

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2021



Crowe

Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

**To: The Shareholders of
Al Khaleej Training and Education Company
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Al Khaleej Training and Education Company (the "Company")** and its subsidiaries (the "Group") as at 31 March 2021, and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.



**Al Azem, Al Sudairy, Al-Shaikh & Partners
Certified Public Accountants**



**Abdullah M. Al Azem
License No. 335**

11 Shawal 1442H (May 23, 2021)
Riyadh, Kingdom of Saudi Arabia

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Salman B. AlSudairy
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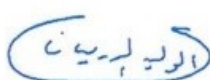
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

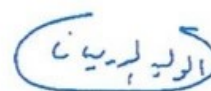
	<i>Note</i>	31 March 2021 SAR (Unaudited)	31 March 2020 SAR (Unaudited)
Revenues		205,871,943	213,762,229
Cost of revenues		(184,279,012)	(179,392,467)
GROSS PROFIT		21,592,931	34,369,762
Selling and marketing expenses		(6,992,816)	(5,069,398)
General and administrative expenses		(21,662,507)	(17,767,876)
Impairment of financial assets		(2,820,000)	(5,403,105)
(LOSS) \ PROFIT FROM MAIN OPERATIONS		(9,882,392)	6,129,383
Other income		7,140,307	2,750,597
Financial charges		(4,303,815)	(4,312,596)
(LOSS) / PROFIT BEFORE ZAKAT AND INCOME TAX		(7,045,900)	4,567,384
Zakat and income tax		(500,000)	(500,000)
NET (LOSS) / PROFIT FOR THE PERIOD		(7,545,900)	4,067,384
NET (LOSS) / PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders		(7,601,835)	4,390,709
Non-controlling interest		55,935	(323,325)
		(7,545,900)	4,067,384
(LOSS) / EARNINGS PER SHARE FOR THE PERIOD	12	(0.17)	0.10



Abdulrahman Mustafa
Chief Financial Officer



Alwaleed A. Aldryaan
Chief Executive Officer



Abdulaziz Hammad Al-Bulaihid
Chairman

The accompanying notes an integral part of these interim condensed consolidated financial statements

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

	31 March 2021	31 March 2020
	SAR (Unaudited)	SAR (Unaudited)
NET (LOSS) / PROFIT FOR THE PERIOD	(7,545,900)	4,067,384
OTHER COMPEREHNSINVE (LOSS) / INCOME		
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation reserve	(948,393)	189,820
	(948,393)	189,820
Items that will not be reclassified subsequently to profit or loss:		
Change in the fair value of investments in equity instruments	8,992,303	(31,421,348)
Other comprehensive income / (loss) for the period	8,043,910	(31,231,528)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	498,010	(27,164,144)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
Shareholders	1,147,158	(26,678,341)
Non-controlling interest	(649,148)	(485,803)
	498,010	(27,164,144)


Abdulrahman Mustafa
Chief Financial Officer


Alwaleed A. Aldryaan
Chief Executive Officer


Abdulaziz Hammad Al-Bulaihid
Chairman

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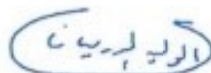
AL KHALEEJ TRAINING AND EDUCATION COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

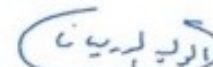
	Equity attributable to the shareholders					Non-controlling interest	Total equity	
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Fair value reserve			
	SAR	SAR	SAR	SAR	SAR			
Balance at 1 January 2020 (Audited)	450,000,000	83,043,571	51,962,704	(2,234,632)	17,952,820	600,724,463	11,097,193	611,821,656
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 comprehensive loss	-	-	4,390,709	352,298	(31,421,348)	(26,678,341)	(485,803)	(27,164,144)
Dividends paid	-	-	-	-	-	-	(2,792,003)	(2,792,003)
Balance at 31 March 2020 (Unaudited)	<u>450,000,000</u>	<u>83,043,571</u>	<u>56,353,413</u>	<u>(1,882,334)</u>	<u>(13,468,528)</u>	<u>574,046,122</u>	<u>7,819,387</u>	<u>581,865,509</u>
Balance at 1 January 2021 (Audited)	450,000,000	84,149,823	44,716,647	(2,772,628)	20,693,499	596,787,341	8,053,718	604,841,059
Net loss for the period	-	-	(7,601,835)	-	-	(7,601,835)	55,935	(7,545,900)
Other comprehensive income	-	-	-	(299,245)	8,992,303	8,693,058	(649,148)	8,043,910
Total comprehensive income	-	-	(7,601,835)	(299,245)	8,992,303	1,091,223	(593,213)	498,010
Balance at 31 March 2021 (Unaudited)	<u>450,000,000</u>	<u>84,149,823</u>	<u>37,114,812</u>	<u>(3,071,873)</u>	<u>29,685,802</u>	<u>597,878,564</u>	<u>7,460,505</u>	<u>605,339,069</u>



