

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

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

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<b><u>Index</u></b>	<b><u>Page</u></b>
Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements	
Interim Consolidated Statement of Financial Position	1
Interim Consolidated Statement of Profit or Loss	2
Interim Consolidated Statement of Comprehensive Income	3
Interim Consolidated Statement of Changes in Equity	4
Interim Consolidated Statement of Cash Flows	5
Notes to the Interim Condensed Consolidated Financial Statements	6 - 17

**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 September 2021 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and interim consolidated statements of changes in equity and cash flows for the nine-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 : 2 Rabi al-Thani 1443 H  
Corresponding to: 7 November 2021 G**

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

	Notes	30 September 2021 (Unaudited)	31 December 2020 (Restated) (Audited)	1 January 2020 (Restated) (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		41,261,605	41,000,307	40,718,000
Right of use of assets	4.19.2	295,175,120	310,635,247	320,853,226
Property and equipment		475,158,370	459,350,276	436,864,138
Investments in equity instruments at fair value through OCI		348,663,943	271,812,091	269,071,412
<b>Total non-current assets</b>		<b>1,160,259,038</b>	<b>1,082,797,921</b>	<b>1,067,506,776</b>
<b>Current assets</b>				
Trade receivables	5.19.3	379,281,847	319,843,064	286,170,469
Prepayments and other receivables	19.3	75,181,844	75,064,228	79,365,935
Unbilled revenues		36,855,280	34,401,018	22,687,655
Inventories		10,735,007	11,138,818	13,602,785
Due from related party	6	-	-	1,430,809
Cash and cash equivalent		29,977,478	28,271,875	181,967,462
<b>Total current assets</b>		<b>532,031,456</b>	<b>468,719,003</b>	<b>585,225,115</b>
<b>TOTAL ASSETS</b>		<b>1,692,290,494</b>	<b>1,551,516,924</b>	<b>1,652,731,891</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the Shareholders of the Company</b>				
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		33,793,851	44,712,327	51,962,704
Foreign currency translation reserve		(3,664,298)	(2,772,628)	(2,234,632)
Fair value reserve		97,545,351	20,693,499	17,952,820
<b>Total equity attributable to the Shareholders</b>		<b>661,824,727</b>	<b>596,783,021</b>	<b>600,724,463</b>
Non-controlling interest		7,967,221	8,053,718	11,097,193
<b>Total equity</b>		<b>669,791,948</b>	<b>604,836,739</b>	<b>611,821,656</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term borrowings	9	139,520,000	161,156,800	98,544,584
Deferred income on sale of property and equipment	10	10,247,791	10,850,602	11,654,350
Lease obligations	10,19.2	318,152,159	342,723,690	379,767,473
Employees' end of service benefits	11	64,920,403	60,808,916	56,013,132
<b>Total non-current liabilities</b>		<b>532,840,353</b>	<b>575,540,008</b>	<b>545,979,539</b>
<b>Current liabilities</b>				
Banks overdraft		14,099,157	5,496,872	3,561,090
Short-term borrowings	9	307,535,358	261,013,840	324,993,901
Current portion of long-term borrowings	9	34,880,000	-	24,584,414
Current portion of deferred income on sale of property and equipment	10	803,748	803,748	803,748
Current portion of lease obligations	10,19.2	26,827,696	19,653,535	18,752,771
Trade and other payables	19.3	100,652,572	78,882,082	116,216,761
Due to related parties	6	3,366,672	3,815,409	3,410,151
Zakat and income tax payable	13-2	1,492,990	1,474,691	2,607,860
<b>Total current liabilities</b>		<b>489,658,193</b>	<b>371,140,177</b>	<b>494,930,696</b>
<b>Total liabilities</b>		<b>1,022,498,546</b>	<b>946,680,185</b>	<b>1,040,910,235</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,692,290,494</b>	<b>1,551,516,924</b>	<b>1,652,731,891</b>

