



ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements
For the three and nine-month periods ended 30 April 2022
together with the Independent Auditor's Review Report**

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three and nine -month periods ended 30 April 2022

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

We have reviewed the accompanying interim consolidated statement of financial position of Ataa Educational Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 April 2022 and the related interim consolidated statements of profit or loss, other comprehensive income, for the three-month and nine-month periods ended at 30 April 2022, and interim consolidated statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 in: 13 Dhul Qi'dah 1443H

Corresponding to: 12 June 2022



ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Financial Position
As at 30 April 2022

(Amounts in Saudi Riyals unless otherwise stated)

	Note	30 April 2022 (unaudited)	31 July 2021 (audited)
ASSETS			
Non-current assets			
Property and equipment	4	685,126,133	495,142,467
Investment properties		37,171,159	37,419,722
Intangible assets		554,570,472	425,419,811
Right-of-use assets		471,630,447	295,355,802
Total non-current assets		1,748,498,211	1,253,337,802
Current assets			
Inventories		3,806,252	1,041,847
Accounts receivable	5	102,601,617	57,325,556
Prepayments and other current assets		42,696,510	25,842,979
Due from related parties	6-1	67,692,330	8,375
Cash and cash equivalents		31,243,670	7,498,833
Total current assets		248,040,379	91,717,590
Total assets		1,996,538,590	1,345,055,392
EQUITY AND LIABILITIES			
Equity			
Share capital	7	400,000,000	400,000,000
Share premium	7-1	209,594,000	209,594,000
Statutory reserve		34,849,260	34,849,260
Actuarial reserve		(7,686,781)	(7,686,781)
Retained earnings		139,322,321	107,983,937
Equity attributed to shareholders in the company		776,078,800	744,740,416
Non-controlling interests		76,317,991	10,651,773
Total equity		852,396,791	755,392,189
LIABILITIES			
Non-current liabilities			
Lease liabilities under right of use assets		461,978,180	300,630,208
Borrowings	9	371,852,225	172,575,968
Deferred revenue of government grants		1,143,414	1,442,813
Employees' post-employment benefits		55,962,209	33,220,577
Total non-current liabilities		890,936,028	507,869,566
Current liabilities			
Lease liabilities under right of use assets		58,931,472	21,779,897
Borrowing	9	95,744,527	31,627,570
Advance revenue		44,389,717	6,793,198
Accounts payables		15,370,200	961,243
Deferred revenue of government grants		413,666	457,068
Accrued expenses and other current liabilities		22,833,936	18,433,021
Due to related parties	6-3	9,958,315	148,961
Provision for Zakat	10-2	5,563,938	1,592,679
Total current liabilities		253,205,771	81,793,637
Total liabilities		1,144,141,799	589,663,203
Total equity and liabilities		1,996,538,590	1,345,055,392
Contingent liabilities and capital commitments	14		

Chief Financial Officer

Adel Nader

Chief Executive Officer

Fahad bin Abdulaziz Al-Tuwaijri

Chairman of Board of Directors

Tariq bin Othman Al-Qasabi

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

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

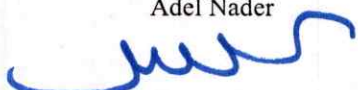
Interim Consolidated Statement of Profit or Loss
For the three and nine-month periods ended 30 April 2022

(Amounts in Saudi Riyals unless otherwise stated)

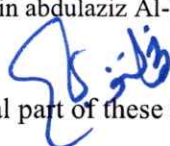
	Note	For the three-month period ended 30 April		For the nine-month period ended 30 April	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue	15	138,754,856	62,532,020	413,166,824	186,945,829
Cost of revenue	15	(118,705,839)	(46,912,372)	(329,432,514)	(140,954,122)
Gross profit		20,049,017	15,619,648	83,734,310	45,991,707
General and administrative expenses		(14,517,714)	(6,694,005)	(45,132,374)	(18,112,606)
Reversal / (charge) of impairment accounts receivable	5-1	291,874	1,175,418	(3,675,685)	90,048
Other income, net		8,258,936	1,484,940	16,974,938	5,098,377
Operating profit		14,082,113	11,586,001	51,901,189	33,067,526
Gains from acquisition of a subsidiary	11	-	-	52,495,759	-
Finance costs	12	(10,522,995)	(5,224,148)	(29,739,695)	(14,959,694)
Net income for the period before zakat		3,559,118	6,361,853	74,657,253	18,107,832
Zakat	10-2	(34,648)	(18,834)	(2,245,071)	(457,445)
Net income for the period		3,524,470	6,343,019	72,412,182	17,650,387
Net income attributed to:					
Shareholders in the company		3,610,111	6,343,019	71,338,384	17,650,387
Non-controlling interests		(85,641)	-	1,073,798	-
		3,524,470	6,343,019	72,412,182	17,650,387
Basic and diluted earnings per share:					
Basic and diluted earnings per share as per net income for the period attributable to the shareholders in the Company	13	0.09	0.16	1.78	0.44

Chief Financial Officer

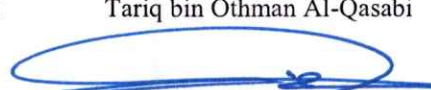
Adel Nader


Chief Executive Officer

Fahad bin Abdulaziz Al-Tuwaijri


Chairman of Board of Directors

Tariq bin Othman Al-Qasabi



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

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Comprehensive Income**For the three and nine-month period ended 30 April 2022**

(Amounts in Saudi Riyals unless otherwise stated)

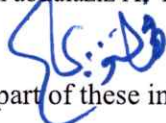
	For the three-month period ended 30 April		For the nine-month period ended 30 April	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Net income for the period	3,524,470	6,343,019	72,412,182	17,650,387
Items that will not be reclassified subsequently to the statement of profit or loss:				
Actuarial gains on remeasurement of employees post-employment benefits	-	255,369	-	662,944
Total comprehensive income for the period	3,524,470	6,598,388	72,412,182	18,313,331
Total comprehensive income for the period attributed to:				
Shareholders in the company	3,610,111	6,598,388	71,338,384	18,313,331
Non-controlling interests	(85,641)	-	1,073,798	-
	3,524,470	6,598,388	72,412,182	18,313,331

