



PKF

Ibrahim Ahmed Al-Bassam & Co.
Certified Public Accountants
(Member of PKF International)

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

(1 / 1)

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 31 March 2023 and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three-month periods 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 (the "interim condensed consolidated financial statements"). 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.

For Al-Bassam & Co.

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Riyadh: 16 Dhu al-Hijjah 1444 H
Corresponding to: 4 July 2023



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AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

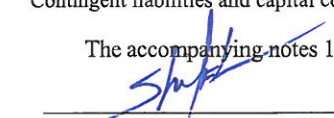
Al Khaleej Training and Education Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the Three-month period ended 31 March 2023

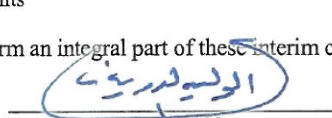
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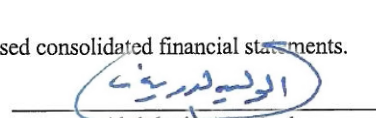
Al Khaleej Training and Education Company
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Financial Position
As at 31 March 2023
(All amounts are in Saudi Riyal unless otherwise stated)

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	584,932,405	564,784,979
Right of use of assets		420,114,424	429,076,828
Investments in equity instruments at fair value through OCI	16	272,423,835	275,592,374
Intangible assets		83,235,515	83,886,038
Financial derivative instrument carried at FVTPL	16	5,094,763	6,923,382
Recoverable amount from employees benefits		11,183,361	10,188,303
Total non-current assets		1,376,984,303	1,370,451,904
Current assets			
Inventories		7,193,715	7,519,296
Trade receivables	6	414,748,547	402,396,454
Prepayments and other receivables		56,255,358	61,786,657
Work in progress		14,363,235	14,363,235
Due from related parties	7-1	8,389,743	9,588,371
Cash and cash equivalent		65,065,303	45,490,349
Total current assets		566,015,901	541,144,362
Assets from discontinued operations	11	12,793,538	11,424,400
TOTAL ASSETS		1,955,793,742	1,923,020,666
EQUITY AND LIABILITIES			
Equity			
Share capital	8	650,000,000	650,000,000
Statutory reserve		83,043,571	83,043,571
Actuarial reserve		(45,798,387)	(45,798,387)
Retained earnings		(8,846,006)	(10,302,518)
Foreign currency translation reserve		(1,718,431)	(1,788,464)
Fair value reserve		18,299,043	21,467,583
Total equity attributable to the Shareholders		694,979,790	696,621,785
Non-controlling interest		28,741,154	29,923,531
Total equity		723,720,944	726,545,316
LIABILITIES			
Non-current liabilities			
Non-current portion of lease liabilities		423,127,855	435,245,827
Long term borrowings	9	100,525,203	98,845,446
Employees' post-employment benefits		82,098,906	83,214,564
Deferred gain from sale of property and equipment		9,042,169	9,243,106
Total non-current liabilities		614,794,133	626,548,943
Current liabilities			
Banks overdraft		3,480,521	3,394,514
Short-term borrowings	9	152,056,126	146,472,015
Current portion of long-term borrowings	9	200,840,992	180,942,983
Current portion of deferred gain from sale of property and equipment		803,748	803,748
Current portion of lease obligations		68,010,251	68,915,908
Trade and other payables		109,954,820	97,730,837
Due to related parties	7-2	10,155,720	12,117,950
Contract liabilities		51,831,299	41,785,156
Zakat and income tax payable	12-2	13,899,935	12,893,711
Total current liabilities		611,033,412	565,056,822
Liabilities from discontinued operations	11	6,245,253	4,869,585
TOTAL LIABILITIES		1,232,072,798	1,196,475,350
TOTAL EQUITY AND LIABILITIES		1,955,793,742	1,923,020,666
Contingent liabilities and capital commitments	13		

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


Sherif Esmat
Chief Financial Officer

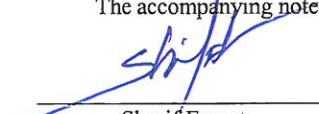

Alwaleed A. Aldryaan
Chief Executive Officer

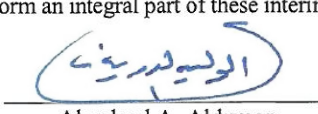

Abdulaziz Alrashed
Chairman

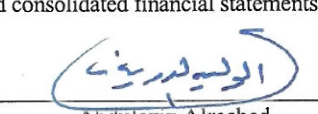
Al Khaleej Training and Education Company
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Profit or Loss
For the Three-month period ended 31 March 2023
(All amounts are in Saudi Riyal unless otherwise stated)

	Note	For the Three-month-period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited) (restated note 18)
CONTINUED OPERATIONS			
Revenues	15	208,943,196	219,412,501
Cost of revenues		(167,050,447)	(193,200,441)
GROSS PROFIT		41,892,749	26,212,060
Selling and marketing expenses		(4,510,580)	(5,655,098)
General and administrative expenses		(20,983,866)	(20,814,517)
Charge of provision for expected credit loss	6	(227,581)	(3,856,037)
PROFIT / (LOSS) FROM MAIN OPERATIONS		16,170,722	(4,113,592)
Other income		7,729,289	9,339,235
Finance costs	10	(17,456,112)	(14,961,710)
Unrealized loss on financial derivative instruments		(1,828,618)	-
PROFIT / (LOSS) FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX		4,615,281	(9,736,067)
Zakat and income tax	12-2	(1,264,224)	(2,004,896)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		3,351,057	(11,740,963)
DISCONTINUED OPERATIONS			
Loss from discontinuing operations		(218,642)	-
NET PROFIT / (LOSS) FOR THE PERIOD		3,132,415	(11,740,963)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the parent Company		1,456,512	(12,011,815)
Non-controlling interests		1,675,903	270,852
		3,132,415	(11,740,963)
BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHODERS OF THE COMPANY			
	14	0.02	(0.18)
ATTRIBUTABLE TO DISCONTINUING OPERATIONS	14	(0.003)	-

