

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
31 March 2022
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 PERIOD ENDED 31 MARCH 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF AL KHALEEF 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 Khaleef Training and Education Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2022 and the related interim consolidated statements of profit or loss and comprehensive income for the three-month then ended, and interim consolidated statements of changes in equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these 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.

The interim condensed consolidated financial statements of the Company for the three-months period ended 31 March 2021 were reviewed by another auditor, who expressed an unmodified conclusion dated 23 May 2021.

For Al-Bassam & Co.

Ibrahim A. Al Bassam
 Certified Public Accountant
 License No. 337



**Riyadh on : 29 Shawwal 1443 H
 Corresponding to: 30 May 2022 G**

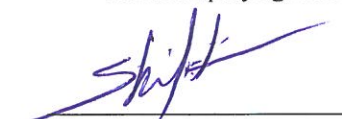
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

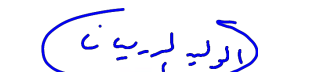
	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Intangible assets	3	39,357,216	31,867,528
Right of use of assets	4	430,426,168	434,631,475
Property and equipment		509,709,785	475,915,945
Financial derivative instrument carried at FVTPL		3,112,228	3,112,228
Investments in equity instruments at fair value through OCI		308,001,022	305,360,573
Total non-current assets		1,290,606,419	1,250,887,749
Current assets			
Trade receivables	5	410,471,150	362,374,613
Prepayments and other receivables		86,224,575	112,720,649
Unbilled revenues		46,239,976	43,853,242
Inventories		9,212,859	9,640,686
Due from related party	6-1	3,913,035	1,477,846
Cash and cash equivalent		107,649,582	126,105,863
Total current assets		663,711,177	656,172,899
TOTAL ASSETS		1,954,317,596	1,907,060,648
EQUITY AND LIABILITIES			
Equity			
Share capital	7	650,000,000	650,000,000
Statutory reserve		85,365,123	85,365,123
Actuarial reserve		(30,057,880)	(30,057,880)
Retained earnings		53,550,226	58,642,049
Foreign currency translation reserve		(2,034,284)	(2,728,550)
Fair value reserve		56,882,430	54,241,981
Total equity attributable to the Shareholders		813,705,615	815,462,723
Non-controlling interest		17,436,838	3,517,416
Total equity		831,142,453	818,980,139
LIABILITIES			
Non-current liabilities			
Long term borrowings	8	166,290,276	141,441,807
Deferred gain from sale of property and equipment	9	9,845,917	10,046,854
Lease obligations	9	449,453,818	472,230,091
Employees' post-employment benefits	10	68,124,984	69,552,565
Total non-current liabilities		693,714,995	693,271,317
Current liabilities			
Banks overdraft		15,876,766	4,002,477
Short-term borrowings	8	198,915,881	204,251,325
Current portion of long-term borrowings	8	46,455,629	35,360,452
Current portion of deferred gain from sale of property and equipment	9	803,748	803,748
Current portion of lease obligations	9	26,877,066	24,854,215
Trade and other payables		137,060,186	114,787,407
Zakat and income tax payable	12-2	3,470,872	10,749,568
Total current liabilities		429,460,148	394,809,192
Total liabilities		1,123,175,143	1,088,080,509
TOTAL EQUITY AND LIABILITIES		1,954,317,596	1,907,060,648
Contingent Liabilities and Capital commitments	13		
The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.			
Sherif Esmat Chief Financial Officer	Alwaleed A. Aldryaan Chief Executive Officer	Abdul Aziz Rashid Abdul Rahman Chairman	

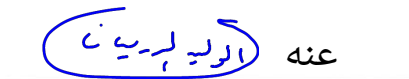
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

		For the Three-month period ended 31 March	
	Note	2022 (Unaudited)	2021 (Unaudited)
Revenues		231,238,006	205,871,943
Cost of revenues		(208,895,994)	(173,564,075)
GROSS PROFIT		22,342,012	32,307,868
Selling and marketing expenses		(5,655,098)	(6,992,816)
General and administrative expenses		(15,814,517)	(21,662,507)
Reversal /(Impairment) of financial assets	5	1,934,003	(2,820,000)
PROFIT FROM MAIN OPERATIONS		2,806,400	832,545
Other income		9,339,235	7,140,307
Finance charges	11	(14,961,710)	(15,018,752)
LOSS BEFORE ZAKAT AND INCOME TAX		(2,816,075)	(7,045,900)
Zakat and income tax	12-2	(2,004,896)	(500,000)
NET LOSS FOR THE PERIOD		(4,820,971)	(7,545,900)
NET LOSS FOR THE PERIOD			
ATTRIBUTABLE TO:			
Shareholders of the parent Company		(5,091,823)	(7,601,835)
Non-controlling interest		270,852	55,935
		(4,820,971)	(7,545,900)
EARNINGS PER SHARE:			
Basic and diluted earnings per share as per Loss for the Period attributable to the shareholders of the Company	14	(0,08)	(0.17)

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.