Abdulrahman Mustafa
Chief Financial Officer



Alwalced A. Aldryaan
Chief Executive Officer


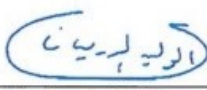
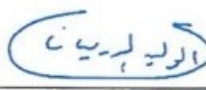


Abdulaziz Hammad Al-Bulaihid
Chairman

The accompanying notes an integral part of these interim condensed consolidated financial statements

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

	31 March 2021	31 March 2020
	SAR (Unaudited)	SAR (Unaudited)
<u>OPERATING ACTIVITIES</u>		
Net (loss) / profit for period	(7,545,900)	4,067,384
Adjustments to:		
Depreciation and amortization	14,212,824	11,008,475
Deferred gain on sale of property and equipment	(200,937)	(200,937)
Provision for employees' end of service benefits	5,114,680	5,043,873
Impairment of other financial assets	2,820,000	5,403,105
Finance charges	4,303,815	4,312,596
Foreign currency translation reserve	(299,245)	352,298
Provision for zakat and income tax	500,000	500,000
	<u>18,905,237</u>	<u>30,486,794</u>
Net changes in working capital:		
Accounts receivable	(60,849,739)	(56,803,773)
Other current assets	(831,503)	(2,539,916)
Inventories	(1,210,385)	802,009
Unbilled revenue	2,309,202	70,829
Related parties' balances	(1,868,427)	792,367
Trade and other payables	19,470,383	(29,712,247)
Cash flows used in operating activities	<u>(24,075,232)</u>	<u>(56,903,937)</u>
Employees' end of service benefits paid	(4,572,273)	(4,713,086)
Zakat and income tax paid	(1,431,700)	-
Net cash flows used in operating activities	<u>(30,079,205)</u>	<u>(61,617,023)</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(14,423,820)	(9,441,803)
Additions to intangible assets	(434,712)	(327,105)
Net cash flows used in investing activities	<u>(14,858,532)</u>	<u>(9,768,908)</u>
<u>FINANCING ACTIVITIES</u>		
Notes payable	8,182,122	12,379,319
Term loans, net	38,598,096	(63,658,509)
Lease obligations, net	(10,715,804)	(19,243,462)
Non-controlling interest	(649,148)	(2,954,481)
Net cash flows provide from (used in) financing activities	<u>35,415,266</u>	<u>(73,477,133)</u>
Net change in cash and cash equivalents	<u>(9,522,471)</u>	<u>(144,863,064)</u>
Cash and cash equivalents at the beginning of the period	28,271,875	181,967,462
Cash and cash equivalents at the end of the period	<u>18,749,404</u>	<u>37,104,398</u>
		
Abdulrahman Mustafa Chief Financial Officer	Alwaleed A. Aldryaan Chief Executive Officer	Abdulaziz Hammad Al-Bulaihid Chairman

The accompanying notes an integral part of these interim condensed consolidated financial statements

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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 ("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:

<i>Subsidiary companies</i>	<i>Country of incorporation</i>	<i>Direct / indirect ownership</i>
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 2021 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 2020.

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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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 2020, except for the adoption of new standards effective as of 1 January 2021 shown below:

Amendments to IAS 1, "Presentation of Financial Statements" on the classification of liabilities

These narrow-scope amendments to IAS 1, "Presentation of Financial Statements" clarify that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The rating is not affected by the entity's expectations or by events after the reporting date (for example, the receipt of a waiver or a breach of an undertaking). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of an obligation.

Amendments to IFRS 3 and IAS 16 and 37

- IFRS 3 "Business Combinations" is an update of a reference in IFRS 3 for the conceptual framework for financial reporting without changing the accounting requirements for business combinations.
- International Accounting Standard No. 16, "Property, Plant and Equipment" prohibits the company from deducting from the cost of property, plant and equipment the amounts received from the sale of the items produced while the company prepares the asset for its intended use. Instead, the company will recognize these sales revenue and related costs in its profit or loss statement.
- International Accounting Standard No. 37, "Provisions, Liabilities and Contingent Assets" specifies the costs that a company includes when assessing whether the contract will cause a loss.

Annual amendments to IFRSs (2018-2020 cycle)

These amendments are effective on or after January 1, 2021.