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


Sherif Esmat
Chief Financial Officer

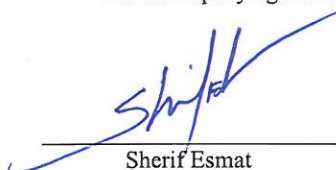

Alwaleed A. Aldryaan
Chief Executive Officer


Abdulaziz Alrashed
Chairman

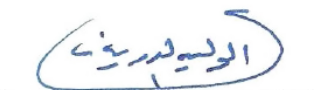
Al Khaleej Training and Education Company
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Comprehensive Income
For the Three-month period ended 31 March 2023
(All amounts are in Saudi Riyal unless otherwise stated)

	For the Three-month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited) (restated note 18)
NET PROFIT FOR THE PERIOD	3,132,415	(11,740,963)
<u>OTHER COMPEREHNSINVE INCOME</u>		
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation reserve	70,033	694,267
	<u>70,033</u>	<u>694,267</u>
Items that will not be reclassified subsequently to profit or loss:		
Change in the fair value of investments in equity instruments	(3,168,540)	2,640,449
Other comprehensive income	(3,098,507)	3,334,716
TOTAL COMPREHENSIVE INCOME	<u>33,908</u>	<u>(8,406,247)</u>
<u>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</u>		
Shareholders of the parent company	(1,641,995)	(8,677,099)
Non-controlling interests	1,675,903	270,852
	<u>33,908</u>	<u>(8,406,247)</u>

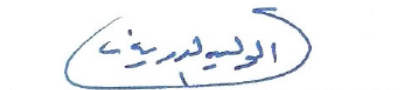
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.



Sherif Esmat
Chief Financial Officer



Alwaleed A. Aldryaan
Chief Executive Officer




Abdulaziz Alrashed
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 2023
(All amounts are in Saudi Riyal unless otherwise stated)

	Equity attributable to the shareholders							Non-controlling interests	Total
	Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Foreign currency translation reserve	Fair value reserve	Equity		
Balance at 1 January 2022 (Audited)	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
Impact of adjustment for prior year (note 18)	-	(2,321,552)	(10,162,792)	(66,107,587)	-	-	(78,591,932)	-	(78,591,932)
Balance at 1 January 2022 – restated	650,000,000	83,043,571	(40,220,672)	(7,465,538)	(2,728,550)	54,241,981	736,870,791	3,517,416	740,388,207
Transferred from acquired company	-	-	-	-	-	-	-	15,599,493	15,599,493
Net loss for the period (restated note 18)	-	-	-	(12,011,815)	-	-	(12,011,815)	270,852	(11,740,963)
Other comprehensive income	-	-	-	694,267	694,267	2,640,449	3,334,716	-	3,334,716
Total profit and comprehensive income / (loss)	-	-	-	(12,011,815)	694,267	2,640,449	(8,677,099)	270,852	(8,406,247)
Dividends paid (Note 19)	-	-	-	-	-	-	-	(1,950,923)	(1,950,923)
Balance at 31 March 2022 (Unaudited)	650,000,000	83,043,571	(40,220,672)	(19,477,353)	(2,034,284)	56,882,430	728,193,692	17,436,838	745,630,530
Balance at 1 January 2023 (Audited)	650,000,000	83,043,571	(45,798,387)	(10,302,518)	(1,788,464)	21,467,583	696,621,785	29,923,531	726,545,316
Net profit for the period	-	-	-	1,456,512	-	-	1,456,512	1,675,903	3,132,415
Other comprehensive income	-	-	-	-	70,033	(3,168,540)	(3,098,507)	-	(3,098,507)
Total comprehensive income	-	-	-	1,456,512	70,033	(3,168,540)	(1,641,995)	1,675,903	33,908
Dividends paid (Note 19)	-	-	-	-	-	-	-	(2,858,280)	(2,858,280)
Balance at 31 March 2023 (Unaudited)	650,000,000	83,043,571	(45,798,387)	(8,846,006)	(1,718,431)	18,299,043	694,979,790	28,741,154	723,720,944

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



Sherif Esmat
Chief Financial Officer

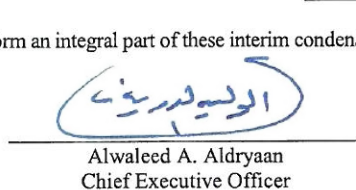

Abdulaziz Alrashid
Chairman

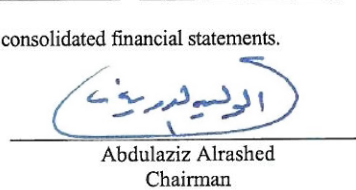
Al Khaleej Training and Education Company
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Cash flows
For the Three-month periods ended 31 March 2023
(All amounts are in Saudi Riyal unless otherwise stated)