Contingent Liabilities

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

	Note	For the Three-month period ended 30 September		For the Nine-month period ended 30 September	
		2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues		211,238,489	183,970,812	610,507,705	579,325,604
Cost of revenues		(174,810,085)	(141,476,923)	(527,743,809)	(467,919,849)
<b>GROSS PROFIT</b>		<b>36,428,404</b>	<b>42,493,889</b>	<b>82,763,896</b>	<b>111,405,755</b>
Selling and marketing expenses		(5,367,836)	(11,459,618)	(13,188,727)	(20,172,061)
General and administrative expenses		(14,414,942)	(11,782,760)	(41,526,042)	(31,666,982)
Impairment of financial assets	5	(330,000)	(3,867,228)	(330,000)	(13,845,000)
<b>PROFIT FROM OPERATIONS</b>		<b>16,315,626</b>	<b>15,384,283</b>	<b>27,719,127</b>	<b>45,721,712</b>
Other income		8,675,301	9,456,526	22,975,156	16,467,006
Finance cost	12	(15,894,286)	(17,639,637)	(47,016,487)	(45,662,874)
<b>PROFIT FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</b>		<b>9,096,641</b>	<b>7,201,172</b>	<b>3,677,796</b>	<b>16,525,844</b>
Zakat and income tax	13-2	(450,000)	(500,000)	(2,190,790)	(1,474,167)
<b>NET PROFIT FOR THE PERIOD</b>		<b>8,646,641</b>	<b>6,701,172</b>	<b>1,487,006</b>	<b>15,051,677</b>
<b>NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Shareholders of the parent Company		7,936,775	6,533,493	331,524	15,586,017
Non-controlling interest		709,866	167,679	1,155,482	(534,340)
		<b>8,646,641</b>	<b>6,701,172</b>	<b>1,487,006</b>	<b>15,051,677</b>
<b>Earnings per share:</b>					
<b>BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHODERS OF THE COMPANY</b>	15	<b>0.18</b>	<b>0.15</b>	<b>0.01</b>	<b>0.35</b>

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

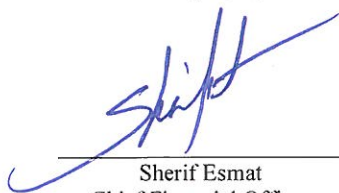
Abdulaziz Hammad Al-Bulaihid  
Chairman

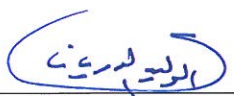


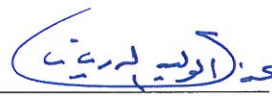
**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

	For the Three-month period ended 30 September		For the Nine-month period ended 30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>NET PROFIT FOR THE PERIOD</b>	<b>8,646,641</b>	<b>6,701,172</b>	<b>1,487,006</b>	<b>15,051,677</b>
<b>OTHER COMPEREHNSINVE INCOME</b>				
<b>Items that will be reclassified subsequently to profit or loss:</b>				
Foreign currency translation reserve	(140,093)	(1,147,976)	(919,594)	(1,014,901)
Change in the fair value of investments in equity instruments	17,955,056	46,735,954	76,851,852	16,898,876
<b>Other comprehensive income for the period</b>	<b>17,814,963</b>	<b>45,587,978</b>	<b>75,932,258</b>	<b>15,883,975</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>26,461,604</b>	<b>52,289,150</b>	<b>77,419,264</b>	<b>30,935,652</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Shareholders	26,459,722	52,147,983	77,447,188	31,530,738
Non-controlling interest	1,882	141,167	(27,924)	(595,086)
	<b>26,461,604</b>	<b>52,289,150</b>	<b>77,419,264</b>	<b>30,935,652</b>

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 NINE MONTH-PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

	Equity attributable to the shareholders					Equity	Non-controlling interest	Total
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Fair value reserve			
<b>Balance at 1 January 2020 (Audited)</b>	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	-	-	15,586,017	-	-	15,586,017	(534,340)	15,051,677
Other comprehensive income / (loss)	-	-	-	(419,815)	16,898,876	16,479,061	(595,086)	15,883,975
<b>Total comprehensive income / (loss)</b>	-	-	15,586,017	(419,815)	16,898,876	32,065,078	(1,129,426)	30,935,652
Dividend paid (Note 8)	-	-	(11,250,000)	-	-	(11,250,000)	(2,784,384)	(14,034,384)
<b>Balance at 30 September 2020 (Unaudited)</b>	<u>450,000,000</u>	<u>83,043,571</u>	<u>56,298,721</u>	<u>(2,654,447)</u>	<u>34,851,696</u>	<u>621,539,541</u>	<u>7,183,383</u>	<u>628,722,924</u>
<b>Balance at 1 January 2021 (Audited)</b>	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
<b>Balance at 1 January 2021 (Restated)</b>	<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 profit for the period	-	-	331,524	-	-	331,524	1,155,482	1,487,006
Other comprehensive income / (loss)	-	-	-	(891,670)	76,851,852	75,960,182	(27,924)	75,932,258
<b>Total profit and comprehensive income / (loss)</b>	-	-	331,524	(891,670)	76,851,852	76,291,706	1,127,558	77,419,264
Dividend paid (Note 8)	-	-	(11,250,000)	-	-	(11,250,000)	(1,214,055)	(12,464,055)
<b>Balance at 30 September 2021 (Unaudited)</b>	<u>450,000,000</u>	<u>84,149,823</u>	<u>33,793,851</u>	<u>(3,664,298)</u>	<u>97,545,351</u>	<u>661,824,727</u>	<u>7,967,221</u>	<u>669,791,948</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021  
(All amounts are in Saudi Riyal unless otherwise stated)