Chief Financial Officer

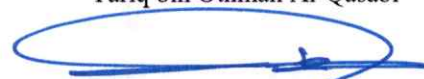
Adel Nader


Chief Executive Officer

Fahad bin Abdulaziz Al-Tuwaijri


Chairman of Board of Directors

Tariq bin Othman Al-Qasabi



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

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 April 2022
(Amounts in Saudi Riyals unless otherwise stated)

	Note	Share Capital	Share premium	Statutory reserve	Actuarial reserve	Retained earnings	Total equity attributed to shareholders in the company	Non-controlling interests	Total equity
For the nine-month period ended 30 April 2021									
Balance as at 31 July 2020 (audited)		400,000,000	209,594,000	31,142,800	(6,313,678)	114,625,797	749,048,919	-	749,048,919
Net income for the period		-	-	-	-	17,650,387	17,650,387	-	17,650,387
Other comprehensive income for the period		-	-	-	662,944	-	662,944	-	662,944
Total comprehensive income		-	-	-	662,944	17,650,387	18,313,331	-	18,313,331
Dividends	8	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
Balance at 30 April 2021 (unaudited)		400,000,000	209,594,000	31,142,800	(5,650,734)	92,276,184	727,362,250	-	727,362,250
For the nine-month period ended 30 April 2022									
Balance as at 31 July 2021 (audited)		400,000,000	209,594,000	34,849,260	(7,686,781)	107,983,937	744,740,416	10,651,773	755,392,189
Acquisition of Subsidiaries	17-C	-	-	-	-	-	-	64,592,420	64,592,420
Net income for the period		-	-	-	-	71,338,384	71,338,384	1,073,798	72,412,182
Other comprehensive income for the period		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	71,338,384	71,338,384	1,073,798	72,412,182
Dividends	8	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
Balance at 30 April 2022 (unaudited)		400,000,000	209,594,000	34,849,260	(7,686,781)	139,322,321	776,078,800	76,317,991	852,396,791


Adel Nader
Chief Financial Officer


Fahad bin Abdulaziz Al-Tuwaijri
Chief Executive Officer


Tariq bin Othman Al-Qasabi
Chairman of Board of Directors

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





ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended 30 April 2022

(Amounts in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended 30 April	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Net income for the period before zakat		74,657,253	18,107,832
Adjustments for:			
Depreciation of property and equipment		18,780,957	11,671,571
Depreciation of investment properties		248,563	248,563
Amortization of intangible assets		1,109,362	282,960
Depreciation of right-of-use assets		36,480,542	21,985,561
(gain) on disposals of lease-to-use liability		(34,471)	-
Loss / (Gain) from sale of property and equipment		104,623	(29,082)
Charge / (reversal) provision for impairment of accounts receivable	5-1	3,675,685	(90,048)
Gains from acquisition of a subsidiary	11/17-C	(52,495,759)	-
Finance costs	12	29,739,695	14,959,694
Provision for Employees' post-employment benefits		9,819,365	4,764,441
Changes in operating assets and liabilities		122,085,815	71,901,492
Inventories		1,187,156	(308,181)
Accounts receivables		(23,509,343)	32,133,617
Prepayments and other current assets		(3,365,488)	(20,003,068)
Due from related parties		(63,366)	-
Advance revenue		31,529,103	34,741,954
Accounts payables		8,318,788	(3,942,322)
Accrued expenses and other current liabilities		(9,212,071)	(10,520,830)
Due to related parties		3,996,666	(3,426,784)
Cash generated from operating activities		130,967,260	100,575,878
Employees' post-employment benefits paid		(5,582,235)	(2,345,577)
Zakat paid	10-2	(2,108,069)	(1,810,241)
Net cash generated from operating activities		123,276,956	96,420,060
Cash flows from investing activities			
Additions to property and equipment and projects under progress		(34,899,913)	(4,786,186)
Proceeds from sale of property and equipment		267,972	31,701
Net cash flows from acquisition of subsidiary, net cash acquired	17-C	(104,277,953)	-
Net cash used in investing activities		(138,909,894)	(4,754,485)
Cash flows from financing activities			
Proceed from loans	9-2	317,025,000	123,288,888
Repayments of loans	9-1/9-2	(188,951,069)	(146,889,487)
Lease liabilities paid		(38,777,606)	(15,797,586)
Dividends paid	8	(40,000,000)	(39,831,260)
Deferred revenue of government grant		(402,377)	(384,534)
Finance cost paid	9-1/9-2	(9,516,173)	(4,206,392)
Net cash generated from / (used in) financing		39,377,775	(83,820,371)
Net change in cash and cash equivalents		23,744,837	7,845,204
Cash and cash equivalents at the beginning of the period		7,498,833	2,394,383
Cash and cash equivalents at the end of the period		31,243,670	10,239,587
Non-cash transactions	16		

Chief Financial Officer

Adel Nader

Chief Executive Officer

Fahad bin Abdulaziz Al-Tuwaijri

Chairman of Board of Directors

Tariq bin Othman Al-Qasabi

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

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 April 2022

(Amounts in Saudi Riyals unless otherwise stated)

1. **LEGAL STATUS AND OPERATIONS**

Ataa Educational Company (the "Company") is a Saudi Joint Stock Company, incorporated under the Regulations of Companies laws in the Kingdom of Saudi Arabia and was registered in Riyadh as a Saudi Joint Stock Company under Commercial Registration No. 1010186435 dated 10 Rabi' al-Awwal 1424 H (corresponding to 11 May 2003), under the Ministerial Resolution No. (71/s) on 10 Rabi' al-Awwal 1431 H (corresponding to 24 February 2010). On 29 Thul-Qi'dah 1440 H (corresponding to 31 July 2019) the Company's shares were listed and started trading on Saudi Stock Exchange (Tadawul) under the code (4292).

