

**AL KHALEEJ TRAINING AND
EDUCATION COMPANY AND ITS
SUBSIDIARIES**
(A Saudi Joint Stock Company)
**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE MONTHS ENDED
31 MARCH 2020**

AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

<u>Index</u>	<u>Page</u>
INDEPENDENT AUDITORS' REVIEW REPORT	
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7 - 15



**To the shareholders of
Al Khaleej Training and Education Company and its Subsidiaries
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Al Khaleej Training and Education Company (A Saudi Joint Stock Company)** (“the Company”) and its **Subsidiaries** (collectively referred to as “the Group”) as at 31 March 2020 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for period then ended, and the related notes from (1) to (17) which form an integral part of these interim condensed consolidated financial information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review:

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

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information are not prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’ as endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter:

We draw attention to note 16 to the interim condensed consolidated statement, which indicates the potential impact of the COVID 19 epidemic on the Group's operations and interim financial position, and related uncertainties, and our conclusion is unqualified on this.



**Aldar Audit Bureau
Abdullah Al Basri & Co.**

**Abdullah M. Al Basri
Certified Public Accountant
(License No. 171)**

Riyadh on 27 Ramadan 1441 H
Corresponding to 20 May 2020 G

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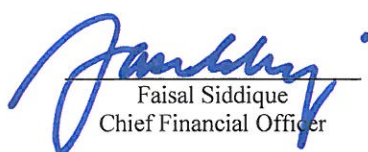
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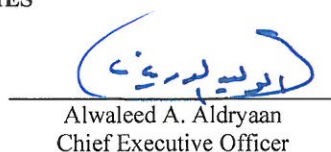
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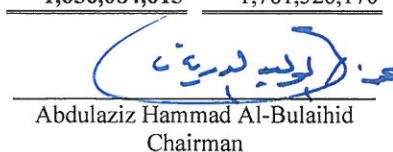
**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Notes	31 March 2020	31 December 2019
		SAR (Unaudited)	SAR (Audited)
ASSETS			
Non-current assets			
Intangible assets, net		40,900,427	40,718,000
Right of use assets	4	332,871,222	338,630,383
Property and equipment, net	5	503,029,174	498,692,007
Investment in equity instruments at fair value through other comprehensive income		237,650,064	269,071,412
		<u>1,114,450,887</u>	<u>1,147,111,802</u>
Current assets			
Cash and cash equivalents		37,104,398	181,967,462
Accounts receivables, net	6	337,571,137	286,170,469
Other current assets		130,895,104	128,355,188
Unbilled revenue		22,616,826	22,687,655
Inventories, net		12,800,776	13,602,785
Due from related parties	7	645,487	1,430,809
		<u>541,633,728</u>	<u>634,214,368</u>
TOTAL ASSETS		<u>1,656,084,615</u>	<u>1,781,326,170</u>
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent			
Share capital	8	450,000,000	450,000,000
Statutory reserve		83,054,313	83,054,313
Retained earnings		74,225,196	69,834,487
Foreign currency translation reserve		(1,882,334)	(2,234,632)
Fair value reserve		(13,468,528)	17,952,820
Total equity attributable to the shareholders of the parent		<u>591,928,647</u>	<u>618,606,988</u>
Non-controlling interest		7,819,387	11,097,193
Total equity		<u>599,748,034</u>	<u>629,704,181</u>
LIABILITIES			
Non-current liabilities			
Long-term loans	9	32,530,298	98,544,584
Deferred gain from sale of property and equipment	10	11,453,413	11,654,350
Lease obligations	10	451,971,923	474,778,157
Employees' end of service benefits	11	56,343,919	56,013,132
		<u>552,299,553</u>	<u>640,990,223</u>
Current liabilities			
Banks overdraft		15,940,409	3,561,090
Short-term loans	9	348,505,131	324,993,901
Current portion of long-term loans		7,741,557	24,584,414
Deferred gain from sale of property and equipment – current portion	10	803,748	803,748
Current portion of lease obligations	10	38,016,613	34,453,841
Trade and other payables		89,912,007	119,624,254
Due to related parties	7	9,703	2,658
Zakat and income tax payable		3,107,860	2,607,860
		<u>504,037,028</u>	<u>510,631,766</u>
Total liabilities		<u>1,056,336,581</u>	<u>1,151,621,989</u>
TOTAL EQUITY AND LIABILITIES		<u>1,656,084,615</u>	<u>1,781,326,170</u>