	For the Three-month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited – Restated note 18)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit (loss) before zakat and income tax	4,615,281	(9,736,067)
Adjustments to:		
Depreciation and amortization	16,741,808	16,334,296
Unrealized gain on financial derivative instruments	1,828,618	-
Deferred gain on sale of property and equipment	(200,937)	(200,937)
Allowance of expected loss on trade receivables	(1,268,241)	3,856,037
Provision for employees' end of service benefits	5,123,923	3,144,692
Loss from discontinuing operations	(218,642)	-
Finance costs	17,456,112	14,961,710
Foreign currency translation reserve	70,033	694,266
	<u>44,147,955</u>	<u>29,053,997</u>
Net changes in working capital:		
Inventories	325,581	500,833
Trade receivables	(11,083,852)	(32,785,839)
Prepayments and other receivables	5,531,297	27,891,260
Recoverable amount from employees benefits	(995,058)	-
Due from related party	1,198,628	(330,105)
Trade and other payables	12,223,983	8,540,753
Due to related parties	(1,962,230)	-
Contract liabilities	10,046,143	8,540,752
Discontinued operations - assets net of liabilities	6,530	-
	<u>59,438,977</u>	<u>32,870,898</u>
Cash flows generated from operating activities		
Employees' post-employment benefits paid	(6,239,581)	(6,005,708)
Zakat and income tax paid	(258,000)	(9,283,592)
Net cash generated from operating activities	<u>52,941,396</u>	<u>17,581,598</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Addition to property and equipment	(27,276,306)	(23,182,987)
Net cash flows from acquisition of subsidiary	-	(2,501,399)
Additions to right of use assets	-	(4,855,044)
Net cash used in investing activities	<u>(27,276,306)</u>	<u>(30,539,430)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Banks overdraft	86,007	11,874,289
Term loans, net	26,777,201	16,369,379
Finance costs paid	(17,071,435)	-
Lease obligations paid	(13,023,629)	(31,791,194)
Non-controlling interests	(2,858,280)	(1,950,923)
Net cash used in financing activities	<u>(6,090,136)</u>	<u>(5,498,449)</u>
Net change in cash and cash equivalents	<u>19,574,954</u>	<u>(18,456,281)</u>
Cash and cash equivalents at the beginning of the period	45,490,349	126,105,863
Cash and cash equivalents at the end of the period	<u>65,065,303</u>	<u>107,649,582</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 Alrashed
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 2023

(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 25 November 1992 G). The head office located at Olaya area, Riyadh.

On 30 March 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 sector. The Capital Market Authority “CMA” issued its approval of the company’s request to increase the capital on 30 September 2021, and the Extraordinary General Assembly approved the capital increase on 3 November 2021 corresponding to Rabi’ al-Awal 28, 1443 H 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 (collectively, “the Group”) are engaged in operating independent schools for primary education with a international curriculum, providing top management consulting services, operating independent schools for secondary education with an international curriculum, higher training institutes, institutes for teaching languages and communication skills, operating independent schools for high-school education with a international curriculum, integrated office administrative services activities.

1-2 Group information

The following is the list of subsidiaries included in these interim condensed consolidated financial statements. The ownership percentages below:

Subsidiary companies	Country of incorporation	Activities	Direct / indirect ownership 31 March 2023	Direct / indirect ownership 31 December 2022
Advanced Systems and Solutions for Communications Company	Saudi Arabia	Information, communications, administrative activities and support services	100%	100%
Fast Lane Group (Fast Lane Consultancy duty free – (LTD.))	United Arab Emirates	Training and advisory to individual and corporates	80%	80%
Al Khaleej Training and Information Technology Company	Egypt	Training courses for English and IT	57%	57%
Online Trading Academy Duty free – LTD.	United Arab Emirates	Training in trade in the financial markets	-	100%
Franklin Covey Middle East Company and its subsidiaries	United Arab Emirates	Training in human resource behavior	61%	61%
Linguaphone Limited Company	United Kingdom	A world-leading provider of self-study and classroom-based language courses	100%	100%
Jobzella	Egypt	Professional online career network for job seekers and employers to connect	60%	60%
Al – Roqi National Schools Company	Saudi Arabia	Education	60%	60%
Al – Faisaliyah National Schools Company	Saudi Arabia	Education	60%	60%

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 2023
(All amounts are in Saudi Riyal unless otherwise stated)

1. INFORMATION AND ACTIVITIES (CONTINUED)

1-2 Group information (CONTINUED)

The Company operates through its following branches:

No.	Branch name	Location	Issue date	Commercial register number
1	Al-Khaleej Women's Higher Institute for Training	ALMadinah	9-10-1435	4650073903
2	Al-Khaleej Women's Higher Institute for Training	ALMunawwarah	23-01-1427	5855026677
3	Al-Khaleej Higher Training Institute	Makkah	02-02-1420	4031038762
4	Al-Khaleej Institute for English Language Education	Riyadh	14-02-1440	1010473765
5	Al-Khaleej Institute for English Language Education	Riyadh	03-03-1437	1010439960
6	Al-Khaleej Higher Training Institute	Riyadh	16-04-1436	1010430266
7	Al-Khaleej Women's Higher Institute for Training	Makkah	21-04-1436	4031090192
8	Al-Khaleej Higher Training Institute	Abha	24-04-1432	5850036806
9	Al-Khaleej Training and Education Company	Jeddah	01-05-1439	4030298941
10	Al-Khaleej Women's Higher Institute for Training, Alkhaleej Training and Education Company Branch	Jeddah	11-05-1436	4030280772
11	Al-Khaleej Higher Training Institute	Jeddah	21-05-1418	4030122203
12	Al-Khaleej Institute, Alkhaleej Training and Education Company Branch	Riyadh	22-05-1437	1010442273
13	Baraem Rowad Alkhaleej International Schools	Riyadh	03-06-1438	1010468530
14	Al-Khaleej Training and Education Company	Abha	20-06-1440	5850122851
15	Al-Khaleej Women's Higher Institute for Training	Al Khobar	23-06-1435	2051057228
16	Baraem Rowad Alkhaleej International Schools	Riyadh	01-07-1434	1010373935
17	Al-Khaleej Employment Company	Riyadh	10-07-1442	1010690019
18	Alkhaleej Women's Higher Institute for Training	Al Mubarraz	28-07-1422	2252027144
19	Rowad Alkhaleej International Schools, Alkhaleej Training and Education Company Branch	Riyadh	24-08-1432	1010313248
20	Al-Khaleej Women's Higher Institute for Training	Riyadh	24-08-1435	1010418073
21	Al-Khaleej Higher Training Institute	Buraydah	24-08-1423	1131036224
22	Al-Khaleej Higher Training Institute	ALMadinah ALMunawwarah	21-10-1426	4650036870
23	Rowad Alkhaleej International Schools, Alkhaleej Training and Education Company Branch	Dammam	04-11-1431	2050072673
24	Al-Khaleej Higher Training Institute	Riyadh	24-08-1435	1010418105
25	Al-Khaleej Women's Higher Institute for Training, Alkhaleej Training and Education Company Branch	Riyadh	25-08-1435	1010418220
26	Al-Khaleej Higher Training Institute	Al Khobar	21-11-1414	2051017604
27	Rowad Alkhaleej Private Schools	Dammam	23-06-1430	2050065522
28	Baraem Rowad Alkhaleej International Schools	Al Khobar	04-06-1436	2051060277
29	Rowad Alkhaleej International Schools, Al Khobar	Al Khobar	17-06-1443	2051239684
30	Al-Khaleej Training and Education Company	Riyadh	12-08-1443	1010788858
31	Al-Khaleej Leading	Riyadh	12-01-1444	1010818175
32	Al-Khaleej Training Center	Riyadh	01-03-1444	1010833422
33	Spectrum wellness center *	Riyadh	21-3-1422	1010167124
34	Vogue Beauty Salon For Women's *	Khobar	15-11-1433	2051050280
35	Spectrum Health Sports Center *	Eastern Province	23-04-1435	2051056443
36	Sports Fitness Professionals Center *	Riyadh	17-04-1432	1010467302
37	Spectrum Health Sports Center *	Riyadh	12-10-1432	1010385498
38	Vogue Beauty For Women's *	Riyadh	21-07-1437	1010443889
39	Vogue Beauty Salon For Women's *	Riyadh	06-07-1433	1010340129
40	Spectrum Health Sports Center *	Riyadh	02-08-1437	1010461046
41	Spectrum Health Sports Center *	Riyadh	02-08-1437	1010461047
42	Vogue Beauty Salon For Women's *	Riyadh	07-03-1437	1010361382

* These commercial registers related to assets and liabilities from discontinued operations (note 11).

2. BASIS OF PREPARATION (CONTINUED)

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 issued 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 2022.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements to prepare a complete set of financial statements, however 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 2023 are not necessarily indicative of the results that can be expected for the financial year ending 31 December 2023.

2-2 Basis of measurement

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost basis, 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 2023. 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.

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2. BASIS OF PREPARATION AND (CONTINUED)

2-4 Basis of consolidation (CONTINUED)

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

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

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

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

3. 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 Group's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group 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 Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

Going concern

As of 31 March 2023, the Group's current liabilities exceeded its current assets by an amount of SR 44,672,379 (31 December 2022: SR 23,912,460) which is mainly due to the loan balance amounting to SR 352,512,441. Despite the deficit in working capital, the Group has a positive equity amounting to SR 695,324,922 and positive operating cash flow amounting to SR 52,941,396 which is an indication of the Group's ability to meet its obligations when they are due. The management also believes that it is able to benefit from new facilities if required. Accordingly, the consolidated financial statements have been prepared on the basis of the going concern principle, and the loans continue to be classified according to the original repayment terms.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the interim condensed consolidated financial statements are in line with the policies followed in preparing the annual financial statements of the Company for the year ended 31 December 2022.

New Standards, Amendment to Standards and Interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in Group annual Consolidated Financial Statements for the year ended 31 December 2022, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group recognizes revenues when control of the promised services e.g. training services is transferred to customers and in an amount that reflects the consideration expected to be entitled to receive in exchange for those services. Revenues are recorded net of any sales, value added, or other taxes collected from customers. A performance obligation is a promise in a contract to transfer a distinct service to the customers. The majority of contracts have a single performance obligation e.g. to provide agreed training at agreed schedule and topics to be covered. No revenue is allocated to free trial period provided to potential customers before customers enter into training contract, revenue is recognized over the time.

