

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE
2021
AND INDEPENDENT AUDITOR'S REVIEW REPORT

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS OF AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA****INTRODUCTION**

We have reviewed the accompanying interim consolidated statement of financial position of Al Khaleej Training and Education Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2021 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and interim consolidated statements of changes in equity and cash flows for the six-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 interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 interim condensed 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTER

The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by another auditor, who expressed a modified opinion dated 31 March 2021 due to the Company did not provide the fair value of investments amounting to SAR 15.6 million carried at Fair Value through Other Comprehensive Income.

For Al-Bassam & Co.**Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337****Riyadh on : 21 Muharram 1443 H
Corresponding to: 29 August 2021 G**

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE-MONTH AND THE SIX-MONTH PERIODS ENDED 30 JUNE 2021

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AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(Saudi Riyals)

	Note	30 June 2021 (Unaudited)	31 December 2020 (Restated) (Audited)	1 January 2020 (Restated) (Audited)
ASSETS				
Non-current assets				
Intangible assets, net		41,457,989	41,000,307	40,718,000
Right of use of assets, net	4,19.2	297,017,650	310,635,247	320,853,226
Property and equipment, net		473,036,248	459,350,276	436,864,138
Investments in equity instruments at fair value through OCI		330,708,887	271,812,091	269,071,412
Total non-current assets		1,142,220,774	1,082,797,921	1,067,506,776
Current assets				
Trade receivables, net	5,19.3	398,417,374	319,843,064	286,170,469
Prepayments and other receivables	19.3	64,822,100	75,064,228	79,365,935
Unbilled revenues		37,153,695	34,401,018	22,687,655
Inventories		11,722,485	11,138,818	13,602,785
Due from related party	6	-	-	1,430,809
Cash and cash equivalent		13,686,951	28,271,875	181,967,462
Total current assets		525,802,605	468,719,003	585,225,115
TOTAL ASSETS		1,668,023,379	1,551,516,924	1,652,731,891
EQUITY AND LIABILITIES				
Equity attributable to the Shareholders of the Company				
Share capital	7	450,000,000	450,000,000	450,000,000
Statutory reserve		84,149,823	84,149,823	83,043,571
Retained earnings		25,857,076	44,712,327	51,962,704
Foreign currency translation reserve		(3,522,323)	(2,772,628)	(2,234,632)
Fair value reserve		79,590,295	20,693,499	17,952,820
Total equity attributable to the Shareholders		636,074,871	596,783,021	600,724,463
Non-controlling interest		7,255,473	8,053,718	11,097,193
Total equity		643,330,344	604,836,739	611,821,656
LIABILITIES				
Non-current liabilities				
Long term borrowings	9	140,000,000	161,156,800	98,544,584
Deferred income	10	10,448,728	10,850,602	11,654,350
Lease obligations	10,19.2	332,212,843	342,723,690	379,767,473
Employees' end of service benefits	11	64,945,434	60,808,916	56,013,132
Total non-current liabilities		547,607,005	575,540,008	545,979,539
Current liabilities				
Banks overdraft		14,716,036	5,496,872	3,561,090
Short-term borrowings	9	319,016,791	261,013,840	324,993,901
Current portion of long-term borrowings	9	34,400,000	-	24,584,414
Current portion of deferred income	10	803,748	803,748	803,748
Current portion of lease obligations	10,19.2	22,408,690	19,653,535	18,752,771
Trade and other payables	19.3	84,697,775	82,457,450	119,624,254
Due to related parties	6	-	240,041	2,658
Zakat and income tax payable	13	1,042,990	1,474,691	2,607,860
Total current liabilities		477,086,030	371,140,177	494,930,696
Total liabilities		1,024,693,035	946,680,185	1,040,910,235
TOTAL EQUITY AND LIABILITIES		1,668,023,379	1,551,516,924	1,652,731,891

Contingent Liabilities

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The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Sherif Esmat
Chief Financial Officer

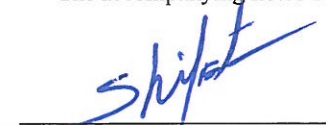
Alwaleed A. Aldryaan
Chief Executive Officer

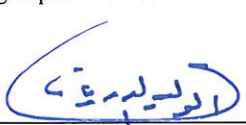
Abdulaziz Hammad Al-Bulaihid
Chairman

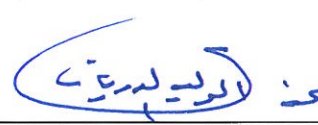
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(Saudi Riyals)