Faisal Siddique
Chief Financial Officer


Alwaleed A. Aldryaan
Chief Executive Officer


Abdulaziz Hammad Al-Bulaihid
Chairman

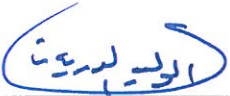
The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements


AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	<i>Note</i>	31 March 2020	31 March 2019
		SAR	SAR
		(Unaudited)	(Unaudited)
Revenues		213,762,229	214,150,927
Cost of revenues		(179,392,467)	(172,733,957)
GROSS PROFIT		34,369,762	41,416,970
Selling and marketing expenses		(5,069,398)	(4,437,218)
General and administrative expenses		(17,767,876)	(19,597,146)
Impairment of other financial assets		(5,403,105)	(2,452,030)
PROFIT FROM MAIN OPERATIONS		6,129,383	14,930,576
Other income, net		2,750,597	1,132,701
Financial charges		(4,312,596)	(7,576,946)
PROFIT BEFORE ZAKAT AND INCOME TAX		4,567,384	8,486,331
Zakat and income tax		(500,000)	(500,000)
NET PROFIT FOR THE PERIOD		4,067,384	7,986,331
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the parent		4,390,709	7,317,389
Non-controlling interest		(323,325)	668,942
		4,067,384	7,986,331
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD	12	0.10	0.16


Faisal Siddique
Chief Financial Officer


Alwaleed A. Aldryaan
Chief Executive Officer

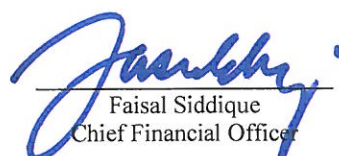

Abdulaziz Hammad Al-Bulaihid
Chairman

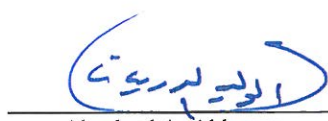
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AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	31 March 2020 SAR (Unaudited)	31 March 2019 SAR (Unaudited)
Net profit for the period	4,067,384	7,986,331
OTHER COMPEREHNSINVE INCOME		
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation reserve	189,820	689,645
Unrealized loss on investment in equity instruments at fair value through other comprehensive income	(31,421,348)	---
TOTAL PROFIT AND OTHER COMPREHENSIVE (LOSS)/INCOME	(27,164,144)	8,675,976
TOTAL PROFIT AND COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:		
Shareholders of the parent	(26,678,341)	8,114,279
Non-controlling interest	(485,803)	561,697
	(27,164,144)	8,675,976