5. PROPERTY AND EQUIPMENT

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cost:		
Balance at the beginning of the period/year	900,262,658	770,430,225
Added on acquisition of subsidiary	-	52,365,110
Additions during the period / year	27,276,306	95,657,146
Disposals / Assets from discontinued operations	-	(18,189,823)
At the end of the period / year	927,538,964	900,262,658
Accumulated depreciation:		
Balance at the beginning of the period/year	335,477,679	294,514,280
Added on acquisition of subsidiary	-	19,192,072
Depreciation for the year	7,128,880	32,621,976
Disposals / Assets from discontinued operations	-	(10,850,649)
At the end of the period / year	342,606,559	335,477,679
Net book value:		
At the end of the period / year	584,932,405	564,784,979

* Certain plot of land amounting to SR 126 million are mortgaged with several local banks against long-term loans (note 9).

6. TRADE RECEIVABLE

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Government customers	306,434,067	328,136,360
Non-Government customers	189,457,413	152,048,636
Total	495,891,480	480,184,996
Unbilled revenue	27,126,090	31,748,722
Less: impairment provision in account receivables	(108,269,023)	(109,537,264)
	414,748,547	402,396,454

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

	For the Three-month period ended 31 March 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Balance at the beginning of the period / year	109,537,264	96,823,796
Additions through acquisition of subsidiaries	-	2,549,054
Provision (reversed) / recorded during the period/year	(227,581)	10,164,414
Transfer to Discontinued operation	(1,040,660)	-
Balance at the end of the period / year	108,269,023	109,537,264

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7. RELATED PARTIES TRANSACTIONS

<u>Related party</u>	<u>Nature of Relation</u>	<u>Nature of Transactions</u>	<u>31 March 2023 (Unaudited)</u>	<u>31 March 2022 (unaudited)</u>
Al-Falak Electronic Equipment and supplies Company	Companies owned by BODs	Rent as lessee	225,000	225,000
Swaad Al-Raqi	Affiliate company	Payment on behalf	93,895	-
New Horizon Holding – USA	Affiliate company	Royalties for New Horizons and finance	37,772	825,679
Salim Abdul Ghani Bin Miham Al , Baladi - Al Faisaliyah National Schools Company shareholder	Partner in subsidiary	Deferred consideration payment	2,000,000	-
Key management remuneration:				
Board of director		Bonuses	292,500	307,500
		Allowances	75,000	39,000
Short-term benefits:				
Salaries including bonuses		Salaries and bonuses	1,715,499	2,040,099
Post-employment benefits:				
Termination benefits		End of service	134,883	1,721,397

7-1 Due from related parties

	<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
New Horizon Holding – USA	4,868,370	4,873,720
Salim Bin Abdulghani Bin Muhanna Al-Biladi	-	284,965
Manar Al-Tfwq School	1,746,220	1,461,255
Al-Falak Electronic Equipment and supplies Company	457,782	676,917
Swaad Al-Roqi – Affiliate company	1,317,371	1,306,051
Al-Khaleej Computers Company	-	985,463
	<u>8,389,743</u>	<u>9,588,371</u>

7-2 Due to related parties

	<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Salim Abdul Ghani Bin Miham Al , Baladi - Al Faisaliya National Schools Company shareholder	7,000,000	7,000,000
Salem Bin Hindi Al Harbi & Holding Company - Al Faisaliya National Schools Company shareholder	3,000,000	5,000,000
New Horizon Holding – USA	155,720	117,950
	<u>10,155,720</u>	<u>12,117,950</u>

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.

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8. SHARE CAPITAL

The Company's capital consists of 65 million shares of SR 10 each as at 31 March 2023 (31 December 2022: 65 million shares) of SR 10 each.

9. BORROWINGS

The Group obtained long-term and short-term loans from several local banks to finance the Group's projects to construct buildings for educational establishments. The loans are charged a commission equal to the Saudi inter-bank borrowing rate (SAIBOR). All loans are secured by promissory note 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 2023, the Group was not in compliance with certain covenants of the financing agreements accordingly the arrangements amounting to SR 193,038,422 (31 December 2022: SR 138,612,971) were classified as current and presented under Current portion of borrowings in this consolidated financial position.

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Short-term	<u>152,056,126</u>	<u>146,472,015</u>
Long-term:		
Current portion	<u>200,840,992</u>	<u>180,942,983</u>
Non-current portion	<u>100,525,203</u>	<u>98,845,446</u>
	<u>453,422,321</u>	<u>426,260,444</u>

10. FINANCE COSTS

	For the Three-month period ended	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Finance cost on lease obligation	<u>10,135,643</u>	<u>11,037,772</u>
Finance cost on borrowings	<u>7,320,469</u>	<u>3,923,938</u>
	<u>17,456,112</u>	<u>14,961,710</u>

11. DISCONTINUED OPERATIONS

As at 28 September 2022, the board of directors of the Company had been resolved to dispose Spectrum Wellness establishment "Wellness" (branch) through sale and discontinue its operations, in addition, as of 28 March 2023 the Company's management resolved to voluntarily Online Trading Academy Duty free – LTD. "OTA" (a subsidiary owned by 100%), as at 3 April 2023 the company management signed a selling agreement to sell "OTA". The both subsidiaries were classified as a discontinued operation in the current year. The results of the operations of both subsidiaries for the current year has been presented in the consolidated statement of profit or loss. The "Wellness" resulted Net loss for the period SR 1,099,219 and "OTA" resulted net profit for the period SR 880,577.