 Sherif Esmat
 Chief Financial Officer



 Alwaleed A. Aldryaan
 Chief Executive Officer

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 Abdul Aziz Rashid Abdul Rahman
 Chairman

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

	FOR THE THREE-MONTH PERIOD ENDED 31	
	2022 (Unaudited)	2021 (Unaudited)
NET LOSS FOR THE PERIOD	(4,820,971)	(7,545,900)
OTHER COMPEREHSINVE INCOME/ (LOSS)		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Foreign currency translation reserve	694,267	(948,393)
	694,267	(948,393)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in the fair value of investments in equity instruments	2,640,449	8,992,303
TOTAL OTHER COMPEREHSINVE INCOME	3,334,716	8,043,910
TOTAL COMPREHENSIVE (LOSS) / INCOME	(1,486,255)	498,010
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		
ATTRIBUTABLE TO:		
Shareholders	(1,757,107)	1,147,158
Non-controlling interest	270,852	(649,148)
	(1,486,255)	498,010

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.


Sherif Esmat
Chief Financial Officer

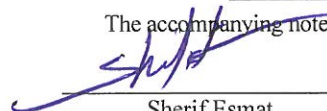

Alwaleed A. Aldryaan
Chief Executive Officer

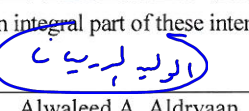

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Abdul Aziz Rashid Abdul Rahman
Chairman

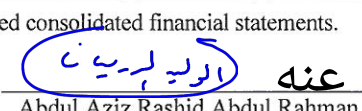
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH-PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

	Equity attributable to the shareholders						Non-controlling interest	Total	
	Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Foreign currency translation reserve	Fair value reserve			
							Equity		
Balance at 1 January 2021(Audited)	450,000,000	84,149,823	(13,297,029)	58,013,676	(2,772,628)	20,693,499	596,787,341	8,053,718	604,841,059
Net profit / (loss) for the period	-	-	-	(7,601,835)	-	-	(7,601,835)	55,935	(7,545,900)
Other comprehensive income / (loss)	-	-	-	-	(948,393)	8,992,303	8,043,910	(649,148)	7,394,762
Total comprehensive income / (loss)	-	-	-	(7,601,835)	(948,393)	8,992,303	442,075	(593,213)	(151,138)
Balance at 31 March 2021 (Unaudited)	450,000,000	84,149,823	(13,297,029)	50,411,841	(3,721,021)	29,685,802	597,229,416	7,460,505	604,689,921
Balance at 1 January 2022	650,000,000	85,365,123	(30,057,880)	58,642,049	(2,728,550)	54,241,981	815,462,723	3,517,416	818,980,139
Transferred from acquired company (Note 17-A)	-	-	-	-	-	-	-	15,599,493	15,599,493
Net profit for the period	-	-	-	(5,091,823)	-	-	(5,091,823)	270,852	(4,820,971)
Other comprehensive income / (loss)	-	-	-	-	694,266	2,640,449	3,334,715	-	3,334,715
Total comprehensive income / (loss)	-	-	-	(5,091,823)	694,266	2,640,449	(1,757,108)	270,852	(1,486,256)
Dividend paid	-	-	-	-	-	-	-	(1,950,923)	(1,950,923)
Balance at 31 March 2022 (Unaudited)	650,000,000	85,365,123	(30,057,880)	53,550,226	(2,034,284)	56,882,430	813,705,615	17,436,838	831,142,453

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.