	Note	For the Three month-period ended 30 June		For the Six month-period Ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenues		193,397,273	181,592,563	399,269,216	395,354,792
Cost of revenues		(163,989,852)	(155,500,703)	(352,933,724)	(326,442,926)
GROSS PROFIT		29,407,421	26,091,860	46,335,492	68,911,866
Selling and marketing expenses		(4,757,037)	(3,643,045)	(7,820,891)	(8,712,443)
General and administrative expenses		(16,942,089)	(2,116,346)	(27,111,100)	(19,884,222)
Impairment of financial assets		2,820,000	(4,574,667)	-	(9,977,772)
PROFIT FROM OPERATIONS		10,528,295	15,757,802	11,403,501	30,337,429
Other income		7,159,548	4,259,883	14,299,855	7,010,480
Financial charges	12	(16,060,788)	(15,260,397)	(31,122,201)	(28,023,237)
PROFIT / (LOSS) FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX		1,627,055	4,757,288	(5,418,845)	9,324,672
Zakat and income tax		(1,240,790)	(474,167)	(1,740,790)	(974,167)
NET PROFIT / (LOSS) FOR THE PERIOD		386,265	4,283,121	(7,159,635)	8,350,505
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:					
Shareholders of the parent Company		(3,416)	4,661,815	(7,605,251)	9,052,524
Non-controlling interest		389,681	(378,694)	445,616	(702,019)
		386,265	4,283,121	(7,159,635)	8,350,505
BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHODERS OF THE COMPANY	15	(0.00)	0.10	(0.17)	0.20

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.


 Sherif Esmat
 Chief Financial Officer


 Alwaleed A. Aldryaan
 Chief Executive Officer

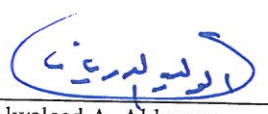

 Abdulaziz Hammad Al-Bulaihid
 Chairman

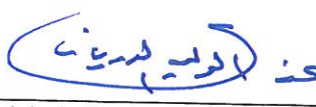
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(Saudi Riyals)

	For the Three month- period ended 30 June		For the Six month-period ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
NET PROFIT / (LOSS) FOR THE PERIOD	386,265	4,283,121	(7,159,635)	8,350,505
OTHER COMPEREHNSINVE INCOME / (LOSS)				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation reserve	168,892	(56,745)	(779,501)	133,075
Change in the fair value of investments in equity instruments	49,904,493	1,584,270	58,896,796	(29,837,078)
Other comprehensive income / (loss)	50,073,385	1,527,525	58,117,295	(29,704,003)
TOTAL COMPREHENSIVE INCOME / (LOSS)	50,459,650	5,810,646	50,957,660	(21,353,498)
TOTAL COMPREHENSIVE INCOME / (LOSS)				
ATTRIBUTABLE TO:				
Shareholders	49,840,308	6,061,096	50,987,466	(20,617,245)
Non-controlling interest	619,342	(250,450)	(29,806)	(736,253)
	50,459,650	5,810,646	50,957,660	(21,353,498)

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.


 Sherif Esmat
 Chief Financial Officer



 Alwaleed A. Aldryaan
 Chief Executive Officer

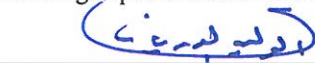

 Abdulaziz Hammad Al-Bulaihid
 Chairman

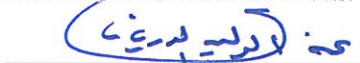
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH-PERIOD ENDED 30 JUNE 2021
(Saudi Riyals)