Faisal Siddique
Chief Financial Officer


Alwaleed A. Aldryaan
Chief Executive Officer


Abdulaziz Hammad Al-Bulaihid
Chairman

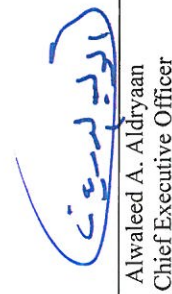
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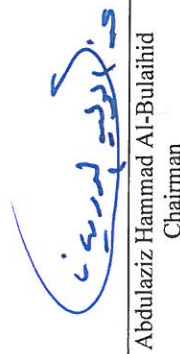
AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Equity attributable to the shareholders of the parent					Total equity		
	Share capital SAR	Statutory reserve SAR	Retained earnings SAR	Foreign currency translation reserve SAR	Fair value reserve SAR	Equity SAR	Non-controlling interest SAR	Total SAR
Balance at 1 January 2019 (Audited)	450,000,000	76,627,243	23,110,622	(2,755,173)	171,143	547,153,835	8,470,817	555,624,652
Net profit for the period	---	---	7,317,389	---	---	7,317,389	668,942	7,986,331
Other comprehensive income	---	---	---	796,890	---	796,890	(107,245)	689,645
Total profit and other comprehensive income	---	---	7,317,389	796,890	---	8,114,279	561,697	8,675,976
Balance at 31 March 2019 (Unaudited)	450,000,000	76,627,243	30,428,011	(1,958,283)	171,143	555,268,114	9,032,514	564,300,628
Balance at 1 January 2020 (Audited)	450,000,000	83,054,313	69,834,487	(2,234,632)	17,952,820	618,606,988	11,097,193	629,704,181
Net profit for the period	---	---	4,390,709	---	---	4,390,709	(323,325)	4,067,384
Other comprehensive loss	---	---	---	352,298	(31,421,348)	(31,069,050)	(162,478)	(31,231,528)
Total profit and other comprehensive loss	---	---	4,390,709	352,298	(31,421,348)	(26,678,341)	(485,803)	(27,164,144)
Dividends to non-controlling interest	---	---	---	---	---	---	(2,792,003)	(2,792,003)
Balance at 31 March 2020 (Unaudited)	450,000,000	83,054,313	74,225,196	(1,882,334)	(13,468,528)	591,928,647	7,819,387	599,748,034


Faisal Siddiqui
Chief Financial Officer


Alwaleed A. Aldryaan
Chief Executive Officer


Abdulaziz Hammad Al-Bulaih
Chairman

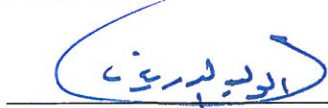
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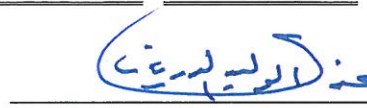
AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	31 March 2020	31 March 2019
	SAR (Unaudited)	SAR (Unaudited)
<u>OPERATING ACTIVITIES</u>		
Profit before zakat and income tax	4,567,384	8,486,331
Adjustments to reconcile net profit before zakat and income tax to net cash from operating activities:		
Depreciation and amortization	11,008,475	11,516,771
Deferred gain on sale of property and equipment	(200,937)	(200,937)
Provision for employees' end of service benefits	5,043,873	4,821,054
Bad debts	---	(102,030)
Impairment of other financial assets	5,403,105	2,452,030
	<u>25,821,900</u>	<u>26,973,219</u>
Net changes in working capital:		
Accounts receivable	(56,803,773)	8,934,047
Other current assets	(2,539,916)	(7,999,069)
Inventories	802,009	(1,119,979)
Unbilled revenue	70,829	6,514,892
Related parties' balances	792,367	481,898
Trade and other payables	(29,712,247)	1,474,241
Cash flows (used in)/from operating activities	<u>(61,568,831)</u>	<u>35,259,249</u>
Employees' end of service benefits paid	(4,713,086)	(3,009,000)
Net cash flows (used in)/from operating activities	<u>(66,281,917)</u>	<u>32,250,249</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(9,441,803)	(9,209,816)
Additions to intangible assets	(327,105)	(125,000)
Additions to right of use assets	---	(2,601,782)
Net cash flows used in investing activities	<u>(9,768,908)</u>	<u>(11,936,598)</u>
<u>FINANCING ACTIVITIES</u>		
Banks overdraft	12,379,319	(60,709,510)
Term loans, net	(59,345,913)	33,996,446
Lease obligations, net	(19,243,462)	(2,665,181)
Foreign currency translation reserve	352,298	796,890
Non-controlling interest	(2,954,481)	(107,245)
Net cash flows used in financing activities	<u>(68,812,239)</u>	<u>(28,688,600)</u>
Net change in cash and cash equivalents	<u>(144,863,064)</u>	<u>(8,374,949)</u>
Cash and cash equivalents at the beginning of the period	<u>181,967,462</u>	<u>38,465,027</u>
Cash and cash equivalents at the end of the period	<u>37,104,398</u>	<u>30,090,078</u>


Faisal Siddique
Chief Financial Officer


Alwaleed A. Aldryaan
Chief Executive Officer


Abdulaziz Hammad Al-Bulaihid
Chairman

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

1. INFORMATION AND ACTIVITIES

Al Khaleej Training and Education Company (“the Company” or “the Parent Company”) is a Saudi Joint Stock Company registered under commercial registration number 1010103367 dated 30 Jamada Al Awal 1413H (corresponding to 24 November 1992). The head office is located at Olaya area, Riyadh.