 Sherif Esmat
 Chief Financial Officer

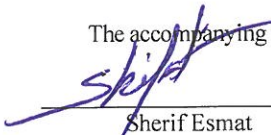

 Alwaleed A. Aldryaan
 Chief Executive Officer

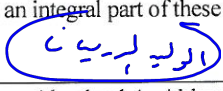

 Abdul Aziz Rashid Abdul Rahman
 Chairman

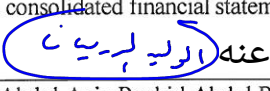
AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

		For the Three-month period ended	
	Note	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before zakat and income tax		(2,816,075)	(7,045,900)
Adjustments to:			
Depreciation and amortization		16,334,296	14,212,824
Deferred gain on sale of property and equipment		(200,937)	(200,937)
Provision for employees' post-employment benefits	10	3,144,692	5,114,680
(Reversal) / Impairment of trade receivables	5	(1,934,003)	2,820,000
Financial charges	11	14,961,710	15,018,752
Foreign currency translation reserve		694,266	(299,245)
		30,183,949	29,620,174
Net changes in working capital:			
Trade receivables		(42,224,610)	(60,849,739)
Prepayments and other receivables		27,891,260	(831,503)
Unbilled revenues		(2,386,734)	2,309,202
Inventories		500,833	(1,210,385)
Due from Related parties' balances		(330,105)	(1,868,427)
Trade and other payables		19,236,305	19,470,383
		32,870,898	-13,360,295
Employees' end of service benefits paid	10	(6,005,708)	(4,572,273)
Zakat and income tax paid	12-2	(9,283,592)	(1,431,700)
Net cash generated from / (used in) operating activities		17,581,598	-19,364,268
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Additions to intangible assets		-	(434,712)
Additions to property and equipment		(23,182,987)	(14,423,820)
Net Cash flows from acquisition of subsidiary, net cash acquired	17-A	(2,501,399)	-
Additions to right of use of assets		(4,855,044)	-
Net cash used in investing activities		(30,539,430)	(14,858,532)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Banks overdraft		11,874,289	8,182,122
Term loans, net		16,369,379	38,598,096
Repayments of lease obligations		(31,791,194)	(21,430,741)
Non-controlling interest		(1,950,923)	(649,148)
Net cash (used in) / generated from financing activities		(5,498,449)	24,700,329
Net change in cash and cash equivalents		(18,456,281)	(9,522,471)
Cash and cash equivalents at the beginning of the period		126,105,863	28,271,875
Cash and cash equivalents at the end of the period		107,649,582	18,749,404

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.


 Sherif Esmat
 Chief Financial Officer


 Alwaleed A. Aldryaan
 Chief Executive Officer


 Abdul Aziz Rashid Abdul Rahman
 Chairman

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

1. INFORMATION AND ACTIVITIES

1-1 Corporate information

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

On March 30, 2021 corresponding to Sha'aban 17, 1442 AH, the company announced the Board of Directors' recommendation to increase the capital by offering rights shares in order to enable the company to acquire assets in education. The Capital Market Authority "CMA" issued its approval of the company's request to increase the capital on September 30, 2021, and the Extraordinary General Assembly approved the capital increase on November 3, 2021 corresponding to Rabi' al-Awal 28, 1443 AH by offering rights-based shares to shareholders at an increase of 0.44 shares for each share, and the number of increase shares is 20 million shares, with a value of 200 million Riyal Saudi. After the increase, the capital became 650 million Saudi Riyal, divided into 65 million ordinary shares.

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

1-2 Group information

The following is the list of subsidiaries included in these consolidated financial statements which provide training services. The ownership percentages below as of 31 March 2022 and 31 December 2021.

<i><u>Subsidiary companies</u></i>	<i><u>Country of incorporation</u></i>	<i><u>Direct / indirect ownership</u></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%
Jobzilla for General Consulting	Egypt	60%
Al-Roqi National Schools Company (1)	Saudi Arabia	60%

(1) During 2022, the Company acquired 60% of Al-Roqi National Schools Company is a limited liability company, established under the Companies Law in the Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010189989 on 23 Rajab, 1424 H corresponding to 20 September 2003.

The principal activity of Al-Roqi National Schools Company is to establishing, operating and maintaining private schools for all levels – kindergarten / preparatory/ primary/ middle/secondary for boys and girls.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

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 2021. 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 Three-month period ended 31 March 2022 are not necessarily indicative of the results that can be expected for the financial year ending 31 December 2022.

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 period ended 31 March 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.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-4 Basis of 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.

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.

