

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated
Financial Statements
For the three-month period ended 31 October 2021
together with the Independent Auditor's Review Report

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three-month period ended 31 October 2021

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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 31 October 2021 and the related interim consolidated statements of profit or loss, comprehensive income, and statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

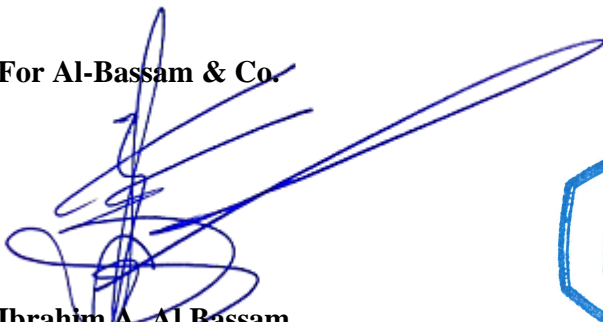
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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: 10 Jumada Al Awwal 1443 H
 Corresponding to: 14 December 2021

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Financial Position
As at 31 October 2021
(Amounts in Saudi Riyals unless otherwise stated)

	Note	31 October 2021 (unaudited)	31 July 2021 (audited)
ASSETS			
Non-current assets			
Property and equipment	4	672,916,561	495,142,467
Investment properties		37,335,957	37,419,722
Intangible assets		555,309,058	425,419,811
Right-of-use assets		498,017,574	295,355,802
Total non-current assets		1,763,579,150	1,253,337,802
Current assets			
Inventories		4,718,110	1,041,847
Accounts receivable	5	94,847,871	57,325,556
Prepayments and other receivables		45,835,862	25,842,979
Due from related parties	6-1	68,008,524	8,375
Cash and cash equivalents		69,330,893	7,498,833
Total current assets		282,741,260	91,717,590
Total assets		2,046,320,410	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		174,236,146	107,983,937
Equity attributed to shareholders in the company		810,992,625	744,740,416
Non-controlling interests		76,678,800	10,651,773
Total equity		887,671,425	755,392,189
LIABILITIES			
Non-current liabilities			
Lease liabilities under right of use		499,485,104	300,630,208
Borrowings	8	401,908,830	172,575,968
Deferred revenue of government grants		1,343,013	1,442,813
Employees' post-employment benefits		50,844,838	33,220,577
Total non-current liabilities		953,581,785	507,869,566
Current liabilities			
Lease liabilities under right of use		41,496,723	21,779,897
Borrowing	8	54,701,015	31,627,570
Advance revenue		62,345,838	6,793,198
Accounts payables		9,868,175	961,243
Deferred revenue of government grants		442,601	457,068
Accrued expenses and other current liabilities		22,881,996	18,433,021
Due to related parties	6-3	6,343,388	148,961
Provision for Zakat	9-2	6,987,464	1,592,679
Total current liabilities		205,067,200	81,793,637
Total liabilities		1,158,648,985	589,663,203
Total equity and liabilities		2,046,320,410	1,345,055,392
Contingent liabilities and capital commitments	13		

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman of Board of Directors
Adel Nader	Ibrahim Al-Turki	Tariq bin Othman Al-Qasabi

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Profit or Loss
For the three-month period ended 31 October 2021
(Amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 October	
		2021 (Unaudited)	2020 (Unaudited)
Revenue		140,427,680	61,226,087
Cost of revenue		(100,670,753)	(47,517,792)
Gross profit		39,756,927	13,708,295
General and administrative expenses		(14,594,290)	(4,889,891)
Impairment of accounts receivable	5-1	(3,077,607)	(958,159)
Other income		3,866,671	1,998,611
Operating profit		25,951,701	9,858,856
Gains from acquisition of a subsidiary	10	52,495,759	
Finance costs	11	(8,909,199)	(4,666,603)
Net income for the period before zakat		69,538,261	5,192,253
Zakat	9-2	(1,851,445)	(275,466)
Net income for the period		67,686,816	4,916,787
Net income attributed to:			
Shareholders in the company		66,252,209	4,916,787
Non-controlling interests		1,434,607	-
		67,686,816	4,916,787
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	12	1,66	0,12

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Adel Nader

Chief Executive Officer

Ibrahim Al-Turki

Chairman of Board of Directors

Tariq bin Othman Al-Qasabi

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Comprehensive Income
For the three-month period ended 31 October 2021
(Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 October	
	2021	2020
	(Unaudited)	(Unaudited)
Net income for the period	67,686,816	4,916,787
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial gains on re-measurement of employees' post-employment benefits	-	152,206
Total comprehensive income for the period	67,686,816	5,068,993
Total comprehensive income for the period attributed to:		
Shareholders in the company	66,252,209	5,068,993
Non-controlling interests	1,434,607	-
	67,686,816	5,068,993