	Equity attributable to the shareholders					Equity	Non-controlling interest	Total
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Fair value reserve			
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 / (loss) for the period	-	-	9,052,524	-	-	9,052,524	(702,019)	8,350,505
Other comprehensive income / (loss)	-	-	-	167,309	(29,837,078)	(29,669,769)	(34,234)	(29,704,003)
Total comprehensive income / (loss)	-	-	9,052,524	167,309	(29,837,078)	(20,617,245)	(736,253)	(21,353,498)
Dividend paid (Note 8)	-	-	(11,250,000)	-	-	(11,250,000)	(2,786,323)	(14,036,323)
Balance at 30 June 2020 (Unaudited)	<u>450,000,000</u>	<u>83,043,571</u>	<u>49,765,228</u>	<u>(2,067,323)</u>	<u>(11,884,258)</u>	<u>568,857,218</u>	<u>7,574,617</u>	<u>576,431,835</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
Prior Year Adjustments (Note 19.3)	-	-	(15,250,665)	-	-	(15,250,665)	-	(15,250,665)
Prior Year Adjustments (Note 19.3)	-	-	15,246,345	-	-	15,246,345	-	15,246,345
Balance at 1 January 2021 (Restated)	<u>450,000,000</u>	<u>84,149,823</u>	<u>44,712,327</u>	<u>(2,772,628)</u>	<u>20,693,499</u>	<u>596,783,021</u>	<u>8,053,718</u>	<u>604,836,739</u>
Net (loss) / profit for the period	-	-	(7,605,251)	-	-	(7,605,251)	445,616	(7,159,635)
Other comprehensive income / (loss)	-	-	-	(749,695)	58,896,796	58,147,101	(29,806)	58,117,295
Total profit and comprehensive income / (loss)	-	-	(7,605,251)	(749,695)	58,896,796	50,541,850	415,810	50,957,660
Dividend paid (Note 8)	-	-	(11,250,000)	-	-	(11,250,000)	(1,214,055)	(12,464,055)
Balance at 30 June 2021 (Unaudited)	<u>450,000,000</u>	<u>84,149,823</u>	<u>25,857,076</u>	<u>(3,522,323)</u>	<u>79,590,295</u>	<u>636,074,871</u>	<u>7,255,473</u>	<u>643,330,344</u>

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.


 Sherif Esmat
 Chief Financial Officer

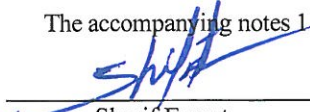

 Alwaleed A. Aldryaan
 Chief Executive Officer

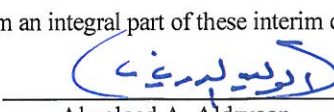

 Abdulaziz Hammad Al-Bulaihid
 Chairman

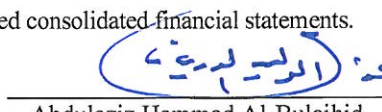
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
(All amounts are in Saudi Riyal)

	Note	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) / profit before zakat and income tax		(5,418,845)	9,324,672
Adjustments to:			
Depreciation and amortization		24,937,261	23,837,771
Deferred gain on sale of property and equipment		(401,874)	(401,874)
Provision for employees' post-employment benefits	11	10,510,857	5,383,873
Impairment of other financial assets		-	9,977,772
Interests on lease		22,206,760	20,450,246
Foreign currency translation reserve		(749,695)	133,075
		<u>51,084,464</u>	<u>68,705,535</u>
Net changes in working capital:			
Trade receivable		(78,574,310)	(54,552,610)
Prepayments and other receivables		10,242,128	26,442,087
Inventories		(583,667)	288,691
Unbilled revenues		(2,752,677)	(10,726,520)
Related parties' balances		(240,041)	1,428,151
Trade and other payables		2,240,325	(30,919,813)
Cash flows used in operating activities		<u>(18,583,778)</u>	<u>665,521</u>
Employees' end of service benefits paid		(6,374,339)	(6,533,039)
Zakat and income tax paid		(2,172,491)	-
Net cash used in operating activities		<u>(27,130,608)</u>	<u>(5,867,518)</u>
<u>INVESTING ACTIVITIES</u>			
Additions to intangible assets		(723,423)	(327,104)
Purchase of property and equipment		(24,739,895)	(16,462,433)
Net cash used in investing activities		<u>(25,463,318)</u>	<u>(16,789,537)</u>
<u>FINANCING ACTIVITIES</u>			
Banks overdraft		9,219,164	1,456,378
Movement in borrowings, net		71,246,151	(19,389,979)
Lease obligations paid		(29,962,452)	(62,425,260)
Dividend paid		(11,250,000)	(11,250,000)
Non-controlling interest		(1,243,861)	(2,786,323)
Net cash generated from / (used in) financing activities		<u>38,009,002</u>	<u>(94,395,184)</u>
Net change in cash and cash equivalents		<u>(14,584,924)</u>	<u>(117,052,239)</u>
Cash and cash equivalents at the beginning of the period		<u>28,271,875</u>	<u>181,967,462</u>
Cash and cash equivalents at the end of the period		<u>13,686,951</u>	<u>64,915,223</u>

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.


 Sherif Esmat
 Chief Financial Officer


 Alwaleed A. Aldryaan
 Chief Executive Officer


 Abdulaziz Hammad Al-Bulaihid
 Chairman

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
(Saudi Riyals)

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 in Olaya, Riyadh.