	Note	For the Nine-month period ended	
		30 September 2021 (Unaudited)	30 September 2020 (Restated) (Unaudited)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before zakat and income tax		3,677,796	16,525,844
<b>Adjustments to:</b>			
Depreciation and amortization		42,796,171	35,968,431
Deferred gain on sale of property and equipment		(602,811)	(602,811)
Provision for employees' post-employment benefits	11	15,806,338	8,473,045
Impairment of other financial assets	5	330,000	13,845,000
Finance cost	12	47,016,487	45,662,874
Foreign currency translation reserve		(891,670)	(419,815)
		<u>108,132,311</u>	<u>119,452,568</u>
<b>Net changes in working capital:</b>			
Trade receivables		(59,768,783)	(38,122,787)
Prepayments and other receivables		(117,616)	24,978,620
Unbilled revenues		(2,454,262)	(23,982,035)
Inventories		403,811	1,227,568
Related parties' balances		(448,737)	(222,112)
Trade and other payables		<u>21,770,490</u>	<u>(30,916,877)</u>
<b>Cash flows generated from operating activities</b>		<b>67,517,214</b>	<b>52,414,945</b>
Employees' end of service benefits paid	11	(11,694,851)	(8,160,330)
Zakat and income tax paid	13-2	(2,172,491)	(2,929,923)
<b>Net cash generated from operating activities</b>		<b><u>53,649,872</u></b>	<b><u>41,324,692</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Additions to intangible assets		(655,124)	(2,040,415)
Additions to property and equipment		(36,600,210)	(30,343,103)
Additions to right of use of assets		(6,150,102)	(60,134,921)
<b>Net cash used in investing activities</b>		<b><u>(43,405,436)</u></b>	<b><u>(92,518,439)</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Banks overdraft		8,602,285	1,534,132
Proceeds from borrowings		489,545,489	403,793,139
Repayment of borrowings		(429,780,771)	(448,122,899)
Repayment of finance cost	12	(47,016,487)	(45,662,874)
Change in Lease obligations		(17,397,370)	4,812,318
Dividend paid		(11,250,000)	(11,250,000)
Non-controlling interest		(1,241,979)	(3,379,470)
<b>Net cash used in financing activities</b>		<b><u>(8,538,833)</u></b>	<b><u>(98,275,654)</u></b>
<b>Net change in cash and cash equivalents</b>		<b>1,705,603</b>	<b>(149,469,401)</b>
Cash and cash equivalents at the beginning of the period		<u>28,271,875</u>	<u>181,967,462</u>
<b>Cash and cash equivalents at the end of the period</b>		<b><u>29,977,478</u></b>	<b><u>32,498,061</u></b>

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-Bulaih  
Chairman



**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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**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:

<u>Subsidiary companies</u>	<u>Country of incorporation</u>	<u>Direct / indirect ownership</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%
Jobzilla for General Consulting	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; 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 nine-month period ended 30 September 2021 are not necessarily indicative of the results that can be expected for the financial year ending 31 December 2021.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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**2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)**

**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 other comprehensive income (OCI).

**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 figure 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 nine-month periods ended 30 September 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 losses 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**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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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.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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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:

		<b>30 September 2021 (Unaudited)</b>	31 December 2020 (Restated) (Audited)	1 January 2020 (Restated) (Audited)
Balance at the beginning of the period / year (Restated)	<b>19.2</b>	<b>310,635,247</b>	320,853,226	29,291,450
Additions during the period / year		<b>6,150,102</b>	19,328,636	306,692,242
Amortization during the period / year		<b>(21,610,229)</b>	(29,546,615)	(15,130,466)
		<b><u>295,175,120</u></b>	<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 by 31 December 2021.

**5. TRADE RECEIVABLE**

Included in receivables are amounts totaling SR 294 million (31 December 2020: SR 266 million) due from government and quasi-government institution in which balance of SR 147 million is due over one year as of 30 September 2021 (31 December 2020: SR 103 million).