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Adel Nader

Chief Executive Officer

Ibrahim Al-Turki

Chairman of Board of Directors

Tariq bin Othman Al-Qasabi

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Changes in Equity

For the three-month period ended 31 October 2021

(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 equity	Total equity
For the three months period ended 31 October 2020								
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	-	-	-	-	4,916,787	4,916,787	-	4,916,787
Other comprehensive income for the period	-	-	-	152,206	-	152,206	-	152,206
Total comprehensive income	-	-	-	152,206	4,916,787	5,068,993	-	5,068,993
Balance at 31 October 2020 (unaudited)	400,000,000	209,594,000	31,142,800	(6,161,472)	119,542,584	754,117,912	-	754,117,912
For the three months period ended 31 October 2021								
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
Transferred from acquired companies	16-c	-	-	-	-	-	64,592,420	64,592,420
Net income for the period	-	-	-	-	66,252,209	66,252,209	1,434,607	67,686,816
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	66,252,209	66,252,209	1,434,607	67,686,816
Balance at 31 October 2021 (unaudited)	400,000,000	209,594,000	34,849,260	(7,686,781)	174,236,146	810,992,625	76,678,800	887,671,425

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Adel Nader

Chief Executive Officer

Ibrahim Al-Turki

Chairman of Board of Directors

Tariq bin Othman Al-Qasabi

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Cash Flows
For the three-month period ended 31 October 2021
(Amounts in Saudi Riyals unless otherwise stated)

	Note	For the three months period ended 31 October	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Net income for the period before Zakat		69,538,261	5,192,253
Adjustments for:			
Depreciation of property and equipment		6,019,547	4,006,164
Depreciation of Investment properties		83,765	83,666
Amortization of intangible assets		370,776	98,986
Depreciation of right-of-use assets		12,532,706	7,018,048
Gain from sale of property and equipment		(171,316)	(20,731)
Impairment of accounts receivables	5-1	3,077,607	958,159
Gains from acquisition of a subsidiary	10	(52,495,759)	-
Finance costs	11	8,909,199	4,666,603
Provision for employees' post-employment benefits		2,676,445	1,689,564
		50,541,231	23,692,712
Changes in operating assets and liabilities			
Inventory		275,298	(785,043)
Accounts receivables		(15,157,519)	15,841,490
Prepayments and other current assets		(6,527,112)	(8,213,104)
Due from related parties		(379,562)	-
Advance revenue		49,485,224	30,386,074
Accounts payables		2,857,922	(1,603,184)
Accrued expenses and other current liabilities		(12,647,727)	(3,481,126)
Due to related parties		3,150,739	2,756,971
		71,598,494	58,594,790
Cash generated from operating activities		71,598,494	58,594,790
Employees' post-employment benefits paid		(3,556,686)	(1,146,853)
Zakat paid	9-2	(290,917)	-
		67,750,891	57,447,937
Net cash generated from operating activities			
Cash flows from investing activities			
Additions to property and equipment and projects under progress		(9,599,179)	(1,696,382)
Proceeds from sale of property and equipment		173,000	22,500
Net cash flows from acquisition of subsidiary, net cash acquired	16-c	(104,277,953)	-
		(113,704,132)	(1,673,882)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from loans	8-2	147,725,000	13,288,888
Repayments of loans		(24,452,117)	(42,747,634)
Lease liabilities paid		(10,564,899)	(8,142,294)
Finance cost paid		(4,808,416)	(2,261,129)
Deferred revenue of government grant	8-1	(114,267)	-
		107,785,301	(39,862,169)
Net cash generated from / (used in) financing activities			
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		7,498,833	2,394,383
Cash and cash equivalents at the end of the period		69,330,893	18,306,269

Non-cash transactions

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The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Adel Nader

Chief Executive Officer

Ibrahim Al-Turki

Chairman of Board of Directors

Tariq bin Othman Al-Qasabi

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 October 2021

(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 account and its branches as follows:

Branch name	CR No.
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 three-month period ended 31 October 2021
(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	
			31 October 2021	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 Jumada Al Awwal 1425 H corresponding to July 3, 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 three-month period ended 31 October 2021

(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 Al Wasat 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 three-month period ended 31 October 2021

(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 Company (the “Company”), 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.

In reference to the events related to the spread of Coronavirus (Covid-19) and its repercussions on the business sector locally and internationally, the Group is committed in applying the recent directives of the relevant authority. The Group has taken the necessary measures to ensure the health and safety of the group employees and contribute to limiting the spread of the pandemic. The Group seeks to benefit from the initiative and decisions adopted and presented by the Kingdom in order to mitigate the negative effects of Covid-19 in the private sector, due to the difficulty in determining the time period for the pandemic, it is difficult for the group to determine the financial impact of the pandemic, however, the Group will continue to monitor the situation in this regard and any changes will be reflected in future reporting periods.

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 three-months period ended 31 October 2021 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. Accordingly, the comparative figures presented in the interim condensed consolidated financial statements for the period ended on October 31, 2020, attached do not include the two acquired companies.

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 October 2021

(Amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

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 31 July 2021. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

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

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

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

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

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

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.

ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended 31 October 2021
(Amounts in Saudi Riyals unless otherwise stated)

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 figure 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.

As explained in note 1 above, the Group has reviewed the main sources of estimates of uncertainly that have been disclosed in the last annual financial statements against the backdrop of the Covid-19 pandemic. Management will continue to monitor the situation and any required changes that will be reflected in future reporting periods.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2021, 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 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 takes into account 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.