The Company and its subsidiaries (“collectively referred as 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

<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%

Impact of COVID-19

Referring to the events related to the spread of the Corona Virus (COVID-19) and its repercussions on the business sectors locally and internationally, the Group has taken necessary measures to ensure the health and safety of its employees and to continue its operations with a growth driven perspective.

Despite the general challenges faced by the corporate sector, the Groups’ operations remained largely unaffected. This was primarily because of the Group's effective crisis management policies as well as its efforts to take full advantage of the initiatives and incentives provided by the Government. The Group will monitor the situation as it develops and provide disclosure of material changes in the future if they occur however, currently the Group management is not aware of any factor that may warrant additional disclosure with reference to the impact on the operations of the Group in 2021.

2. BASIS OF PREPARATION AND CONSOLIDATION

2-1 Basis of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group's annual financial statements as of and for year ended 31 December 2020. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are mentioned to explain events and the important transaction to understand the changes in the Group’s financial position and its performance since the last annual financial statement of the Group.

The results for the six-months period ended 30 June 2021 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2021.

2-2 Basis of measurement

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of employee benefits obligations is recognised at the present value of future obligations using the Projected Unit Credit Method and the equity Investment is measured at fair value through OCI.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
(Saudi Riyals)

2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group, all figures have been rounded off to nearest Saudi riyals unless otherwise mentioned.

2-4 Basis of consolidation

The interim condensed consolidated financial statements comprise from the parent Company and its subsidiaries financial statement for the three-month and six-month periods ended 30 June 2021. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the over voting holders of the investee
- Rights arising from other contractual arrangements
- The Groups voting rights and potential rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group gains until the date the Group ceases to control over subsidiary.

Profit or loss and each component of consolidated comprehensive income are attributed to shareholders of the parent Company of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies.

All intra-Group asset and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent Company share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
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2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-5 Use of estimates and assumptions

The preparation of these interim condensed consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant estimates made by management when applying the Company's accounting policies and the significant sources of estimation uncertainties were the same as those shown in the last annual financial statements.

As explained in note 1 above, the Group has reviewed the main sources of estimates of uncertainty that have been disclosed in the last annual financial statements against the backdrop of the Covid-19 pandemic. Management will continue to monitor the situation and any required changes that will be reflected in future reporting periods.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3-1 New Standards, Amendment to Standard and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and the details of the same has been explained in the annual Financial Statements for the year ended 31 December 2020, but they do not have a material effect on the Group's Interim Condensed Financial Statements.

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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:

		30 June	31 December	1 January
		2021	2020	2020
	Note	(Unaudited)	(Restated)	(Restated)
		<u>(Audited)</u>	(Audited)	(Audited)
Balance at the beginning of the period / year	19.2	310,635,247	320,853,226	29,291,450
Additions during the period / year		-	19,328,636	306,692,242
Amortization during the period / year		(13,617,597)	(29,546,615)	(15,130,466)
		<u>297,017,650</u>	<u>310,635,247</u>	<u>320,853,226</u>

- During the current period, the Group appointed a consultant to ascertain the completeness, existence and accuracy of all lease contract entered by the Group. The management anticipates the completion of the exercise during the period ending 30 September 2021.

5. TRADE RECEIVABLE

Included in receivables are amounts totaling SAR 310 million (31 December 2020: SAR 266 million) due from government and quasi-government institution in which balance of SAR 121 million is due over one year as of 30 June 2021 (31 December 2020: SAR 103 million).

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

		30 June	31 December	1 January
		2021	2020	2020
		(Unaudited)	Restated	Restated
		<u>(Audited)</u>	(Audited)	(Audited)
Balance at the beginning of the period / year		60,449,210	41,076,299	20,529,207
Charge for the period / year		-	19,498,827	21,239,987
Amounts written off during the period / year		-	(125,916)	(692,895)
		<u>60,449,210</u>	<u>60,449,210</u>	<u>41,076,299</u>

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6. RELATED PARTIES TRANSACTIONS

Related party	Nature of transactions	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Companies owned by directors	Rent as lessee	450,000	450,000
	Rent as lessor	683,000	683,000
Key management remuneration			
Board of director	Bonuses	450,000	450,000
	Allowances	108,000	75,000
Short-term benefits:			
Salaries including bonuses	Salaries and bonuses	3,544,498	4,757,898
Post-employment benefits:			
Termination benefits	End of service	9,228,096	8,430,952

6-1 Due from related parties

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	1 January 2020 (Audited)
Companies owned by directors	-	-	1,430,809
	-	-	1,430,809

6-2 Due to related parties

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	1 January 2020 (Audited)
Companies owned by directors	-	240,041	2,658
	-	240,041	2,658

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 30 June 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.