As of 31 December 2022, the Company's management resolved to voluntarily liquidate Applied Digital Media Services Company "ADMS" (a subsidiary owned by 100%), as of financial position date ADMS had been closed.

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 2022 and obtained a certificate from ZATCA valid until 21 Shawwal 1445H corresponding to 30 April 2024.
- The Group has received assessments dated 22 December 2020 from the ZATCA for the years from 2015 to 2018 with zakat payable amount of SR 31.9 Million. ZATCA decided to reduce the claims amount to SR 25 Million, the Group has filed an appeal against these assessments during 2022. The Group paid with its Zakat declarations and appeal process SR 8.7 Million. The net amount under assessment is SR 15 Million

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12. ZAKAT AND INCOME TAX (CONTINUED)**12-1 ZAKAT STATUS (CONTINUED)**

- The Group has received assessments dated 21 October 2021 from ZATCA for the years 2019 and 2020 with zakat payable amount of SR 37 Million, the Group has filed an appeal against these assessments during 2022. The Group paid with its Zakat declarations and appeal process SR 13.5 Million. The net amount under assessment is SR 23 Million.

The Management, based on the conclusion reached by its external zakat expert are confident on favorable outcome of the filed appeals. Accordingly, the Zakat provision of SR 7,856,739 is sufficient as of reporting date.

12-2 ZAKAT PROVISION MOVEMENT

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	12,893,711	10,749,568
Charged during the period / year	1,264,224	12,673,375
Paid during the period / year	(258,000)	(10,529,232)
Balance at end of the period / year	13,899,935	12,893,711

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 94,579,365 million as at 31 March 2023 (31 December 2022: SR 97.35 million).

b) Commitments

The capital expenditure committed by the Group but not incurred till 31 March 2023 amounting to SR 70,556,660 million (31 December 2022: SR 83.51 million).

	31 March 2023	31 December 2022
Bank guarantees	94,579,365	97,352,167
Capital expenditure committed	70,556,660	83,511,678

14. EARNING PER SHARE

Basic and diluted earnings 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:

	For the Three-month period ended	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited restated note 18)
Earnings / (Loss) per share - continued operations:		
Net profit for the period	1,456,512	(12,011,815)
Weighted average number of ordinary shares	65,000,000	65,000,000
Basic and diluted earnings per share	0.02	(0.18)
Loss per share - discontinued operations:		
(Loss) for the year	(218,642)	-
Weighted average number of ordinary shares	65,000,000	-
Loss per share	(0.003)	-

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15. SEGMENT INFORMATION

Operating segments

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 month 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- University

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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15. SEGMENT INFORMATION (CONTINUED)

	Management Projects	Training	Smart Link	University	Schools	Total
31 March 2023 (Unaudited)						
Revenue from non-governmental sector	23,224,570	16,414,292	30,847,517	-	50,008,197	120,494,576
Revenue from governmental sector	-	3,073,300	51,579,238	33,796,082	-	88,448,620
Total Revenue	23,224,570	19,487,592	82,426,755	33,796,082	50,008,197	208,943,196
Depreciation	3,302,441	1,921,464	3,354,231	71,255	8,092,417	16,741,808
Profit / (loss) before zakat and income tax	(4,710,934)	282,568	4,116,325	2,382,494	2,544,828	4,615,281
Total assets	250,806,351	81,638,508	342,554,775	101,052,665	1,179,741,446	1,955,793,745
Total liabilities	403,295,132	34,175,972	260,544,951	31,102,516	502,609,098	1,231,727,669
31 March 2022 (Unaudited)						
Revenue from non-governmental sector	25,631,867	15,918,240	31,966,355	-	36,807,211	110,323,673
Revenue from governmental sector	-	3,657,455	64,763,341	40,668,032	-	109,088,828
Total revenue	25,631,867	19,575,695	96,729,696	40,668,032	36,807,211	219,412,501
Depreciation	1,365,991	2,748,101	3,574,780	63,301	8,582,123	16,334,296
Profit / (loss) before zakat and income tax	(1,271,714)	(2,914,872)	(4,503,957)	(470,838)	(574,686)	(9,736,067)
Total assets	120,282,587	212,312,143	488,750,717	80,113,270	1,041,033,374	1,942,492,091
Total liabilities	(10,097,218)	120,062,388	329,112,310	51,325,160	622,076,950	1,112,479,590

Foreign revenues did not meet any of the quantitative limits referred to in IFRS 8 "Operating Segments" and therefore the geographical segments information was not disclosed.

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16. FAIR VALUE OF FINANCIAL INSTRUMENTS**Fair value measurements of financial instruments**

Assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position are Grouped into three levels of fair value hierarchies. This Grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The following table shows the fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>31 March 2023 (Unaudited)</u>				
Financial assets				
Investment in equity instruments at fair value through OCI	255,331,457	-	17,092,379	272,423,835
Financial derivative instrument carried at FVTPL	-	5,094,763	-	5,094,763
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>31 December 2022 (Audited)</u>				
Financial assets				
Investment in equity instruments at fair value through OCI	258,499,996	-	17,092,378	275,592,374
Financial derivative instrument carried at FVTPL	-	6,923,382	-	6,923,382

17. ACQUIRING SUBSIDIARIES

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- Faisaliya 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 interim condensed 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 month from the date of acquisition as permitted by the standard.

