacceptable losses and expenses	3,367,802	1,649,273
Taxable income:	10,197,348	7,455,704
Tax Rate According to Jordanian Law:		
Income tax 20%	2,039,468	1,491,141
National contribution 1%	101,973	74,557
Income tax for the year	2,141,441	1,565,698

Arab Company for Education and Investment PLC (Parent Company):

The company's income tax has been settled with the Income and Sales Tax Department until the end of 2020.

Income tax returns for the years 2021 through 2023 have been submitted and have not yet been audited by the Income and Sales Tax Department.

Modern Jordan Medical University LLC (Subsidiary):

The company's income tax has been settled with the Income and Sales Tax Department until the end of 2022.

Income tax returns for 2023 have been submitted and have not yet been audited by the Income and Sales Tax Department.

Al Talib Al Mujtahid Stationery LLC (Subsidiary):

The income tax return for 2023 has been submitted and has not yet been audited by the Income and Sales Tax Department.

23) Revenue

	2024	2023
	JD	JD
Study hours	20,697,604	17,003,276
Registration and activities fees	9,062,290	7,358,660
Other university fees	1,046,033	901,844
	30,805,927	25,263,780

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24) Other net income

	2024	2023
	JD	JD
Bank interest	280,596	138,182
University facilities	276,703	178,427
Courses	157,627	141,908
Booths rents	73,352	85,117
Student scholarship termination revenues/lawsuits	51,181	-
Dividends	33,270	30,533
Book sales	22,479	14,065
Profits from the sale of property and equipment	11,785	390
Unrealized gains on financial assets at fair value through profit or loss - Note (17)	6,365	5,304
Impairment of financial assets at fair value through profit or loss - Note (17)	(24,539)	-
Other	271,410	272,841
	<u>1,160,229</u>	<u>866,767</u>

25) Salaries, wages and benefits

	2024	2023
	JD	JD
Salaries and Benefits	10,463,572	9,430,316
Social Security Contributions	1,172,708	1,043,401
Board of Directors' Transportation and Remuneration	96,000	95,235
Board of Trustees' Remuneration	51,000	49,992
Health Insurance	90,613	109,357
	<u>11,873,893</u>	<u>10,728,301</u>

26) Depreciation and amortization

	2024	2023
	JD	JD
Depreciation of property and equipment - Note (7)	2,448,547	1,935,677
Amortization of right-of-use assets - Note (13)	27,604	27,604
Amortization of intangible assets - Note (11)	8,314	2,686
	<u>2,484,465</u>	<u>1,965,967</u>

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29) The Group's losses from investments in associate companies

	2024	2023
	JD	JD
The Group's Share of Associated Companies' Results - Note (6)	(507,493)	(744,779)
The Group's Share of Prior Year Adjustments - Note (6)	(257,942)	(593,873)
	(765,435)	(1,338,652)
Impairment of Investments in Associated Companies - Note (6)	(262,004)	-
	(1,027,439)	(2,677,304)

30) Related parties

Related parties represent the major shareholders and key management personnel of the group and the companies in which they are major shareholders. The prices and terms of these transactions are approved by the Group's management. The transactions with related parties appearing in the statement of financial position are as follows:

Name	Nature of relationship	Nature of transactions	Transaction amount		Balance as at 31 December	
			2024	2023	2024	2023
			JD	JD	JD	JD
<u>Due from related parties</u>						
Arab Int'l Food and Factories and Investments Co.	Associate company	-	-	-	615	-
Ibn Alhaytham Hospital Co.		Expenses	209,299	-	38,420	-
International Co. for Medical Investments		-	-	-	129,291	139,670
Ettihad Schools Co.		-	-	-	13,589	16,379
Jordanian Consultative Center for Administrative Development and Capacity Building		-	-	-	86,500	86,500
Alomana' for Investment and portfolio management		financial mediation	5,012	4,962	327	5,429
Amana Agricultural & Industrial Investment		-	-	-	33,917	33,917
Jordanian Real Estate Co. for Development	Partner in a subsidiary	-	-	-	3,299	3,746
Hassan Mohammed Hussein Al-Momani		-	-	-	8,477	8,477
Total					314,435	294,118
Deduct: expected credit loss provision					(120,418)	(120,418)
					194,017	173,700
<u>Due to related parties</u>						
Trans World Information Technology Co.	Associate company	-	-	-	88,537	88,542
Haman real estate Co.	Owned by an associate company	Expenses	34,449	35,199	73	394
Ibn Alhaytham Hospital Co.	Associate company	Expenses	-	261,825	-	189,482
					88,610	278,418

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Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, The key management compensation is as follows:

	2024	2023
	JD	JD
Salaries and bonuses	938,756	829,983
Transportation allowance	36,000	35,714
Social security	29,558	30,916
	<u>1,004,314</u>	<u>896,613</u>

31) Other comprehensive income

	2024	2023
	JD	JD
Financial assets at fair value through other comprehensive income - Note (12)	27,385	31,175
Net change in the company's share of the fair value reserve of associates - Note (6)	(1,626,483)	(1,328,524)
	<u>(1,599,098)</u>	<u>(1,297,349)</u>

32) Basic and diluted share of profit (loss) and OCI for the year - JD / share

	2024	2023
	JD	JD
Profit for the year	4,688,105	4,214,501
Weighted average number of shares - Share	40,500,000	40,500,000
Basic and diluted share of profit (loss) and OCI for the year - JD / share	0.116	0.104

33) Cash and cash equivalents

Cash and cash equivalents appearing in the consolidated statement of cash flows consist of the amounts shown in the consolidated statement of financial position as follows:

	2024	2023
	JD	JD
Cash and cash equivalents -Note (14)	945,522	706,804
Investment deposits at banks - Note (15)	5,006,002	5,005,705
	<u>5,951,524</u>	<u>5,712,509</u>

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27) Other expenses

	2024	2023
	JD	JD
Advertising and annousment	297,395	217,858
University Activities	248,366	170,219
Government Fees and Licenses	238,099	187,633
Freelance Lecturers and Supervisors	233,753	187,439
Student Health Insurance	157,476	172,611
Stationery, Printing, and Computer Supplies	144,416	76,150
Bad Debts	141,897	450,000
Professional and Consulting Fees and Legal Fees	141,597	132,846
Consumables and Tools	112,065	54,913
Hospitality and Cleaning	106,023	73,031
Risks Insurance	68,596	58,933
Communications	51,657	40,352
Donations and Gifts	46,789	51,356
Security and Protection	39,217	14,328
Agricultural Expenses	27,418	26,651
Travel Expenses	18,042	20,544
Employee uniform	17,739	23,029
Recruitment of academic staff	15,602	9,826
Bank Commissions	13,949	2,073
Other	27,889	37,938
	2,147,985	2,007,730

28) Finance cost

	2024	2023
	JD	JD
Bank financing costs	1,200,816	647,152
Right-of-use asset financing costs - Note (14)	5,180	7,453
	1,205,996	654,605

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34) Contingent Liabilities

As of the date of the consolidated statement of financial position the Group has contingent liabilities represented bank guarantees with the amount of 1,221,238 JD against cash deposit of 122,224 JD (bank guarantees amounting to 439,212 JD against cash deposit of 43,921 JD as 31 December 2023).

35) Comparative figures

Certain some balances of consolidated financial statements of 2023 have been reclassified to conform with the classification used for 31 December 2024 and the reclassification did not result in any impact on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in shareholders' equity for the year 2023.