The Company's principal activities include the establishment, own, manage, and operate, national and international schools (kindergarten, primary, middle and secondary schools) for boys and girls (General and Quran memorization schools) and colleges and universities inside and outside the Kingdom of Saudi Arabia . Establishing, managing, and maintaining training centers and purchasing, developing, and managing existing schools and educational and training facilities. And to own, manage, and operate educational and training institutes, vocational training centers, and establish, own, and manage special education schools. The Company carries out its activities according to the followed regulations and after obtaining the necessary licenses from the competent authorities.

The Company's head office is located at the following address:

P.O. Box 87527

Riyadh 11652

Kingdom of Saudi Arabia

In accordance with the Company, By-Laws the financial year of the Company commences on 1 August and ends at 31 July.

The accompanying interim condensed consolidated financial statement include the company's account and its branches and its subsidiaries as follows:

<u>Branch name</u>	<u>CR No.</u>
Al-Rowad Schools (Izdihar branch)	1010362199
Al-Rowad Schools (Al Rawabi branch)	1010275978
Al-Rowad Schools (Al Mansoura branch)	1010397500
Al-Rowad Private School, (Al Rawda branch)	1010203258
Al-Rowad School (Ishbilia branch)	1010469726
Rowad Ishbilia International School Ataa Company branch	1010450854
Al Fikr Private School	1010192540
Middle East International School	1010192541
New Middle East International School	1010250798
Modern Middle East International School	1010352008
Al Sulaymaniyah International Private School	1010196919
Ataa for Maintenance and Operation Company Branch	1010452144

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine-month period ended 30 April 2022
(Amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS (CONTINUED)

subsidiaries with direct ownership (collectively referred to as the “Group”):

Subsidiary	Country of incorporation	Legal form	Effective shareholding (Direct / Indirect)	
			30 April 2022	31 July 2021
Al Nokhbah Educational Company (1)	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Al Oruba International Company for Education Services (2)	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Al-Rowad Company for Supporting Services (3)	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Elm International Schools Company (4)	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Wasat National Training and Education Company (5)	Kingdom of Saudi Arabia	A limited liability company	52%	52%
Arabian Education and Training Group Holding Company (6)	Kingdom of Saudi Arabia	Closed joint stock company	100%	-
Creative Development Company (6)	Kingdom of Saudi Arabia	A limited liability company	100%	-
Alfaisal International Academy Institutes Training Company (6)	Kingdom of Saudi Arabia	A limited liability company	100%	-
Amjad Qurtuba Educational Services Company (6)	Kingdom of Saudi Arabia	A limited liability company	100%	-
Al-Alsun International Private Schools Company (6)	Kingdom of Saudi Arabia	A limited liability company	62.8%	-
Academic Company for Educational Services (6)	Kingdom of Saudi Arabia	Closed joint stock company	52.2%	-
Jasmine International Company (6)	Kingdom of Saudi Arabia	A limited liability company	49%	-
Jeel Al Majd International Private Schools Company (6)	Kingdom of Saudi Arabia	A limited liability company	45%	-

(1) The Nokhbah Educational 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. 1010231261 on 26 Rabi Al-Awwal, 1428 H corresponding to 14 April 2007.

The principal activity of the Company is to own private schools for all levels – kindergarten / preparatory/ primary/ middle/secondary for boys and girls, wholesale and retail trade in educational materials and aids, and the company exercises its activity after obtaining the necessary licenses from the competent authorities.

The company operates through Al Nokhba Educational Schools, Al Kharj Branch, Al Nahda District which holds commercial registration No. 1011010525 issued by the city of Riyadh on 15 JumadaAl Awwal 1425 H corresponding to 3 July 2004.

(2) Al Oruba International Company for Education Services is a limited liability company, established under the Companies Law in the Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010259834 on 25 Dhual-Hijjah 1429 H corresponding to 24 December 2008.

The principal activity of the Company is to establish American curriculum schools, establish manage and operate international schools, language and translation institutes, educational training centers, private institutes and colleges, and computer centers.

(3) Al-Rowad Company for Supporting Services is a limited liability company established under the Companies Law in the Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010299500 on 19 Muharram 1432 H corresponding to 25 December 2010.

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 April 2022

(Amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS (CONTINUED)

The principal activity of Al-Rowad Company for Supporting Services is in general contracting for buildings, establishing schools operating school canteens, and trading in stationery, furniture and building materials.

On 22 Jumada Al-awwal 1439 H corresponding to 7 February 2018 the Company opened a new branch and registered in Riyadh under Commercial Registration No. 1010933937 and the principal activity of the branch is in maintenance and operation.

4. During December 2020, the company acquired the Elm International Schools Company (“Company”) which is a limited liability company, established under the Companies Law in the Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010218835 on Rabi’ al-Thani 3, 1427 H (corresponding to 1 May 2006).

The company's main activity is pre-school education kindergarten with a national and international curriculum, operating independent schools teaching kindergarten with a national and international curriculum, primary education for male and female students with a national and international curriculum, operating independent schools, primary education with a national and international curriculum, intermediate education for male and female students with a national curriculum and international, operating independent schools for intermediate education with a national and international curriculum, secondary education for male and female students with a national and international curriculum, operating independent schools with secondary education with a national and international curriculum, mixed intermediate education, including community schools, mixed secondary education, including community schools, institutes for teaching languages and conversation skills, centers for memorizing the Noble Qur’an and the Noble Hadith, training in the use of computers and supplementary programs, administrative training institutes, electronic training, institutes of teaching Arabic for non-native speakers, institutes Teaching Arabic calligraphy, academic advising services, private educational supervision and training centers.