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

		<b>30 September 2021 (Unaudited)</b>	31 December 2020 Restated (Audited)	1 January 2020 Restated (Audited)
Balance at the beginning of the period / year		<b>60,449,210</b>	41,076,299	20,529,207
Charge for the period / year		<b>330,000</b>	19,498,827	21,239,987
Amounts written off during the period / year		-	(125,916)	(692,895)
		<b><u>60,779,210</u></b>	<u>60,449,210</u>	<u>41,076,299</u>



**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

**6. RELATED PARTIES TRANSACTIONS**

Related party	Nature of transactions	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Entities owned by the company's directors	Rent as lessee	675,000	675,000
	Rent as lessor	1,024,500	1,024,500
<b>Key management remuneration</b>			
Board of director	Bonuses	900,000	675,000
	Allowances	109,500	76,500
<b>Short-term benefits:</b>			
Salaries including bonuses	Salaries and bonuses	5,246,047	5,561,847
<b>Post-employment benefits:</b>			
Termination benefits	End of service	9,625,135	9,286,240

**6-1 Due from related parties**

	30 September 2021 (Unaudited)	31 December 2020 (Audited)	1 January 2020 (Audited)
Entities owned by the company's directors	-	-	1,430,809
	-	-	1,430,809

**6-2 Due to related parties**

	30 September 2021 (Unaudited)	31 December 2020 (Audited)	1 January 2020 (Audited)
Entities owned by the company's directors	3,366,672	3,815,409	3,410,151
	3,366,672	3,815,409	3,410,151

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 September 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 September 2021 (31 December 2020: 45 million shares) of SR 10 each.

The Company announced on Tadawul's website on 20/11/1442H (corresponding to 30/06/2021G), regarding submitting a file to increase the Company's capital to the Capital Market Authority (CAM) based on the Board of Directors recommendation issued on 17/08/1442H (corresponding to 30/03/2021G), to increase the Company's capital by offering rights issue shares, with a proposed increase of 200 million Saudi Riyals, by issuing 20 million new ordinary shares, so that the proposed increase the capital from 450 million Saudi Riyals to 650 million Saudi Riyals. Conditional on obtaining the approval of the relevant regulatory authorities and the extraordinary general assembly.

On 23 Safar 1443H corresponding to 30 September 2021G, the CMA approved on the Company's request to increase its capital by offering 20 million new ordinary shares conditional on obtaining the approval of the Extraordinary General Assembly.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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**8. DIVIDENDS**

On 13 Shawal 1442H 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).

**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 September 2021, the Group was not in compliance with certain covenants of the financing agreements accordingly the arrangements amounting to SR 36.9 million were classified as current and presented under short-term borrowings in interim condensed consolidated financial position 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 SR 58.9 million, to Manafe' Holding Company, at a selling price of SR 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 SR 16 million, was deferred in accordance with the requirements of the Standard of Accounting for Leases issued by "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 SR 48.7 million). In the interim condensed consolidated statement of profit or loss the Group recognized an amount of SR 602,811 as gain from sale of the building (30 September 2020: SR 602,811).
- 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 SR 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.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

**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:

	<b>30 September 2021 (Unaudited)</b>	31 December 2020 (Audited)	1 January 2020 (Audited)
Balance at the beginning of the period / year	<b>60,808,916</b>	56,013,132	53,965,487
Cost of service and interest included in profit or loss for the period / year	<b>15,806,338</b>	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	<b>(11,694,851)</b>	(13,665,079)	(20,165,487)
	<b>64,920,403</b>	60,808,916	56,013,132

**12. FINANCE COST**

	<b>For the Nine month-period ended</b>	
	<b>30 September 2021 (Unaudited)</b>	30 September 2020 (Unaudited)
Interest on right of use assets liabilities	<b>32,984,003</b>	34,153,809
Finance cost on borrowings	<b>14,032,484</b>	11,509,065
	<b>47,016,487</b>	45,662,874

**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 2022G.

The Group has received letters dated 22 December 2020G from the ZATCA related to the zakat assessment for the years from 2015 to 2018 with zakat payable amount of SR 25,084,981. The Group disagrees with ZATCA assessment and filed an appeal during 2021.

**13-2 ZAKAT PROVISION MOVEMENT**

	<b>30 September 2021 (Unaudited)</b>	31 December 2020 (Audited)	1 January 2020 (Audited)
Balance at the beginning of the period / year	<b>1,474,691</b>	2,607,860	2,731,086
Charged during the period / year	<b>2,190,790</b>	1,983,513	2,675,299
Paid during the period / year	<b>(2,172,491)</b>	(3,116,682)	(2,798,525)
Balance at end of the period / year	<b>1,492,990</b>	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 amounting to SR 101 million as at 30 September 2021 (31 December 2020: SR 88.3 million).

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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**15. 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.