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 interim condensed consolidated financial statements have been prepared on a going concern basis.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
(All amounts are in Saudi Riyal unless otherwise stated)

3. INTANGIBLE ASSETS

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Goodwill (a)	33,421,063	25,639,990
Franchise rights and software (b)	5,936,153	6,227,538
	39,357,216	31,867,528

a) Impairment assessment on goodwill:

The Group's management performs annual impairment test of goodwill for the purpose of impairment assessment and to identify whether the carrying value of goodwill is less than its recoverable value. The recoverable value is determined based on information used in the expected work plans for the five years following the financial statements and their related cash flows. Impairment assessment is performed based on the measurement of current value of the future cash flows for five years in accordance with reasonable and objective assumptions to estimate cash flow depending on recent variable budgets approved by the management.

Management believes that there is no reasonable probable change in any key assumptions that may lead to a significant change in goodwill over its recoverable value

Goodwill has been allocated to cash-generating units of the Group as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Fast Lane Group (Fast Lane Consultancy duty free – LTD.)	5,583,436	5,583,436
Franklin Covey Middle East Company and its subsidiaries	2,346,883	2,346,883
Jobzella	2,296,875	2,296,875
Linguaphone Limited Company	15,412,796	15,412,796
Al-Roqi National Schools Company (Note 17-A)	7,781,073	-
	33,421,063	25,639,990

b) Franchise rights and software

The franchise rights and software amortized over a period of 10 years. The movement during the period/ year is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<u>Cost:</u>		
At the beginning of the period/ year	15,202,524	14,736,421
Additions	-	466,103
At the end of the period/ year	15,202,524	15,202,524
<u>Accumulated amortization:</u>		
At the beginning of the period/ year	8,974,985	8,429,641
Additions	291,386	545,344
At the end of the period/ year	9,266,371	8,974,985
Net book value	5,936,153	6,227,538

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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:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	434,631,475	414,213,223
Additions during the period / year	4,855,044	57,717,315
Amortization during the period / year	(9,060,351)	(37,299,063)
	430,426,168	434,631,475

5. TRADE RECEIVABLE

Included in receivables are amounts totaling SR 323 million (31 December 2021: SR 284 million) due from government and quasi-government institution in which balance of SR 117 million is due over one year as of 31 March 2022 (31 December 2021: SR 151 million).

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	57,040,488	62,589,778
Reversal	(1,933,953)	(5,516,800)
Amounts written off during the period / year	-	(32,490)
	55,106,535	57,040,488

6. RELATED PARTIES TRANSACTIONS

Related party	Nature of transactions	31 March 2022 (Unaudited)	31 March 2021 (unaudited)
Entities owned by the company's directors	Rent as lessee	225,000	225,000
	Rent as lessor	341,500	341,500
<u>Key management remuneration</u>			
Board of director	Bonuses	307,500	225,000
	Allowances	39,000	64,500
Short-term benefits:			
Salaries including bonuses	Salaries and bonuses	2,040,099	1,763,174
Post-employment benefits:			
Termination benefits	End of service	9,596,164	10,218,693

6-1 Due from related parties

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Entities owned by the company's directors	3,913,035	1,477,846
	3,913,035	1,477,846

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6. RELATED PARTIES TRANSACTIONS (CONTINUED)

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.

The Group confirmed that it will continue provide financial support to its subsidiary “LinguaPhone Group Limited” to enable it to meet its liabilities the fall due for a period of twelve months from date of signing the subsidiary financial statements. The Group - as the sole shareholder in LinguaPhone - confirmed not to recall any amounts owed to it until the subsidiary “LinguaPhone” has sufficient resources.

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 65 million shares as at 31 March 2022 (31 December 2021: 65 million shares) of SR 10 each.

8. 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 31 March 2021, the Group was in compliance with certain covenants of the financing agreements.

9. 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 period 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 200,937 as gain from sale of the building (31 March 2021: SR 200,937).
- b) Schools leased building in Dammam. on 25 August 2016 the Group has signed a contract with Mohammed Abdulaziz Al Rajhi and Sons Investment Group, to lease Al Ishraq Building Schools for 20 years. The building lease was classified as a finance lease (with present value 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.

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10. EMPLOYEES' POST-EMPLOYMENT BENEFITS

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	69,552,565	60,808,916
Cost of service and interest included in profit or loss for the period / year	3,144,692	12,019,801
Actuarial loss on remeasurement of end of service benefits for the period / year	-	16,760,851
Paid during the period/year	(4,572,273)	(20,037,003)
	68,124,984	69,552,565

11. FINANCE COST

	For the Three month-period ended	
	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Interest on right of use assets liabilities	11,037,772	10,757,599
Finance cost on borrowings	3,923,938	4,261,153
	14,961,710	15,018,752

12. ZAKAT AND INCOME TAX

12-1 ZAKAT STATUS

The Group submitted their declarations to Zakat, Tax and Customs Authority "ZATCA" until the year ended 31 December 2021 and obtained a certificate from ZATCA valid until 10 Shawwal 1444H corresponding to 30 April 2023G.