The company operates through the Elm International Schools Company branch, which holds a commercial registration number 1010393369 issued in the city of Riyadh on 1 Rabi’ al-Akhir 1435H corresponding to 1 February 2014.

5. During January 2021, the company acquired 52% of the capital of Al Wasat National Training and Education Company (the “Company”) as of August 1, 2020, and it is a limited liability company, established under the Companies Law in the Kingdom of Saudi Arabia and was registered in Riyadh under Commercial Registration No. 1010192295 dated Shawwal 26, 1424H (corresponding to December 20, 2003).

The company's main activity is primary education for male and female students with a national curriculum, intermediate education for male students with a national curriculum, secondary education for male students with a national curriculum, mixed middle education including community schools, the operation of independent schools, secondary education with a national curriculum.

The company operates through the branch of AlWasat National Training and Education Company, which holds commercial registration number 1010949634 issued in the city of Riyadh on 11 Rajab 1439H corresponding to March 28, 2018.

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 April 2022

(Amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS (CONTINUED)

6. On August 8, 2021, the Company acquired the Arabian Education and Training Group Holding Company (the “Company”) and its subsidiaries, a closed joint stock company, established under the Companies Law in the Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010206103 on Muharram 18, 1426 H (corresponding to 27 February 2005).

The Company's main activity is the establishment and management of language and computer learning institutes, administrative programs and health institutes, and the establishment and management of private schools, colleges, universities and all educational, educational and training activities under the letter of the Technical and Vocational Training Corporation No. 204/1664 on 18 Jumada Alawwal 1425 H corresponding to 5 July 2004.

2. BASIS OF PREPARATION AND MEASUREMENT

2-1 Applied accounting policies

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 July 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; however, the accounting policies and explanatory notes are mentioned to explain events and the important transaction to understand the changes in the Group’s financial position and its performance since the last annual financial statement of the Group.

The results for the nine-month period ended 30 April 2022 are not necessarily indicative of the results that can be expected for the financial year ending 31 July 2022.

As indicated in Note 1-4 and 1-5, the Group acquired Elm International Schools Company and Wasat National Training and Education Company during the year 2021, and the results of the acquisition appeared on the consolidated financial statements for the year ending on July 31, 2021. The Group also acquired the Arabian Education and Training Group Holding Company during the first quarter of 2021 and for the year ending on July 31, 2022, as indicated in Note 1-6. Accordingly, the comparative figures presented in the interim condensed consolidated financial statements for the period ended on April 30, 2022, do not include the acquired companies.

2-2 Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (collectively the “Group”) as disclosed within note (1). Accordingly, comprises of the financial statements of the parent company and its subsidiaries as at 30 April 2022. 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

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2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-2 Basis of consolidation (Continued)

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

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

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

Profit or loss and each component of consolidated comprehensive income are attributed to shareholders of the parent company of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies. All intra-group asset and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full upon consolidation.

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

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

2-3 Basis of measurement

These interim condensed consolidated financial statements have been prepared on historical cost basis except for employees' benefits obligations and the borrowing granted by the Ministry of Finance, as they are recognized at the present value of future obligation using the projected unit credit method.

As on 30 April 2022, the Group's current liabilities exceeded its current assets by SR 5.17 million, which is mainly due to lease liability under right-of-use, borrowings and advance revenue amounting to SR 199.07 million. Despite the deficit in working capital, the Group has an operating cash flow of SR 123.28 million, which is an indication of the Group's ability to meet its obligations when they become due. The Group's management monitors cash management and analyzes liquidity risks extensively and is confident of its ability to close the gap. Accordingly, the accompanying condensed consolidated interim financial statements have been prepared on the basis of the going concern basis.

2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-4 Functional and presentation currency

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

2-5 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 financial statements have been prepared on a going concern basis.

3. 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 consolidated financial statements of the Group for the year ended 31 July 2021.

3-1 New standards, amendment to on standards and interpretations

There are no new standards issued, however, a number of amendments to the standards are effective as of January 1, 2022, and the details of this were clarified in the annual financial statements for the year ended July 31, 2021. However, they have no material impact on the group's interim condensed consolidated financial statements.

3-2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial assets considers a market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-2 Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities can be obtained at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly (derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs).

For assets and liabilities that are recognized in the interim condensed consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the changes in the values of assets and liabilities required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the primary inputs applied in the latest valuation by corresponding the information to contracts and other relevant documents in the evaluation. The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable. For fair-value disclosures, the Group has determined classes of assets and liabilities based on nature, characteristics, and risks of the asset or liability and the fair value hierarchy level as explained above.

4. PROPERTY AND EQUIPMENT

- As at 30 April 2022, lands and buildings amounted to SR 235.42 million (31 July 2021: SR 77.81 million) are pledged as collateral in exchange for obtaining borrowing facilities as shown in Note (9).

- As at 30 April 2022, projects under construction amounting SR 22.88 million (31 July 2021 :SR 8.54 million) are represented in construction projects of an educational complex located in Izdihar district and building development works in educational complexes in Al-Wurud district, and the buildings of Al-Alsun International Private Schools and Academic Company for Educational Services Company and Alfaisal International Academy Institutes Training Company.