- IFRS 9, "Financial Instruments" clarifies the fees that the company includes when performing a "10% test" in order to assess whether the recognition of a financial liability will be cancelled.
- IFRS 16, "Leases", eliminates the possibility of confusion regarding rental incentives by amending Illustration 13 accompanying IFRS 16.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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 / year:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
	SAR	SAR
Balance at the beginning of the period / year	288,339,299	298,061,214
Additions during the period / year	-	19,328,636
Amortization during the period / year	(8,334,044)	(29,050,551)
	<u>280,005,255</u>	<u>288,339,299</u>

5. PROPERTY AND EQUIPMENT, NET

Set out below, are the carrying amount of the Group's property and equipment and the movements during the period / year:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
	SAR	SAR
Balance at the beginning of the period / year	459,350,276	436,864,138
Additions during the period / year	14,423,820	42,344,886
Depreciation during the period / year	(5,878,670)	(19,858,748)
	<u>467,895,426</u>	<u>459,350,276</u>

6. ACCOUNTS RECEIVABLE, NET

Included in receivables are amounts totaling SAR 323 million (31 December 2020: SAR 266 million) due from government and quasi-government institution in which balance of SAR 117 million due over one year as of 31 March 2021 (31 December 2020: SAR 103 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 2021 (Unaudited)	31 December 2020 (Audited)
	SAR	SAR
Balance at the beginning of the period / year	45,198,545	41,076,299
Charge for the period / year	2,820,000	4,248,162
Amounts written off during the period / year	-	(125,916)
	<u>48,018,545</u>	<u>45,198,545</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

7. RELATED PARTIES TRANSACTIONS

Related party	Nature of transactions	31 March 2021	31 March 2020
		(Unaudited)	(Unaudited)
		SAR	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 2021, 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 2021 (31 December 2020: 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.

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 2020: 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, Moghrizat Schools and Sahafa Schools for 15 years.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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 2021 (Unaudited)	31 December 2020 (Audited)
	SAR	SAR
Balance at the beginning of the period / year	60,808,916	56,013,132
Cost of service and interest included in profit or loss for the period / year	5,114,680	12,828,834
Actuarial loss on remeasurement of end of service benefits for the period / year	-	5,632,029
Paid during the period/year	(4,572,273)	(13,665,079)
	61,351,323	60,808,916

12. (LOSS) / EARNING PER SHARE

(Loss) / Earnings per share is calculated by dividing the (loss) / 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.

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
	SAR	SAR
Net (loss) / profit for the period	(7,601,835)	4,390,709
Weighted average number of ordinary shares	45,000,000	45,000,000
(Loss) Earnings per share	(0.17)	0.10

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.

3- **Educational projects**

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.

4- **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.

5- **Communication centers**

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

6- **Schools**

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

13. SEGMENT INFORMATION (CONTINUED)

	<i>Computer</i>	<i>Language</i>	<i>Financial and management training</i>	<i>Communication center</i>	<i>Educational projects</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 2021 (Unaudited)							
Revenues	28,141,366	14,609,958	13,844,059	101,204,420	22,165,523	25,906,617	205,871,943
Depreciation	2,326,097	1,252,514	436,019	3,500,453	62,630	6,635,111	14,212,824
Profit before zakat and income tax	(19,822)	(2,327,416)	439,526	(1,153,408)	(492,550)	(3,492,230)	(7,045,900)
Total assets	250,017,268	134,624,683	53,281,361	269,360,633	64,241,726	809,615,065	1,581,140,736
Total liabilities	46,114,961	24,831,133	53,296,107	85,673,470	59,983,214	705,902,782	975,801,667
Capital expenditure	1,311,860	706,386	268,892	1,691,001	158,191	10,287,490	14,423,820
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	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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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 2021 (Unaudited)</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>	<u>SAR</u>
Financial assets				
Investment in equity instruments at fair value through other comprehensive income	263,780,894	17,023,499	-	280,804,393
Cash and cash equivalent	18,749,404	-	-	18,749,404
Accounts receivable, net	393,123,468	-	-	393,123,468
Unbilled revenues	32,091,816	-	-	32,091,816
Financial liabilities				
Non-current portion of long term loans	168,454,866	-	-	168,454,866
Non-current portion of lease obligations	288,657,513	-	-	288,657,513
Notes payable	13,678,994	-	-	13,678,994
Short-term loans	296,617,685	-	-	296,617,685
Current portion of lease obligations	40,707,960	-	-	40,707,960
Trade payables	94,336,922	-	-	94,336,922

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

14. FINANCIAL INSTRUMENTS (Continued)

	Level 1	Level 2	Level 3	Total
<u>31 December 2020 (Audited)</u>	SAR	SAR	SAR	SAR
Financial assets				
Investment in equity instruments at fair value through other comprehensive income	256,123,592	15,688,499	-	271,812,091
Cash and cash equivalent	28,271,875	-	-	28,271,875
Accounts receivable, net	335,093,729	-	-	335,093,729
Unbilled revenues	34,401,018	-	-	34,401,018
Financial liabilities				
Non-current portion of long term loans	16,156,800	-	-	16,156,800
Non-current portion of lease obligations	322,627,742	-	-	322,627,742
Notes payable	5,496,872	-	-	5,496,872
Short-term loans	261,013,840	-	-	261,013,840
Current portion of lease obligations	17,453,535	-	-	17,453,535
Trade payables	21,482,712	-	-	21,482,712

15. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors have approved the interim condensed consolidated financial statements on 11 Shawwal 1442 H (corresponding to 23 May 2021).

