

## **Audit Committee Report**

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**His Excellency the Chairman and members of the Board of Directors  
Shareholders of Alkhaleej Training and Education Company,**

**Subject: Report of the Audit Committee to the General Assembly of Shareholders for the fiscal year 2021 AD and its opinion on the adequacy of the company's internal control system.**

Pursuant to the provisions of Article 91 of the Corporate Governance Regulations and Article 14 of the Company's Audit Committee Regulations, the committee issues an annual report that includes details of its performance of its functions and functions stipulated in the Companies Law and its implementing regulations for presentation to the General Assembly of shareholders, provided that this report includes its recommendations and opinion on the the adequacy of the company's internal control systems.

**First: A brief summary of the audit committee :**

The company's audit committee consists of three members, two of which are non-executive members of the board of directors and a third member from outside the board specializing in financial and accounting affairs. During the fiscal year 2021 AD, the committee met (7) Seven meetings to discuss the initial and annual financial statements and recommend their approval, this is in addition to Its periodic meeting with the company's external auditor to review the accounts, reports and notes provided by the external auditor, as well as its periodic meetings with the company's internal audit department to follow up the implementation of the internal audit plan and risk management, and the audit committee is concerned with monitoring the company's business and verifying the integrity and integrity of the reports, financial statements and internal control systems. The committee carries out all the tasks and responsibilities mentioned in the company's audit committee regulation and what is stipulated in the corporate governance regulation.

**Second: The most prominent work carried out by the committee within the scope of its competence during the fiscal year 2021 AD;**

1. Study the interim financial statements for the quarters of the year 2021 AD and approve them by the committee.
2. Study the annual financial statements for the year 2021 AD before submitting them to the Board of Directors and expressing their opinion and recommendation regarding them.
3. Verify the accounting estimates in the fundamental issues mentioned in the financial reports.
4. Verify that the audited financial statements for the year 2021, quarterly and annually, have been submitted in accordance with the International Financial Reporting Standards.
5. Study the auditor's report and his notes on the financial statements for the year 2021 AD and follow up on what has been done in this regard.
6. Study the company's auditor's plan for the year 2021 and his work, and verify that he does not present technical or administrative works that conflict with the auditing work, and ensure the independence of the auditor.

7. Review and approve the annual plan for the company's internal audit department for the fiscal year 2021 AD.
8. Control and supervise the company's internal audit department to verify its effectiveness in performing the work and tasks assigned to it.
9. Study the reports of the Internal Audit Department and follow up on the implementation of corrective measures for the important notes and recommendations contained therein.
10. Study the offers submitted by the external audit offices in order to examine, review and audit the company's second, third, fourth and annual quarter financial statements for the fiscal year 2021 AD. And the first quarter of 2022 AD, and determining its fees. And the recommendation thereon to the Board of Directors.
11. Reviewing the accounting policies used in the company, following up on the developments of the international accounting system, and expressing opinion and recommendation in this regard.
12. Verify the company's compliance with the relevant laws, regulations, policies, and instructions, and review the company's internal policies.
13. Issue an report on the results of the annual review of the effectiveness of the company's internal control procedures, and the committee's opinion on the adequacy of the internal control system for the fiscal year 2021 AD, in addition to the work done by the committee and its recommendations in this regard.
14. This is in addition to the committee carrying out any other tasks assigned to it by the company's board of directors.

**Third: The audit committee's opinion on the adequacy of the company's internal control system**

Based on what Article 104 of the Companies Law stipulated that the audit committee must prepare a report on its opinion regarding the adequacy of the internal control system in the company, and accordingly and after reviewing the internal audit reports during the year 2021 AD submitted by the internal audit work team **and** the external auditor's report, the audit committee did not discover any fundamental weakness in the internal control systems and procedures established by the company, and the accounting and control system is appropriate to the size and activity of the company.

**In the light of what was stated in the internal audit** reports issued during the year and the topics that were reviewed and discussed during the committee's meetings, the audit committee believes that the internal control procedures applied in the company during the fiscal year 2021 AD are effective and efficient, are monitored on a regular basis, and have no substantive shortcomings.

**Kindly accept my sincere regards and appreciation**

Written on: 10/04/2022

**Chairman of the Audit Committee**

**Dr. Abdullah bin Saghaier Al-Hussaini**