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5. ACCOUNTS RECEIVABLES

	30 April 2022 (unaudited)	31 July 2021 (audited)
Accounts receivables	152,482,261	64,819,651
Less: Provision for impairment in accounts receivables	(49,880,644)	(7,494,095)
	102,601,617	57,325,556

5-1 Provision for impairment in accounts receivables as follows:

	30 April 2022 (unaudited)	31 July 2021 (audited)
Balance at the beginning of the period / year	7,494,095	4,356,815
Balance transferred from acquired companies	38,710,864	2,444,143
Charged during the period / year	5,326,240	783,699
Used during the period / year	-	(526)
Reversal during the period / year	(1,650,555)	(90,036)
Balance at the end of the period / year	49,880,644	7,494,095

6. TRANSACTION AND BALANCES WITH RELATED PARTIES

Transactions with related parties represent the value of renting educational complexes expense on behalf, salaries, bonuses, compensation and allowances for board members, senior executives and senior management that took place during the period between the group and a shareholder, and between the group, members of the board of directors, senior executives and senior management, and these transactions take place in the context of the Group's ordinary course of business and according to the same basis transactions with others. The most important transactions with related parties and the balances resulting from them are as follows:

			Volume of transaction	
	Nature of Relationship	Nature of Transaction	30 April 2022 (unaudited)	30 April 2021 (unaudited)
Dr. Ahmed Nasser Almutib	Shareholder and BOD member	Rents	11,021,153	10,387,042
Nabaa Educational	Affiliate	Expenses on behalf	1,936,680	-
Ali Ibrahim Al Mahmoud	Partner in affiliate	Expenses on behalf	1,915,600	-
Labinat Development	Affiliate	Expenses on behalf	50,000	-
Hayat Al-Shahrani	Partner in affiliate	Expenses on behalf	26,881	-
Fawzia Al Hagbani	Partner in affiliate	Expenses on behalf	26,881	-
Leadership Academy Company	Affiliate	Expenses on behalf	10,863	-

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6. TRANSACTION AND BALANCES WITH RELATED PARTIES (CONTINUED)

6-1 Due from related parties

	Nature of Relationship	Note	30 April 2022 (unaudited)	31 July 2021 (audited)
Abdulrahman Mushabab Al-Shehri	Partner in affiliate	6-2	40,399,522	-
Nasser Al Nabit Company	Partner in affiliate	6-2	15,381,284	-
Ahmed Abdulrahman Al Taweel	Partner in affiliate	6-2	9,756,013	-
Dr. Bader Nasser Alalawi	Partner in affiliate	6-2	1,452,977	-
Abdulrahman Al-Fahied	Partner in affiliate	6-2	486,579	-
Hamad Al-Shenafi	Partner in affiliate	6-2	162,193	-
Hayat Al-Shahrani	Partner in subsidiary		26,881	-
Fawzia AlHagbani	Partner in subsidiary		26,881	-
AlOmran Al Mutaqadima Company	Affiliate		-	8,375
			67,692,330	8,375

6-2 On August 1, 2021, the Arabian Education and Training Group Company “subsidiary company” sold its share in Nabaa Educational Company - one of the subsidiaries of the Arabian Education and Training Group Company amounting to 100% -. The sale was made with a net book value of SR 67.6 million at the date of sale, and the value of that transaction was not collected until the date of the interim condensed consolidated financial statements as on April 30, 2022. These balances represent the value of the amounts due for the purchased shares.

6-3 Due to related parties

	Nature of Relationship	30 April 2022 (unaudited)	31 July 2021 (audited)
Dr. Ahmed Nasser Almutib	Shareholder and BOD Member	5,288,807	-
El-shrouk Pioneer Academy	Affiliate	2,200,625	-
Nabaa Educational Company	Affiliate	1,787,820	-
Labinat Development Holding Company	Affiliate	664,300	-
Leadership Academy Company	Affiliate	16,763	-
Mtwroon Company – Leaders Center	Affiliate	-	148,961
		9,958,315	148,961

6-4 Benefits, remunerations and compensations for senior management and senior executives

	For the three-month period ended 30 April		For the nine-month period ended 30 April	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
BOD Benefits and allowance members and committees	608,500	608,500	1,825,500	1,825,500
Salaries and benefits, senior management personal	2,422,900	733,900	6,088,867	2,201,700
	3,031,400	1,342,400	7,914,367	4,027,200

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7. SHARE CAPITAL

The Company's authorized and paid capital is SR 400 million as at 31 April 2022 (31 July 2021: SR 400 million) divided into 40 million shares (31 July 2021: 40 million shares) with the value of 10 Saudi Riyals per share.

7-1 Premium

In accordance with the resolution of the Extraordinary General Assembly, which was held on 2 Dhul-Hijjah 1436 H corresponding to 15 September 2015 the increase in Company's Capital was approved amounting to SR 74.4 million by issuing new shares amounting to 7.4 million shares with a nominal value of 10 riyal per share and share premium of 28.17 Saudi Riyals per share, provided that the increase is developed in favour of the partners in JARIR National Schools Complex Company for Boys and Girls.

8. DIVIDENDS

On Rabi' al-Thani 3, 1443 H corresponding to November 8, 2021, the ordinary general assembly decided to distribute dividend for the year ending on July 31, 2021, in the amount of 40 million Saudi riyals at a value of 1 Saudi riyals per share (April 30, 2021: 40 million Saudi riyals, at a value of 1 Saudi riyals per share).

9. BORROWINGS

Borrowings are presented as follow:

9-1 Borrowing from Ministry of Finance

The Group obtained long-term loans from the Ministry of Finance in the amount of SR 37.5 million to finance the contracting and construction works necessary for the construction of the educational complex in Mansoura district and the complex of Al Jawda National Schools for boys. The facility is repaid in ten annual installments after the grace period which is estimated as four years from the signing date of the agreement. This facility was granted without a profit margin or commission.

Collaterals

These facilities are secured by pledging the land of the staff accommodation villa located in Al Rawabi and the land of Al Mugharazat neighbourhood and the land located in Al Salam neighbourhood for a total amount of SR 26.7 million (July 31, 2021: SR 21.37 million) Note (4).