The Group is in the process of making a comprehensive allocation of the purchase price, which is expected to be completed within twelve month 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,

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17. ACQUIRING SUBSIDIARIES (CONTINUED)

The initial purchase price allocation is included in the consolidated financial statements. Subsequent adjustments will occur during the measurement period when the Group 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.

A- Al- Faisaliya National Schools Company

As of 1 August 2022, the Group acquired 60% of the net assets of Al-Faisaliyah National Schools Company in exchange for a payment of 60,000,000 Saudi riyals, and thus the Group became controlling the Al-Faisaliyah National Schools Company. The activity of Al-Faisaliyah National Schools Company is as shown in Note (1-2). It qualifies as a business as defined in IFRS 3. Al-Faisaliyah National Schools Company was acquired to develop the group's operations.

The Company's share of the book value of the identifiable assets and liabilities acquired from Al- Faisaliyah National Schools Company amounted to SR 10,026,631 Goodwill was recognized in the amount of SR 49,973,369 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-Faisaliya National Schools Company were completed during the year ended 31 December 2022. The assets and liabilities recognized as a result of the acquisition are as follows:

	<u>SR</u>
Assets	
Property and equipment, net	15,579,625
Right of use of assets	28,716,834
Trade receivables	8,596,064
Prepayments and other current assets	975,471
Due from related party	933,820
Cash and cash equivalents	302,119
Liabilities	
Employee post-employment benefits	(2,652,190)
Lease obligations	(29,084,053)
Trade and other payables	(6,656,639)
Total fair value of the identifiable assets and liabilities acquired	<u>16,711,051</u>
Non-controlling interests	<u>6,684,420</u>
Net of the identifiable assets and liabilities acquired	10,026,631
Goodwill	49,973,369
Consideration	<u>60,000,000</u>
Less: Non-paid amounts	<u>(10,000,000)</u>
<u>Net cash used from the acquisition</u>	
Paid consideration	50,000,000
Cash and cash equivalents	(302,119)
Net paid cash	<u>49,697,881</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-months period ended 31 March 2023
(All amounts are in Saudi Riyal unless otherwise stated)

18. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEAR/PERIOD FIGURES

18.1 Restatement of prior year errors

A. Retained earnings reconciliation:

	<u>Amounts</u>
Balance as of 31 December 2021	58,642,049
Reverse of unbilled revenue for year 2020	(2,582,978)
Adjustments on right of use assets	(9,310,604)
Adjustments on statement of profit or loss for year ended 31 December 2021	(56,535,557)
Reverse formed statutory reserve as a result of loss for year 2021	<u>2,321,552</u>
Total adjustments as of 31 December 2021	<u>(66,107,587)</u>
Balance as of 31 December 2021 – restated	<u>(7,465,538)</u>
Balance as of 31 March 2022	53,550,226
Total adjustments as of 31 December 2021	(66,107,587)
Adjustments for the three-period ended 31 march 2022 (B and C)	<u>(6,919,992)</u>
Total adjustments as of 31 December 2021	<u>(73,027,580)</u>
Balance as of 31 December 2021 – restated	<u>(19,477,353)</u>

B. Revenue and cost of revenue

This amount of restatement represented in an error in revenue recognition and its related cost of one of the company's contract with customer.

C. Trade receivable and unbilled revenue

During 2023, the Management reassessed the allowance of expected credit loss "ECL" for outstanding balance of trade receivable to comply with the mechanism of ECL as applied in year ended 31 December 2022 (refer to note 39 from annual financial statement for year 2022).

The impact of the restatements and reclassification the equity as of 31 December 2021:

	Note	Balance as previously reported 31 December 2021	Adjustments	Balance restated 31 December 2021
<u>Equity</u>				
Equity attributable to shareholders of the parent				
Share capital		650,000,000	-	650,000,000
Statutory reserve	A	85,365,123	(2,321,552)	83,043,571
Actuarial reserve	A	(30,057,880)	(10,162,792)	(40,220,672)
Retained earnings	A	58,642,049	(66,107,587)	(7,465,538)
Foreign currency translation reserve		(2,728,551)	-	(2,728,551)
Fair value reserve		<u>54,241,981</u>	<u>-</u>	<u>54,241,981</u>
Total equity attributable to shareholders of the parent		<u>815,462,722</u>	<u>(78,591,931)</u>	<u>736,870,791</u>
Non-controlling interest		<u>3,517,416</u>	<u>-</u>	<u>3,517,416</u>
Total equity		<u>818,980,138</u>	<u>(78,591,931)</u>	<u>740,388,207</u>

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18. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEAR/PERIOD FIGURES (CONTINUED)

The impact of the restatements and reclassification in the equity for the three-month period ended 31 March 2022 as follows:

	Note	Balance as previously reported 31 March 2022	Adjustments	Balance restated 31 March 2022
Equity				
Equity attributable to shareholders of the parent				
Share capital		650,000,000	-	650,000,000
Statutory reserve	A	85,365,123	(2,321,552)	83,043,571
Actuarial reserve	A	(30,057,880)	(10,162,792)	(40,220,672)
Retained earnings	A	53,550,226	(73,027,581)	(19,477,353)
Foreign currency translation reserve		(2,034,284)	-	(2,034,284)
Fair value reserve		56,882,430	-	56,882,430
Total equity attributable to shareholders of the parent		813,705,615	(85,511,924)	728,193,692
Non-controlling interest		17,436,838	-	17,436,838
Total equity		831,142,453	(85,511,924)	745,630,530