The Group has received letters dated 22 December 2020 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. the Management are confident on favorable outcome of the field appeals. Accordingly, the company has taken additional provision.

The Group has received letters dated 21 October 2021 from the ZATCA related to the zakat assessment for the years 2019 and 2020 with zakat payable amount of SR 37,134,367. The Group disagrees with ZATCA assessment and filed an appeal during 2021, and the Management based on the conclusion reached by its external zakat expert are confident on favorable outcome of the field appeals. Accordingly, during 2022 the company paid 9 million as per ZATCA request to accept the appeal.

12-2 ZAKAT PROVISION MOVEMENT

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	10,749,568	1,474,691
Charged during the period / year	2,004,896	11,483,259
Paid during the period / year	(9,283,592)	(2,208,382)
Balance at end of the period / year	3,470,872	10,749,568

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13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a) Contingencies

- The Group's banks issued, on its behalf and during its normal course of business bank guarantees amounted to SR 88.5 million as at 31 March 2022 (31 December 2021: SR 108.7 million).
- The Group confirmed that it will continue provide financial support to its subsidiary "LinguaPhone Group Limited" to enable it to meet its liabilities the fall due for a period of twelve months from date of signing the subsidiary financial statements. The Group - as the sole shareholder in Linguaphone - confirmed not to recall any amounts owed to it until the subsidiary "LinguaPhone" has sufficient resources.

b) Commitments

The capital expenditure committed by the Company but not incurred till 31 March 2022 amounting to SR 123 million (31 December 2021: SR 134.8 million).

14. EARNING PER SHARE

Earnings per share is calculated by dividing the 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 is the same as basic earning per share as the group has no diluted instruments. Earnings per share from continuing operations is not presented because there are no discontinued operations during the period.

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Net profit for the period	(5,091,823)	(7,601,835)
Weighted average number of ordinary shares	65,000,000	45,000,000
Earnings per share	<u>(0,08)</u>	<u>(0,17)</u>

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15. 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- Training

a. 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.

b. 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.

2- Universities

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

3- Management Projects

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. This segment consists of all the subsidiaries of the group outside the Kingdom along with the Head Office sector.

4- Smart Link (Call centers)

This segment provides management and operating the customer service centers via telephone as well as the digital technologies means for a number of Government and private companies.

5- Schools

This segment is engaged in incorporating private educational schools for (boys/girls) from KG to grade 12 within the Kingdom of Saudi Arabia. Currently, the segment manages and operates a number of school's chain (American Curriculum) in the cities of Riyadh, Dammam, Dhahran and Jeddah in the Kingdom Saudi Arabia.

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	<u>Management Projects</u>	<u>Training</u>	<u>Smart Link</u>	<u>Universities</u>	<u>Schools</u>	<u>Total</u>
<u>31 March 2022 (Unaudited)</u>						
Revenues	25,631,867	23,596,938	104,533,958	40,668,032	36,807,211	231,238,006
Depreciation and amortization	1,074,606	2,748,101	3,574,780	63,301	8,582,123	16,042,911
Profit / (loss) before zakat and income tax	(1,271,714)	(2,914,872)	2,416,035	(470,838)	(574,686)	(2,816,075)
Total assets	120,282,587	212,312,143	500,576,222	80,113,270	1,041,033,374	1,954,317,596
Total liabilities	(10,097,218)	120,062,388	339,807,863	51,325,160	622,076,950	1,123,175,143
Capital expenditure	350,167	176,954	295,945	183,563	22,176,356	23,182,985
<u>31 March 2021 (Unaudited)</u>						
Revenues	20,494,702	36,100,681	101,204,420	22,165,523	25,906,617	205,871,943
Depreciation and amortization	1,235,599	2,778,923	3,500,453	62,630	6,635,219	14,212,824
Profit / (loss) before zakat and income tax	(1,802,897)	(104,813)	(1,153,408)	(492,550)	(3,492,232)	(7,045,900)
Total assets	259,171,707	171,142,076	271,153,562	64,669,334	815,004,056	1,581,140,736
Total liabilities	536,939	149,103,428	77,020,067	58,676,189	690,465,044	975,801,667
Capital expenditure	1,779,496	507,861	1,691,001	158,191	10,287,271	14,423,820

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.