The following is a statement of the movement of loans granted by the Ministry of Finance during the period / year:

	30 April 2022	31 July 2021
	(unaudited)	(audited)
Balance at the beginning of the period / year	13,326,600	15,230,400
Balance transferred from acquired companies	3,097,980	-
Paid during the period / year	(5,001,780)	(1,903,800)
Balance at the end of the period / year	11,422,800	13,326,600

The following is a statement of the present value of borrowing granted by the Ministry of Finance:

	30 April 2022	31 July 2021
	(unaudited)	(audited)
Borrowing at the end of the period / year	11,422,800	13,326,600
<u>Less: deferred financing expenses</u>		
Balance at the beginning of the period / year	(1,899,881)	(2,412,593)
Balance transferred from acquired companies	(59,576)	-
Finance expenses for the period / year	402,377	512,712
Balance at the end of the period / year	(1,557,080)	(1,899,881)
Present value for borrowing end of the period / year	9,865,720	11,426,719

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9. BORROWINGS (CONTINUED)**9-2 Borrowing granted from local banks**

The Group has signed facility agreements compatible with Shariah regulations with several local banks in the form of Islamic Murabaha's with a total amount of Sr 937.52 million, these facilities were granted at a profit margin and commission on the facilities determined at the rate of return on internal borrowing between Saudi banks SAIBOR plus a fixed percentage. These facilities are secured by land and real estate amounting to SR 208,72 million (31 July 2021: SR 56.44 million) note (4) and (14) promissory notes amounting to SR 884.12 million. The agreements with banks contain bank covenants and these covenants are monitored on a monthly basis by the management. In the event of a breach or possible breach of these covenants, measures are taken by the management to ensure that these covenants are fulfilled.

The following is a statement of the movement of borrowing granted by local banks :

	30 April 2022 (unaudited)	31 July 2021 (audited)
Balance at the beginning of the period / year	192,776,819	144,512,347
Balance transferred from acquired companies	128,387,445	-
Finance gained during the period / year	317,025,000	259,852,889
Accrued finance expenses	13,007,230	1,212,682
Paid during the period / year	(193,465,462)	(212,801,099)
Total borrowing from local banks at end of the period / year	457,731,032	192,776,819

The details of the borrowing are presented in the interim consolidated statement of financial position as follows:

	30 April 2022 (unaudited)	31 July 2021 (audited)
Non-current portion of borrowing*	371,852,225	172,575,968
Current portion of borrowing*	95,744,527	31,627,570
	467,596,752	204,203,538

*Include a borrowing from Ministry of Finance (note 9-1)

10. ZAKAT PROVISION**10-1 Zakat status**

The Group submitted their declarations to the Zakat, Tax and Customs Authority until the year ended 31 July 2021 and obtained a certificate from the Authority valid until 6 Jumada Alawwal 1444H corresponding to 30 November 2022.

10-2 Zakat provision movement

	30 April 2022 (unaudited)	31 July 2021 (audited)
Balance at the beginning of the period / year	1,592,679	1,810,241
Balance transferred from acquired companies	3,834,257	667,436
Charged during the period / year	2,245,071	1,071,762
Paid during the period / year	(2,108,069)	(1,956,760)
Balance at end of the period / year	5,563,938	1,592,679

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11. GAINS FROM ACQUIRING A SUBSIDIARY

The gains from the acquisition, amounting to SR 52.5 million, are represented in the difference between the net assets of the Arabian Education and Training Group Company (the “acquired”) at the date of the acquisition and transferred to the Group (the “acquirer”) and the purchase value at the acquisition date as follows:

	Note	30 April 2022 (unaudited)	30 April 2022 (unaudited)
The net assets of the Arabian Education and Training Group Company at the date of acquisition	17-C	190,495,759	-
Less: purchase price at the date of acquisition		(138,000,000)	-
		52,495,759	-

On August 8, 2021, Ataa Educational Company acquired 100% of the capital of the Arabian Education and Training Group Company, as shown in Note 1-6, where the Group allocated an initial purchase price in the interim condensed consolidated financial statements. Accordingly, adjustments may occur to the gains resulting from the acquisition and included in the interim condensed consolidated financial statements during the measurement period to the fair value estimates of the assets and liabilities acquired.

12. FINANCE COSTS

	For the three-month period ended 30 April		For the nine-month period ended 30 April	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Interest on right-of-use assets liabilities	5,142,735	3,218,959	16,330,088	9,281,623
Finance costs on borrowings	5,380,260	2,005,189	13,409,607	5,678,071
	10,522,995	5,224,148	29,739,695	14,959,694

13. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income for the period attributable to the Company’s ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as basic earnings per share as the Parent Company has no diluted instruments.

	For the three-month period ended 30 April		For the nine-month period ended 30 April	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Net income for the period	3,610,111	6,343,019	71,338,384	17,650,387
Weighted average number of shares	40,000,000	40,000,000	40,000,000	40,000,000
	0.09	0.16	1.78	0.44

14. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30 April 2022 (unaudited)	31 July 2021 (audited)
Suppliers	9,355,576	3,843,324
Capital commitments – projects under progress	7,912,947	21,470,665
	17,268,523	25,313,989

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15. SEGMENT REPORTING

The group's main activity is the establishment of private and international schools, kindergartens, primary, intermediate, and secondary for boys and girls in the Riyadh region, mediating the employment of Saudis, recruitment agencies via the Internet, the activities of temporary employment agencies for expatriate labour services, providing other human resources, owning, managing, operating and establishing institutes Training and higher training institutes. Information related to the Group's operating segments is set out below that is regularly submitted to the Group's operating decision-makers and is described as follows:

- Educational sector
- Training sector
- Recruitment sector

	<u>30 April 2022 (unaudited)</u>			
	<u>Educational sector</u>	<u>Training sector</u>	<u>Recruitment sector</u>	<u>Total</u>
Revenue				
For the nine-month period ended 30 April 2022	351,014,026	22,140,305	40,012,493	413,166,824
For the three-month period ended 30 April 2022	118,308,096	6,846,519	13,600,241	138,754,856
Cost of revenue				
For the nine-month period ended 30 April 2022	(273,283,822)	(21,148,398)	(35,000,294)	(329,432,514)
For the three-month period ended 30 April 2022	(99,216,240)	(7,963,565)	(11,526,034)	(118,705,839)
Gross profit / (loss)				
For the nine-month period ended 30 April 2022	<u>77,730,204</u>	<u>991,907</u>	<u>5,012,199</u>	<u>83,734,310</u>
For the three-month period ended 30 April 2022	<u>19,091,856</u>	<u>(1,117,046)</u>	<u>2,074,207</u>	<u>20,049,017</u>
	<u>30 April 2021 (unaudited)</u>			
	<u>Educational sector</u>	<u>Training sector</u>	<u>Recruitment sector</u>	<u>Total</u>
Revenue				
For the nine-month period ended 30 April 2021	186,945,829	-	-	186,945,829
For the three-month period ended 30 April 2021	62,532,020	-	-	62,532,020
Cost of revenue				
For the nine-month period ended 30 April 2021	(140,954,122)	-	-	(140,954,122)
For the three-month period ended 30 April 2021	(46,912,372)	-	-	(46,912,372)
Gross profit				
For the nine-month period ended 30 April 2021	<u>45,991,707</u>	<u>-</u>	<u>-</u>	<u>45,991,707</u>
For the three-month period ended 30 April 2021	<u>15,619,648</u>	<u>-</u>	<u>-</u>	<u>15,619,648</u>

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15. SEGMENT REPORTING (CONTINUED)

	<u>Educational sector</u>	<u>Training sector</u>	<u>Recruitment Sector</u>	<u>Total</u>
Aa at 30 April 2022 (unaudited)				
Property and equipment	644,059,375	34,781,894	6,284,864	685,126,133
Depreciation of property and equipment	15,687,940	1,375,747	1,717,270	18,780,957
As at 31 July 2021 (audited)				
Property and equipment	495,142,467	-	-	495,142,467
Depreciation of property and equipment	16,087,971	-	-	16,087,971
	30 April 2022 (unaudited)			
	<u>Educational sector</u>	<u>Training sector</u>	<u>Recruitment sector</u>	<u>Total</u>
Timing of revenue recognition				
At a point in time				
For the nine-month period ended 30 April 2022	-	-	-	-
For the three-month period ended 30 April 2022	-	-	-	-
Over Time				
For the nine-month period ended 30 April 2022	351,014,026	22,140,305	40,012,493	413,166,824
For the three-month period ended 30 April 2022	118,308,096	6,846,519	13,600,241	138,754,856
Total Revenue				
For the nine-month period ended 30 April 2022	351,014,026	22,140,305	40,012,493	413,166,824
For the three-month period ended 30 April 2022	118,308,096	6,846,519	13,600,241	138,754,856
	30 April 2021 (unaudited)			
	<u>Educational sector</u>	<u>Training sector</u>	<u>Recruitment sector</u>	<u>Total</u>
Timing of revenue recognition				
At a point in time				
For the nine-month period ended 30 April 2021	-	-	-	-
For the three-month period ended 30 April 2021	-	-	-	-
Over Time				
For the nine-month period ended 30 April 2021	186,945,829	-	-	186,945,829
For the three-month period ended 30 April 2021	62,532,020	-	-	62,532,020
Total Revenue				
For the nine-month period ended 30 April 2021	186,945,829	-	-	186,945,829
For the three-month period ended 30 April 2021	62,532,020	-	-	62,532,020

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15. SEGMENT REPORTING (CONTINUED)

Reconciliation of information on reportable segments to net income of the Group before Zakat

	30 April 2022	30 April 2021
	(unaudited)	(unaudited)
Gross profit from reported segment	83,734,310	45,991,707
<u>Unallocated amount:</u>		
General and administrative expenses	(45,132,374)	(18,112,606)
Impairment of accounts receivable	(3,675,685)	90,048
Other income, net	16,974,938	5,098,377
Gains from acquisition of a subsidiary	52,495,759	-
Finance costs	(29,739,695)	(14,959,694)
Total unallocated amount	(9,077,057)	(27,883,875)
Income before zakat	74,657,253	18,107,832

16. NON-CASH TRANSACTIONS

	30 April 2022	30 April 2021
	(unaudited)	(unaudited)
Transferred from lease liabilities to due to a related party	2,769,000	9,938,004
Additions to right of use assets against lease liabilities	1,046,672	65,198,999
Disposals of right-of-use assets against lease liabilities	545,834	-
Transferred from lease liabilities to accrued expenses and other current liabilities	-	2,150,000
Actuarial gain from re-measuring end-of-service benefits	-	662,944
Unpaid dividends against accrued expenses and other current liabilities	-	168,740
Disposals of intangible assets against accounts payable	-	83,964

17. ACQUIRING SUBSIDIARIES

The acquisition was calculated using the acquisition method under IFRS 3- Business Combinations (the "Standard") (with Ataa Educational Company being the acquiring party, Elm International Schools Company, Wasat National Training and Education Company and the Arabian Education and Training Group Company as the acquired parties. As required by the standard, Ataa Educational Company is in the process of allocating purchase consideration for identifiable assets and liabilities up to the date of issuance of the consolidated financial statements. Accordingly, Ataa Educational 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 the valuation adjustments on the following:

- Recognition of intangible assets.
- Property and equipment.
- Other recognized 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 Company completes its estimate of the fair values of the assets acquired and the liabilities assumed. Accounting for the fair value of financial assets and liabilities acquired from Elm International Schools Company, Wasat National Training and Education Company and ArabianEducation and Training Group Company is provisional due to the inherent complexity and discretion associated with determining the gains from purchase at a differential rate and intangible assets and determining the fair value of intangible assets and items included in the statement of financial position.