The Company and its subsidiaries (together “the Group”) are engaged in the training services for computer and related electronics services, establishment and constructions of schools and cafeterias, teaching English language, holding training courses, operation maintenance and computer software, installation of networks, infrastructures, communication systems, call centers and technical supports.

The following is the list of subsidiaries included in these interim condensed consolidated financial statements which provide training services:

<u><i>Subsidiary companies</i></u>	<u><i>Country of incorporation</i></u>	<u><i>Direct / indirect ownership</i></u>
Fast Lane Group (Fast Lane Consultancy duty free – LTD.)	United Arab Emirates	80%
Al Khaleej Training and Information Technology Company	Egypt	57 %
Online Trading Academy Duty free – LTD.	United Arab Emirates	100%
Applied Digital Media Services Company	United Arab Emirates	100%
Franklin Covey Middle East Company and its subsidiaries	United Arab Emirates	61%
Linguaphone Limited Company	United Kingdom	100%
Jobzella	Egypt	60%

2. BASIS OF PREPARATION AND CONSOLIDATION

Basis of preparation

The interim condensed consolidated financial statements are for the Three months ended 31 March 2020 and are presented in Saudi Riyal (SAR), which is the functional currency of the Parent Company. They have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’, endorsed in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements do not include all of the information required in the annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

Basis of consolidation

The interim condensed consolidated financial statements comprise of the interim condensed consolidated statements of financial position, interim condensed consolidated statements of profit and loss, interim condensed consolidated statements of other comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows and explanatory notes of the Group which include assets, liabilities and the result of operations of the Company and its subsidiaries as stated in note (1) above.

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

Basis of consolidation (continued)

The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition and fair value of non-controlling Interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in interim condensed consolidated statement of financial position. NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition. The portion of profit or loss and net assets not controlled by the Group are presented separately in the interim condensed consolidated statement of profit or loss and within equity in the interim condensed consolidated statement of financial position.

Intra-Group balances and transactions, and any unrealized profit and loss arising from intra-Group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

Use of judgments, estimates and significant accounting assumptions

In preparing these interim condensed consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020 shown below:

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material does not have a significant impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments to the definition of a business does not have a significant impact on the Group's interim condensed consolidated financial statements.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting,
- reinstating prudence as a component of neutrality,
- defining a reporting entity, which may be legal entity, or a portion of an entity,
- revising the definitions of an asset and a liability,
- removing the probability threshold for recognition and adding guidance on derecognition,
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance of faithful representation of the financial statements

No changes will be made to any of the current accounting standards.

4. RIGHT OF USE ASSETS

Set out below, are the carrying amount of the Group's right-of-use assets and the movements during the period:

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	SAR	SAR
At 1 January	338,630,383	92,198,577
Amortization	(5,759,161)	(18,025,247)
Additions	---	264,457,053
	<u>332,871,222</u>	<u>338,630,383</u>

The Group recognised rent expense from short-term and low-value assets leases amounting of SAR 33,250 for the Three months ended 31 March 2020 (SAR 159,315 for the Three months ended 31 March 2019).

5. PROPERTY AND EQUIPMENT, NET

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	SAR	SAR
Balance at 1 January	498,692,007	807,085,149
Additions during the period/year	9,441,803	59,974,256
Disposals	---	(364,329,598)
Depreciation during the period/year	(5,104,636)	(26,384,251)
Disposals	---	22,346,451
	<u>503,029,174</u>	<u>498,692,007</u>

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

6. ACCOUNTS RECEIVABLE, NET

Included in receivables are amounts totaling SAR 299 million (31 December 2019: SAR 240 million) due from government and quasi-government institution in which balance of SAR 163 million due over one year as of 31 March 2020 (31 December 2019: SAR 116 million). The Group's management believes that all not impaired receivables will be collected. The Group does not obtain guarantees against these receivables.