	<b>For the Three month-period ended</b>		<b>For the Nine month-period ended</b>	
	<b>30 September 2021</b>	<b>30 September 2020</b>	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net profit for the period	<b>7,936,775</b>	6,533,493	<b>331,524</b>	15,586,017
Weighted average number of ordinary shares	<b>45,000,000</b>	45,000,000	<b>45,000,000</b>	45,000,000
Earnings per share	<b>0.18</b>	0.15	<b>0.01</b>	0.35

**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-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-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.

**6- Schools**

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



**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
(All amounts are in Saudi Riyal unless otherwise stated)

**16. 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>
<b>30 September 2021(Unaudited)</b>							
Revenues	79,264,113	43,930,543	57,693,921	288,749,734	58,010,619	82,858,775	610,507,705
Depreciation and amortization	7,603,591	1,885,241	1,343,923	11,170,559	191,097	20,601,760	42,796,171
Profit / (loss) before zakat and income tax	4,826,457	(4,474,370)	6,279,625	820,921	1,600,112	(5,374,949)	3,677,796
<b>Total assets</b>	<b>385,241,830</b>	<b>18,756,855</b>	<b>83,702,647</b>	<b>256,079,036</b>	<b>62,501,788</b>	<b>886,008,338</b>	<b>1,692,290,494</b>
<b>Total liabilities</b>	<b>59,690,260</b>	<b>29,901,597</b>	<b>90,690,743</b>	<b>70,417,545</b>	<b>55,479,177</b>	<b>716,319,224</b>	<b>1,022,498,546</b>
<b>30 September 2020 (Unaudited)</b>							
Revenues	63,054,991	26,742,247	44,847,893	274,345,661	68,072,905	102,261,907	579,325,604
Depreciation and amortization	7,577,393	4,080,135	1,466,281	7,401,940	83,128	15,359,554	35,968,431
Profit / (loss) before zakat and income tax	7,150,962	(4,515,421)	(2,156,042)	11,418,465	2,112,630	2,515,250	16,525,844
<b>Total assets</b>	<b>260,477,161</b>	<b>140,256,933</b>	<b>60,501,252</b>	<b>336,091,860</b>	<b>58,117,913</b>	<b>868,474,994</b>	<b>1,723,920,113</b>
<b>Total liabilities</b>	<b>25,721,787</b>	<b>13,850,193</b>	<b>55,780,077</b>	<b>78,773,073</b>	<b>55,065,265</b>	<b>848,124,270</b>	<b>1,077,314,665</b>

Foreign revenues did not meet any of the quantitative limits referred to in IFRS8 "Operating Segments" and therefore the geographical segments information was not disclosed.

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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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>
<b><u>30 September 2021 (Unaudited)</u></b>				
<b>Financial assets</b>				
Investment in equity instruments at fair value through OCI	331,640,444	-	17,023,499	348,663,943
<b><u>31 December 2020 (Audited)</u></b>				
<b>Financial assets</b>				
Investment in equity instruments at fair value through OCI	256,123,592	-	15,688,499	271,812,091
<b><u>1 Jan 2020 (Audited)</u></b>				
<b>Financial assets</b>				
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 SR 11,250,000 (SR 0.25 per share).
- Award bonus to the board members amounting to SR 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.**

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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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
<b><u>The impact of amendment on statement of financial position as of 1 January 2020</u></b>			
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)
<b><u>The impact of amendment on statement of financial position as of 31 December 2020</u></b>			
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)

**AL KHALEEJ TRAINING AND EDUCATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**  
**(All amounts are in Saudi Riyal unless otherwise stated)**

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

19.3 During the period ended 30 June 2021, 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*	4,248,162	15,250,665	19,498,827
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 September, 2020 are not restated.

**20. SUBSEQUENT EVENTS**

on 7 Rabi al-awwal1443H (corresponding to 13 October 2021G) the board of directors has approved on separating one of its affiliated activities (Smart Link call centers) from the Company as a separate legal entity, after taking all procedures and official approvals from the competent authorities and licensed for this,

On 14 Rabi al-awwal1443H (corresponding to 20 October 2021G) Al-Khaleej Training and Education Company announces the signing of a (non-binding) memorandum of understanding with the owners of Al-Faisaliah Private Schools Company Ltd. to potentially acquire (60%) of the ownership shares of Al-Faisaliah Private Schools Company Ltd., upon reaching a final agreement between the two parties.

**21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements have been approved for the period ended on 30 September 2021 by the Audit committee under an authorization of the Board of Directors on 27 Rabi al-awwal1443H corresponding to 2 November 2021 G.