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16. 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

	Level 1	Level 2	Level 3	Total
<u>31 March 2022 (Unaudited)</u>				
Financial assets				
Investment in equity instruments at fair value through OCI	290,977,523	17,023,499	-	308,001,022
Financial derivative instrument carried at FVTPL	-	-	3,112,228	3,112,228
<u>31 December 2021 (Audited)</u>				
Financial assets				
Investment in equity instruments at fair value through OCI	288,337,074	17,023,499	-	305,360,573
Financial derivative instrument carried at FVTPL	-	-	3,112,228	3,112,228

17. ACQUIRING SUBSIDIARY

The acquisition was calculated using the acquisition method under IFRS 3 - Business Combinations (the "Standard") with Al Khaleej Training and Education Company being the acquiring party and Al-Roqi National Schools Company being the acquired party. As required by the standard, Al Khaleej Training and Education Company is in the process of allocating the purchase consideration for identifiable assets and liabilities up to the date of issuance of the consolidated financial statements. Accordingly, Al Khaleej Training and Education Company has calculated the acquisition based on the temporary fair values of the acquired assets and liabilities as on the date of acquisition, as independent evaluations have not been completed. The adjustment to these provisional values will be completed within twelve months from the date of acquisition as permitted by the standard.

The Company is in the process of making a comprehensive allocation of the purchase price, which is expected to be completed within twelve months from the date of acquisition and will focus, without limitation, on the completion of valuation adjustments on the following:

- Recognition of intangible assets,
- Property and equipment,
- Recognition of other financial and non-financial assets and liabilities,

The initial purchase price allocation is included in the interim condensed consolidated financial statements. Subsequent adjustments will occur during the measurement period when the company completes its estimate of the fair values of the assets acquired and the liabilities assumed. Accounting for the fair value of the financial assets and liabilities acquired from Al-Roqi National Schools Company is provisional due to the inherent complexity and discretion associated with identifying intangible assets and determining the fair value of intangible assets and items included in the statement of financial position.

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As of January 1, 2022, the company acquired 60% of the capital of Al-Roqi National Schools Company in exchange for a payment of 31,180,313 Saudi riyals, and thus the company became controlling the Al-Roqi National Schools Company. The activity of Al-Roqi National Schools Company is as shown in Note (1-2) It qualifies as a commercial company as defined in IFRS 3. The Al-Roqi National Schools Company was acquired to develop the group's operations.

The book value of the identifiable assets and liabilities acquired from Al-Roqi National Schools Company amounted to SR 23,399,240 Goodwill was recognized in the amount of SR 7,781,073, which represents amounts in excess of the net book value of the identifiable net assets acquired.

The fair values have been determined based on the professional experience and judgment of the valuer, considering prevailing market conditions, current conditions of the assets and sources of market information. The valuation will be carried out by an independent valuator according to international valuation standards. The valuation results were arrived at by reference to open market value models. The process of allocating the purchase price will be carried out by an independent third party on the basis of the valuation report of the independent expert.

The legal procedures related to the purchase of the Al-Roqi National Schools Company were completed during the year, and a no-objection approval was obtained from the General Authority for Competition.

The assets and liabilities recognized as a result of the acquisition are as follows:

	Note	Fair value
Property and equipment		17,593,413
Trade receivables		3,937,924
Due from Related parties		1,638,283
Prepayments and other receivables		1,861,987
Inventories		73,006
Cash and cash equivalent		28,678,914
Employee post-employment benefits		(1,433,435)
Trade and other payables		(3,036,474)
Borrowings		(10,314,885)
Total of the identifiable assets and liabilities acquired		38,998,733
Non-controlling interests		(15,599,493)
Net of the identifiable assets and liabilities acquired		23,399,240
Goodwill	3-a	7,781,073
Total		31,180,313
<u>Net cash used from the acquisition</u>		
Accrued amounts		31,180,313
Cash and cash equivalents		(28,678,914)
Total		2,501,399

18. SUBSEQUENT EVENTS

There have been no significant subsequent events for the period-ended which require additional disclosure or adjustment in these consolidated financial statements.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved for the period ended on 31 March 2022 by the Audit committee under an authorization of the Board of Directors on 21 Shawwal 1443 H corresponding to 22 May 2022 G.