The impact of the restatements and reclassification in the statement of profit or loss for the three-month period ended 31 March 2022 as follows:

	Note	Amounts as previously reported 31 March 2022	Adjustments	Amounts restated 31 March 2022
Revenue	B	231,238,006	(11,825,505)	219,412,501
Cost of revenue	B	(208,895,994)	10,695,553	(198,200,441)
Gross profit		22,342,012	(1,129,952)	21,212,060
Selling and marketing		(5,655,098)	-	(5,655,098)
General and administration expenses		(15,814,517)	-	(15,814,517)
Charge of provision for expected credit loss	C	1,934,003	(5,790,040)	(3,856,037)
PROFIT (LOSS) FROM OPERATIONS		2,806,400	(6,919,992)	(4,113,592)
Financial charges		9,339,235	-	9,339,235
other income		(14,961,710)	-	(14,961,710)
PROFIT (LOSS) BEFORE ZAKAT AND INCOME TAX		(2,816,075)	(6,919,992)	(9,736,067)
Zakat and Income tax		(2,004,896)	-	(2,004,896)
NET (LOSS) FOR THE YEAR		(4,820,971)	(6,919,992)	(11,740,963)
NET (LOSS) FOR THE YEAR ATTRIBUTABLE TO:				
Shareholders of the parent Company		(5,091,823)	(6,919,992)	(12,011,815)
Non-controlling interests		270,852	-	270,852
		(4,820,971)	(6,919,992)	(11,740,963)

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18. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEAR/PERIOD FIGURES (CONTINUED)

The impact of the restatements and reclassification in the statement of Comprehensive Income for the three-month period ended 31 March 2022 as follows:

	31 March 2022		31 March 2022
	<u>(Unaudited)</u>	<u>Adjustments</u>	<u>Restated (Unaudited)</u>
NET LOSS FOR THE PERIOD	(4,820,971)	(6,919,992)	(11,740,963)
<u>OTHER COMPEREHNSINVE INCOME</u>			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation reserve	694,267	-	694,267
	<u>694,267</u>	<u>-</u>	<u>694,267</u>
Items that will not be reclassified subsequently to profit or loss:			
Change in the fair value of investments in equity instruments	2,640,449	-	2,640,449
Other comprehensive income	<u>3,334,716</u>	<u>-</u>	<u>3,334,716</u>
Total COMPREHENSIVE INCOME	<u>(1,486,255)</u>	<u>(6,919,992)</u>	<u>(8,406,247)</u>
<u>TOTAL COMPREHENSIVE INCOME</u>			
<u>ATTRIBUTABLE TO:</u>			
Shareholders of the parent company	(1,757,107)	(6,919,992)	(8,677,099)
Non-controlling interests	270,852	-	270,852
	<u>(1,486,255)</u>	<u>(6,919,992)</u>	<u>(8,406,247)</u>

The impact of the above adjustments and reclassifications in statement of cash flows for the three-month period ended 31 March 2022:

	Amounts as previously reported			Amounts restated
	31 March 2022	Adjustments	Reclassifications	
Profit for the year	(2,816,075)	(6,919,992)	-	(9,736,067)
Allowance of expected loss on trade receivable	(1,934,003)	5,790,040	-	3,856,037
Trade receivable	(42,224,610)	11,825,505	(2,386,734)	(32,785,839)
Unbilled revenue	(2,386,734)	-	2,386,734	-
Trade and other payables	19,236,305	(10,695,553)	-	8,540,752
Net cash generated from operating activities	<u>17,581,598</u>	<u>-</u>	<u>-</u>	<u>17,581,598</u>

Earnings per share:

	31 March 2022
Basic and diluted earnings per share as previously reported	(0,08)
Adjustments	(0,10)
Basic and diluted earnings per share restated	<u>(0,18)</u>

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18. RESTATEMENT AND RECLASSIFICATION FOR PRIOR YEAR/PERIOD FIGURES (CONTINUED)

18.3 Certain comparative figures have been reclassified to comply with current period:

<u>Item Name</u>	<u>Balance before reclassification</u>	<u>Reclassification Debit / (Credit)</u>	<u>Balance after reclassification</u>
<u>Statement of financial position as of 31 December 2022</u>			
Trade receivables	393,268,040	9,128,414	402,396,454
Work in progress	23,491,649	(9,128,414)	14,363,235

19. DIVIDENDS

During the period ended 31 March 2023 the partners of Franklin Covey Middle East Company (subsidiary of the Company owned with 61% shareholding) resolved a dividend of SR 2,858,280 (31 March 2022: SR 1,950,923).

20. SUBSEQUENT EVENTS

- On 3 April 2023G corresponding to 12 Ramadhan 1444H, the company management signed a selling agreement to sell its subsidiary "Online Trading Academy Duty free – LTD", and the agreement in the process of finalize regulatory authorities' requirements.
- On 14 June 2023G corresponding to 25 Thul-Qi'dah 1444H, Al-Khaleej Training and Education Company announced the acquisition of an additional percentage of the ownership shares of Al-Faisaliah Private Schools Company in Jeddah estimated at 27%, bringing the total acquisition to 87% of the ownership shares of Al-Faisaliah Private Schools Company in Jeddah, it was agreed to pay an amount of SR 30,600,000 the value of the additional share.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the period ended 31 March 2023 have been approved by the Board of Directors on 1 Dhu al-Hijjah 1444H corresponding to 19 June 2023.