7. SHARE CAPITAL

The Group's capital consists of 45 million shares as at 30 June 2021 (31 December 2020: 45 million shares) of SAR 10 each.

8. DIVIDENDS

On 13 Shawal 1442 AH corresponding to May 25, 2021, the Ordinary General Assembly approved dividends in the amount of 11.250 million Saudi riyals at a value of 0,25 Saudi riyal per share (January 2020: 11.250 million Saudi riyals at a value of 0,25 Saudi riyal per share).

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9. BORROWINGS

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 period. The loans are charged a commission equal to the Saudi inter-bank borrowing rate (SAIBOR). All loans are secured by order bonds and the pledge of part of the Group's land to the banks. The agreements include covenants which, among other things, require the Group to maintain certain financial ratios. As of 30 June 2021, the Group was not in compliance with certain covenants of the financing agreements accordingly the arrangements amounting to SR 32.7 million were classified as current as of the same date.

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 Chartered and Professional Accountants ("SOCPA"), 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 401,874 as gain from sale of the building (30 June 2020: SAR 401,874).
- 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.

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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:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	1 January 2020 (Audited)
Balance at the beginning of the period / year	60,808,916	56,013,132	53,965,487
Cost of service and interest included in profit or loss for the period / year	10,510,857	12,828,834	15,897,132
Actuarial loss on remeasurement of end of service benefits for the period / year	-	5,632,029	6,316,000
Paid during the period/year	(6,374,339)	(13,665,079)	(20,165,487)
	64,945,434	60,808,916	56,013,132

12. FINANCE COSTS

	30 June 2021 (Unaudited)	30 June 2020 (Audited)
Interest on right of use assets liabilities	22,206,760	20,450,244
Finance costs on borrowings	8,915,441	7,572,993
	31,122,201	28,023,237

13. ZAKAT AND INCOME TAX

13-1 ZAKAT STATUS

The Group submitted their declarations to Zakat, Tax and Customs Authority (ZATCA) until the year ended 31 December 2020 and obtained a certificate from (ZATCA) valid until 29 Ramadan 1443H corresponding to 30 April 2022.

The Group has received a letter from the (ZATCA) related to the zakat assessment for the years from 2015 to 2018 with zakat payable amount of SAR 25,084,981. The Group disagrees with (ZATCA) assessment and filed an appeal during 2021.

13-2 ZAKAT PROVISION MOVEMENT

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	1 January 2020 (Audited)
Balance at the beginning of the period / year	1,474,691	2,607,860	2,731,086
Charged during the period / year	1,740,790	1,983,513	2,675,299
Paid during the period / year	(2,172,491)	(3,116,682)	(2,798,525)
Balance at end of the period / year	1,042,990	1,474,691	2,607,860

14. CONTINGENT LIABILITIES

The Group's banks issued, on its behalf and during its normal course of business bank guarantees amounted to SR 79.8 million as at 30 June 2021 (31 December 2020: SR 88.3 million).

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15. EARNING / (LOSS) PER SHARE

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

	For the Three month-period ended		For the Six month-period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Net / (loss) profit for the period	(3,416)	4,661,815	(7,605,251)	9,052,524
Weighted average number of ordinary shares	45,000,000	45,000,000	45,000,000	45,000,000
(Loss) / Earnings per share	<u>(0.00)</u>	<u>0.10</u>	<u>(0.17)</u>	<u>0.20</u>

16. 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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16. SEGMENT INFORMATION (CONTINUED)