Movements in the provision for expected credit loss were as follows:

	31 March 2020 (Unaudited) SAR	31 December 2019 (Audited) SAR
Balance at 1 January	41,076,299	20,529,207
Charge for the period/year	5,403,105	21,239,987
Amounts written off during the period / year	---	(692,895)
	46,479,404	41,076,299

7. RELATED PARTIES TRANSACTIONS

<i>Related party</i>	Nature of transactions	31 March 2020 (Unaudited) SAR	31 March 2019 (Unaudited) SAR
Companies owned by directors	Rent as lessee	225,000	225,000
	Rent as lessor	341,500	341,500

Amounts due from / to related parties are shown in the assets and liabilities in the interim condensed consolidated statement of financial position respectively.

Transactions with related parties are made on terms similar those prevailing in normal transactions. Balances due at the end of each year are unsecured and do not bear commissions and are settled in cash.

There are no guarantees from or to the related parties. For the period ended 31 March 2020, the Group has not recorded any impairment loss on amounts due from related parties. Valuation of impairment is performed every financial year by examining the financial position of the related entity and the market in which the entity is involved.

8. SHARE CAPITAL

The Group's capital consists of 45 Million shares as at 31 March 2020 (31 December 2019: 45 Million shares) of SAR 10 each.

9. TERM LOANS

The Group obtained long-term and short-term loans from several local banks to finance the Group's projects and build buildings for educational establishments during the year. The loans are charged a commission equal to the inter-bank lending rate (SAIBOR). All loans are secured by order bonds and the pledge of part of the Group's land to the banks. The agreements also included conditions regarding the Group's commitment to some financial ratios and conditions.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

10. LEASE OBLIGATIONS

The obligations resulting from the acquisition of assets through finance and operating leases consists of the following:

- a) Leased building through sale and lease back. As the Group has completed, on 15 September 2015, the sale of a newly constructed management building in Al-Ghadeer area in Riyadh, the cost of which is approximately SAR 58.9 million, to Manafe' Holding Company, at a selling price of SAR 75 million, in order to finance the Group's expansion in educational projects. The group then leased back the building for 20 years ending in the year 2034. Gain from the sale transaction, amounting to approximately SAR 16 million, was deferred in accordance with the requirements of the Standard of Accounting for Leases issued by the Saudi Organization for Certified Public Accountants, and will be recognized in subsequent periods in correlation with depreciation as the leaseback was classified as a finance lease. During the year 2016 the rental value of the land for the building was separated and classified as an operating lease (with present value of SAR 48.7 million). In the interim condensed consolidated statement of profit or loss the group recognized an amount of SAR 200,937 as gain from sale of the building (31 March 2019: SAR 200,937).
- b) Schools leased building in Dammam. on 25 August 2016 the Group has signed a contract with Mohammed Abdulaziz Al Rajhi and Sons Investment Group, to lease Al Ishraq Building Schools for 20 years. The building lease was classified as a finance lease (with present value SAR 17.8 million) and the rent of land was classified as right of use.
- c) Three schools leased in Dammam and Riyadh on 23 December 2019, the Group has signed a sale and leaseback contract with Al Rajhi Capital Fund, to lease Dammam Schools, Moghrazat Schools and Sahafa Schools for 15 years.
- d) Right of use assets obligations.

The details of lease obligations are as follow:

	Buildings SAR	Right of use assets SAR	Total SAR
31 March 2020 (Unaudited)			
Non-current	35,532,526	416,439,397	451,971,923
Current	5,066,389	32,950,224	38,016,613
Total	40,598,915	449,389,621	489,988,536
31 December 2019 (Audited)			
Non-current	40,036,143	434,742,014	474,778,157
Current	4,503,617	29,950,224	34,453,841
Total	44,539,760	464,692,238	509,231,998

The following table represents the minimum lease payments for the years after the date of the interim condensed consolidated financial position, and in total:

	Buildings SAR	Right of use assets SAR	Total SAR
2020	5,531,088	17,788,252	23,319,340
2021	5,710,683	22,944,293	28,654,976
2022 and after	24,290,755	375,706,852	399,997,607
Total	35,532,526	416,439,397	451,971,923

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

11. EMPLOYEES' END OF SERVICE BENEFITS

The Group manages the end of service benefits program for its employees in accordance with the requirements of the labor law in the Kingdom of Saudi Arabia. The movement in the provision for employees' end of service benefits for the period / year is based on actuarial assumptions:

	31 March 2020 (Unaudited) SAR	31 December 2019 (Audited) SAR
Balance at 1 January	56,013,132	53,965,487
Cost of service and interest included in profit or loss	5,043,873	15,897,132
Actuarial loss on remeasurement of end of service benefits	---	6,316,000
Paid during the period/year	<u>(4,713,086)</u>	<u>(20,165,487)</u>
	<u>56,343,919</u>	<u>56,013,132</u>

12. EARNING PER SHARE

Earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Parent company by the weighted average number of ordinary shares during the period. Diluted earnings per share does not apply to the Group. Earnings per share from continuing operations is not presented because there are no discontinued operations during the period.

	31 March 2020 (Unaudited) SAR/Halala	31 March 2019 (Unaudited) SAR/Halala
Net profit for the period	4,390,709	7,317,389
Weighted average number of ordinary shares	<u>45,000,000</u>	<u>45,000,000</u>
Earnings per share	<u>0.10</u>	<u>0.16</u>

13. SEGMENT INFORMATION

The segmental information is attributable to the Group's activities and business as approved by the Group management to be used as a basis for the financial reporting and consistent with the internal reporting process.

The segment results and assets comprise items that are directly attributable to certain segment and items that can reasonably be allocated between business segments.

The Group is organized into following main business segments:

1- Computer

Serves individual and corporate segments. Individual segment incorporates training courses with period from Three months to Two years diploma corporate segment incorporates all advanced programming, networking and computer solutions. The Group follows the global methodology of New Horizon Company, of which the Group owns the franchise in the middle east region.

2- Language

Provides training courses in English language, consisting of 6 levels. The courses are held over a period of 2 to 14 months. The Group follows the global methodology of Direct English Company, of which the Group owns the franchise in the middle east region.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

13. SEGMENT INFORMATION (continued)

3- Financial and management training

This segment aims to provide trainees with information and various skills and up-to-date methods in relation to their jobs, and to improve and develop their abilities and skills. This includes development courses in management, leadership, stock trading and others, improving their efficiency and productivity through international certifications.

4- Communication centers

This segment provides management and operating services of customer services centers via telephone for a number of companies and bodies.

5- Universities

This segment represents the educational projects related to universities and the Ministry of Education, including operating the orientation years for several Saudi universities. These projects are focused on providing the academic staff for the orientation years according to scientific basis and standards set by the universities and managing these human resources for the universities.

6- Schools

This segment is engaged in incorporating private educational schools for (boys/girls) inside the Kingdom of Saudi Arabia.

	<i>Computer</i>	<i>Language</i>	<i>Financial and management training</i>	<i>Communication center</i>	<i>Universities</i>	<i>Schools</i>	<i>Total</i>
	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>	<i>SAR</i>
31 March 2020 (Unaudited)							
Revenues	24,629,716	13,310,688	17,033,480	88,624,834	26,719,568	43,443,943	213,762,229
Depreciation and amortization	1,150,300	619,392	604,050	2,513,744	43,408	6,077,581	11,008,475
Profit before zakat and income tax	772,898	(3,200,743)	806,669	4,020,386	482,424	1,685,750	4,567,384
Total assets	193,298,001	104,083,539	69,085,151	344,495,566	85,393,066	859,729,292	1,656,084,615
Total liabilities	5,116,946	3,562,971	58,638,096	94,574,857	83,970,623	810,473,088	1,056,336,581
Capital expenditure	618,765	794,720	27,004	2,310,106	142,000	5,876,313	9,768,908
31 March 2019 (Unaudited)							
Revenues	31,347,514	15,589,573	18,761,481	92,611,504	25,661,913	30,178,942	214,150,927
Depreciation and amortization	2,764,722	1,488,697	823,967	2,322,088	30,078	4,087,219	11,516,771
Profit before zakat and income tax	5,012,740	(1,054,844)	1,256,381	4,887,011	1,129	(1,616,086)	8,486,331
Total assets	233,113,513	115,846,355	63,522,996	290,241,921	86,011,203	618,639,674	1,407,375,662
Total liabilities	35,294,173	5,939,423	58,156,715	47,819,515	81,010,074	614,855,134	843,075,034
Depreciation and amortization	3,500,696	1,884,990	106,937	4,119,387	390,151	1,934,437	11,936,598