A. Elm International Schools Company

During the month of December 2020, the company acquired 100% of the capital of the Elm International Schools Company as of August 1, 2020, in return for a payment of 40 million Saudi riyals, according to the sale contract signed on December 21, 2020, and thus the company became controlling the International Elm Schools Company. The activity of the Elm International Schools Company is represented as shown in Note (1). It qualifies as a business as defined in IFRS 3. Elm Schools Company was acquired to develop the group's operations.

The book value of the identifiable assets and liabilities acquired from Elm International Schools Company amounted to SR 283,624. Goodwill was recognized in the amount of SR 39.72 million 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, after 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 Elm International 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:

	Fair value
Property and equipment	1,742,211
Account Receivables	2,970,736
Prepayments and other current assets	588,234
Cash and cash equivalents	1,207,778
Actuarial reserve	224,062
Employees' post-employment benefits	(1,534,035)
Advance revenue	(2,080,145)
Account Payable	(233,929)
Accrued expenses and other current liabilities	(804,194)
Provision for Zakat	(432,094)
Due to related party	(1,365,000)
Total of the identifiable assets and liabilities acquired	283,624
Goodwill	39,716,376
Total	40,000,000
<u>Net cash used from the acquisition</u>	
Accrued amounts	40,000,000
Cash and cash equivalents	(1,207,778)
Total	38,792,222

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17. ACQUIRING SUBSIDIARIES (CONTINUED)**B. Wasat National Training and Education Company**

During January 2021, the company acquired 52% of the capital of Wasat National Training and Education Company as of August 1, 2020, in return for emptying a plot of land owned by the company under deed No. 610121031192 in favour of Al Wasat National Schools for Education and Training company with a book value of SR 20.1 million. The partnership was signed on January 18, 2021, and thus the company became controlling the Wasat National Training and Education Company. The activity of Wasat National Training and Education Company is represented in Note (1). It qualifies as a business as defined in IFRS 3. Wasat National Training and Education Company was acquired to develop the group's operations. The book value of the identifiable assets and liabilities acquired from Wasat National Training and Education Company amounted to SR 3.59 million. Goodwill was recognized in the amount of SR 8.58 million 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, after 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 Wasat National Training and Education Company were completed during the year, and a no-objection approval was obtained from the General Authority for Competition.

	<u>Fair value</u>
Property and equipment	558,947
Right-of-use assets	1,147,602
Account Receivables	2,810,671
Prepayments and other current assets	651,241
Cash and cash equivalents	448,243
Employees' post-employment benefits	(591,132)
Lease liabilities under right of use assets	(1,198,386)
Provision for Zakat	(235,342)
Total of the identifiable assets and liabilities acquired	3,591,844
Goodwill	8,583,825
Total	12,175,669
<u>Net cash used from the acquisition</u>	
Accrued amounts	12,175,669
Cash and cash equivalents	(448,243)
Total	11,727,426

C. Arabian Education and Training Group Holding Company

During the month of August 2021, the company acquired 100% of the capital of The Arabian Education and Training Group Company as of August 1, 2021, in return for a payment of 138 million Saudi riyals, according to the sale contract signed on August 8, 2021, thus the company became controlling the Arabian Education and Training Group Company. The activity of The Arabian Education and Training Group Company is represented as shown in Note (1). It qualifies as a business as defined in IFRS 3. The Arabian Education and Training Group Company was acquired to develop the group's operations. The book value of the identifiable assets and liabilities acquired from the Arabian Education and Training Group Company amounted to SR 190.5 million, which resulted in gains of SR 52.5 million, which represent the amounts less than the net book value of the identifiable net assets acquired. The gains resulting from the acquisition have been settled on the interim condensed consolidated statement of profit or loss, and adjustments may occur to the gains resulting from the acquisition and included in the interim condensed consolidated financial statements as a result of subsequent adjustments during the measurement period to the fair value estimates of the assets and liabilities acquired.

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17. ACQUIRING SUBSIDIARIES (CONTINUED)

C. Arabian Education and Training Group Holding Company (Continued)

The fair values have been determined based on the professional experience and judgment of the valuer, after 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 Arabian Education and Training Group Company were completed during the year, and a no-objection approval was obtained from the General Authority for Competition.

	Fair value
Property and equipment	174,237,305
Right-of-use assets	212,254,349
Intangible assets	130,260,023
Due from related parties	67,620,587
Inventory	3,951,561
Account Receivables	25,442,403
Prepayments and other current assets	13,488,045
Cash and cash equivalents	33,722,047
Employees' post-employment benefits	(18,504,502)
Lease liabilities under right of use assets	(223,249,698)
Borrowing	(131,425,849)
Deferred government grant revenue	(59,576)
Advance revenue	(6,067,416)
Account Payable	(6,090,169)
Accrued expenses and other current liabilities	(13,612,986)
Provision for Zakat	(3,834,257)
Due to related parties	(3,043,688)
Total of the identifiable assets and liabilities acquired	255,088,179
Non-controlling interests	(64,592,420)
Net of the identifiable assets and liabilities acquired	190,495,759
Gains from acquisition of subsidiary	(52,495,759)
Total	138,000,000
<u>Net cash used from the acquisition</u>	
Accrued amounts	138,000,000
Cash and cash equivalents	(33,722,047)
Total	104,277,953

18. SUBSEQUENT EVENTS

On 26 May 2022, corresponding to Shawwal 25 1443H, the Company announced that it had obtained the approval of the Capital Market Authority to increase its capital from SR 400 million to SR 420.87 million for the purpose of acquiring all of the shares in Nabaa Educational Company through its subsidiary Arabian Group for Education and Training Holding Company -owned 100%- by issuing 2,087,150 new shares amounting 10 SR per share for the partners in Nabaa Educational Company, thus increasing the number of the Company's shares from 40,000,000 shares to 42,087,215 shares, an increase of 5.22% of the Company's capital before issuing the new shares.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved for the period ended on 30 April 2022 by the Audit committee under an authorization of the Board of Directors on 9 Dhul al-Qi'dah 1443H corresponding to 8 June 2022.