30 June 2021 (Unaudited)	Financial and management training					Total	
	Computer	Language	Financial and management training	Communication center	Educational projects		Schools
Revenues	50,684,513	26,382,405	30,997,874	198,910,556	40,374,095	51,919,773	399,269,216
Depreciation and amortization	3,931,009	851,915	870,337	7,508,579	125,628	11,649,793	24,937,261
Profit / (loss) before zakat and income tax	5,101,368	(4,157,610)	2,576,732	(3,254,915)	930,405	(6,614,825)	(5,418,845)
Total assets	314,178,107	59,232,499	82,340,849	271,951,479	67,704,252	872,616,193	1,668,023,379
Total liabilities	58,579,399	35,895,806	55,702,895	90,365,824	62,022,783	722,126,328	1,024,688,715
Capital expenditure	3,158,819	727,148	728,054	4,109,887	167,117	16,572,293	25,463,318
30 June 2020 (Unaudited)							
Revenues	37,665,781	20,716,323	27,934,758	182,433,154	48,990,314	77,614,462	395,354,792
Depreciation and amortization	3,560,053	1,916,953	1,504,848	5,607,154	84,971	11,163,792	23,837,771
Profit / (loss) before zakat and income tax	1,827,828	(7,202,323)	933,688	9,072,259	1,239,181	3,454,039	9,324,672
Total assets	231,715,154	124,769,698	64,297,063	347,882,271	55,671,986	830,192,218	1,654,528,390
Total liabilities	31,240,350	16,821,726	55,160,406	92,909,690	53,492,786	810,589,072	1,060,214,030
Capital expenditure	3,162,492	2,046,880	119,839	3,341,804	156,000	7,962,522	16,789,537

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17. 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).

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

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>30 June 2021 (Unaudited)</u>				
Financial assets				
Investment in equity instruments at fair value through OCI	313,685,388	17,023,499	-	330,708,887
<u>31 December 2020 (Audited)</u>				
Financial assets				
Investment in equity instruments at fair value through OCI	256,123,592	15,688,499	-	271,812,091
<u>1 Jan 2020 (Audited)</u>				
Financial assets				
Investment in equity instruments at fair value through OCI	255,067,412	14,004,000	-	269,071,412

18. GENERAL ASSEMBLY RESOLUTIONS

The general assembly has agreed on the following recommendations of the board of directors in its meeting held on 13 Shawal 1442 H (corresponding to 25 May 2021) to:

- Distribute cash dividends related to the year ended 31 December 2020 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 2020.

19. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES

19.1 Certain comparative figures have been reclassified wherever necessary for better presentation; however, profit and retained earnings have not been affected in these interim condensed consolidated financial statements.

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19. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

19.2 During the period ended 30 June 2021, the management of the Group identified the right of use of assets and lease obligations of a lease contract as un-recorded. Accordingly, the management of the Group restated the impact on assets and liabilities for the years ended 31 December 2019 and 2020, however, the impact of depreciation and interest is not recorded since the amounts are immaterial.

Item Name	Balance before adjustment	Adjustment Debit / (Credit)	Balance after adjustment/ Reclassification
<u>The impact of amendment on statement of financial position as of 1 January 2020</u>			
Right of use of assets	298,061,214	22,792,012	320,853,226
Non-current portion of Lease obligations	(359,175,461)	(20,592,012)	(379,767,473)
Current portion of lease obligations	(16,552,771)	(2,200,000)	(18,752,771)
<u>The impact of amendment on statement of financial position as of 31 December 2020</u>			
Right of use of assets	288,339,299	22,295,948	310,635,247
Non-current portion of Lease obligations	(322,627,742)	(20,095,948)	(342,723,690)
Current portion of lease obligations	(17,453,535)	(2,200,000)	(19,653,535)

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19. RESTATEMENT & RECLASSIFICATION FOR PRIOR YEARS FIGURES (CONTINUED)

19.3 During the period ended 30 June 2020, the management of the Group identified that there was rental charge booked by error for contract recognized in right of use asset.

The impact of amendment on statement of profit or loss for the year 31 December 2020

Cost of revenues	683,828,338	(15,246,345)	668,581,993
Retained earnings – Charge for the period	44,716,647	15,246,345	59,962,992
Impairment of financial assets*	9,977,772	15,250,665	25,228,437
Retained earnings – Charge for the period	59,962,992	(15,250,665)	44,712,327

The impact of amendment on statement of financial position as of 31 December 2020

Trade receivables	335,093,729	(15,250,665)	319,843,064
Prepayments and other receivables	52,226,972	22,837,256	75,064,228
Trade and other payables	(74,866,539)	(7,590,911)	(82,457,450)

*The shortfall pertains to the last quarter ended 31 December 2020 accordingly, the comparative for 30 June, 2020 are not restated.

20. SUBSEQUENT EVENTS

Management believes that there are no significant subsequent events since the end of the period that may require disclosure or amendment of these interim condensed consolidated financial statements.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved for the period ended on 30 June 2021 by the Audit committee under an authorization of the Board of Directors on 11 Muharram 1443 H corresponding to 19 August 2021 G.