Substantially, all the Group's operating assets are located in the Kingdom of Saudi Arabia. It is not meaningful to disclose information to individual geographic areas.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

14. FINANCIAL INSTRUMENTS

Fair value measurements of financial instruments

Assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into Three levels of fair value hierarchies. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

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

The following table shows the fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>31 March 2020 (Unaudited)</u>	SAR	SAR	SAR	SAR
Financial assets				
Investment in equity instruments at fair value through other comprehensive income	223,646,064	14,004,000	---	237,650,064
Cash and cash equivalent	37,104,398	---	---	37,104,398
Accounts receivable, net	337,571,137	---	---	337,571,137
Unbilled revenues	22,616,826	---	---	22,616,826
Financial liabilities				
Long-term loans	32,530,298	---	---	32,530,298
Lease obligations	451,971,923	---	---	451,971,923
Banks overdraft	15,940,409	---	---	15,940,409
Short-term loans	348,505,131	---	---	348,505,131
Current portion of long-term loans	7,741,557	---	---	7,741,557
Current portion of lease obligations	38,016,613	---	---	38,016,613
Trade payables	11,707,084	---	---	11,707,084

**AL KHALEEJ TRAINING AND EDUCATION COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

14. FINANCIAL INSTRUMENTS (continued)

31 December 2019 (Audited)

Financial assets

Investment in equity instruments at fair value through other comprehensive income	255,067,412	14,004,000	---	269,071,412
Cash and cash equivalent	181,967,462	---	---	181,967,462
Accounts receivable, net	286,170,469	---	---	286,170,469
Unbilled revenues	22,687,655	---	---	22,687,655

Financial liabilities

Long-term loans	98,544,584	---	---	98,544,584
Lease obligations	474,778,157	---	---	474,778,157
Banks overdraft	3,561,090	---	---	3,561,090
Short-term loans	324,993,901	---	---	324,993,901
Current portion of long-term loans	24,584,414	---	---	24,584,414
Current portion of lease obligations	34,453,841	---	---	34,453,841
Trade payables	23,397,048	---	---	23,397,048

15. GENERAL ASSEMBLY RESOLUTIONS

The general assembly has agreed on the following recommendations of the board of directors in its meeting held on 12 Ramadan 1441 H (corresponding to 5 May 2020) to:

- Distribute cash dividends related to the year ended 31 December 2019 amounting to SAR 11,250,000 (SAR 0.25 per share).
- Award bonus to the board members with total amount of SAR 900,000 for the year ended 31 December 2019.

16. THE EFFECTS OF THE NEW COVID 19 EPIDEMIC

The Group assesses the effects of the new epidemic of COVID 19, which may adversely affect its financial position, operating results and cash flows, by preparing a study to measure the potential impact on the economic value of the group, while measuring any decrease in the value of the assets and measuring any contingent liabilities, according to the criteria of International Financial Reporting Standards for future periods, as the impact cannot be reasonably estimated in light of the uncertainty in the interim condensed consolidated financial statements for the Three months ended 31 March 2020.

The Group will continue to monitor the current situation and provide preventive provisions, if required, in anticipation of any potential risks.

The Group has taken into consideration the potential effects of the current economic fluctuations when determining the carrying amounts of its financial and non-financial assets as of 31 March 2020.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors have approved the interim condensed consolidated financial statements on 27 Ramadan 1441 H (corresponding to 20 May 2020 G).