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:

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-2 Fair value measurement (continued)

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 of 31 October 2021, lands and buildings valued at SR 184,945,200 (31 July 2021: SR 77,812,257 million) are pledged as collateral in exchange for obtaining borrowing facilities as shown in Note (8).

- Property and equipment include buildings and constructions built on leased lands from ALBR Charity in Riyadh and Charity Centre for Teaching the Holy Qur'an and Its Science. These lands represent 60% of the land of the Al-Rowad Schools in Al-Izdihar Complex, and the net carrying amount of these buildings reached 35,625,314 Saudi Riyals. The lease agreement with the ALBR Charity provides for ALBR Charity's entitlement to 30% of any buildings or expansions that the group undertakes on these leased lands. Therefore, the entire value of additions and improvements made to the buildings has been included, with a total cost of 49,382,014 Saudi Riyals, including ALBR Charity's share of 14,814,604 Saudi Riyals, given that the group incurred these costs and has the right to benefit from them under the contract.

- The annual rental value to ALBR Charity is 2,800,000 Saudi riyals ,and the Charity Centre for Teaching the Holy Qur'an and Its Science is 3,800,00 Saudi Riyals.

- The lease contract with the Charity Centre for Teaching the Holy Qur'an and Its Science expires on 30\12\1451H corresponding to 3 May 2030. These buildings are depreciated over the expected useful life of 50 years, which exceeds the term of the lease contracts as the management believes , considering the information and other data available to it ,that it is able to renew the lease contracts in accordance with the circumstances and needs of the activity.

- As of 31 October 2021, projects under construction amounting SR 20,529,947 (31 July 2021 :SR 8,537,174) 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 Jeel Al-Majd International Private Schools

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5 ACCOUNTS RECEIVABLES

	31 October 2021	31 July 2020
	(unaudited)	(audited)
Accounts receivables	144,130,437	64,819,651
Less: Provision for impairment in accounts receivables	(49,282,566)	(7,494,095)
	94,847,871	57,325,556

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

	31 October 2021	31 July 2020
	(unaudited)	(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	3,762,189	783,699
Used during the period / year	-	(526)
Provision reverse during the period / year	(684,582)	(90,036)
Balance at the end of the period /year	49,282,566	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	31 October 2021	31 October 2020
			(unaudited)	(unaudited)
Dr. Ahmed Nasser Almutib	Shareholder and BOD member	Rents	3,127,333	3,794,411
Nabaa Educational Company	Affiliate	Expenses on behalf	220,270	-
Hamad Al-Shenafi	Partner in affiliate	Expenses on behalf	162,193	-
Hayat Al-Shahrani	Partner in affiliate	Expenses on behalf	113,725	-
Fawzia AlHagbani	Partner in affiliate	Expenses on behalf	113,725	-
Leadership Academy Company	Affiliate	Expenses on behalf	64,050	-
Labinat Development	Affiliate	Expenses on behalf	50,000	-

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6. TRANSACTION AND BALANCES WITH RELATED PARTIES (CONTINUED)

6-1 Due from related parties

	Note	31 October 2021 (unaudited)	31 July 2020 (audited)
Abdulrahman Mushabab Al-Shehri	6-2	40,392,022	-
Nasser Al Nabit Company	6-2	15,381,284	-
Ahmed Abdulrahman Al Taweel	6-2	9,697,778	-
Dr. Bader Nasser Alalaiwe	6-2	1,452,977	-
Abdulrahman Al-Fahied	6-2	486,579	-
Nabaa Educational Company		167,991	-
Hamad Al-Shenafi	6-2	162,193	-
Hayat Al-Shahrani		113,725	-
Fawzia AlHagbani		113,725	-
Kids Planet International School		40,250	-
AlOmran Al Mutaqadima Company		-	8,375
		<u>68,008,524</u>	<u>8,375</u>

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 67.6 million Saudi riyals at the date of sale, and the value of that transaction was not collected until the date of the condensed consolidated interim financial statements as on October 31, 2021. These balances represent the value of the amounts due for the purchased shares.

6-3 Due to related parties

	31 October 2021 (unaudited)	31 July 2020 (audited)
Dr. Ahmed Nasser Almutib	3,100,209	-
El-shrouk Pioneer Academy	2,200,625	-
Labinat Development Holding Company	664,300	-
Dr. Bader Nasser Alalaiwe	350,000	-
Leadership Academy Company	28,254	-
Mtwroon Company – Leaders Center	-	148,961
	<u>6,343,388</u>	<u>148,961</u>

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

	For the period ended 31 October 2021 (unaudited)		For the period ended 31 October 2020 (unaudited)	
	BOD members and committees	Senior management personal	BOD members and committees	Senior management personal
Benefits and allowances	608,500	-	608,500	-
Salaries, benefits, and end of service	-	1,410,899	-	733,900
	<u>608,500</u>	<u>1,410,899</u>	<u>608,500</u>	<u>733,900</u>

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7. SHARE CAPITAL

The Group's authorized and paid capital is SR 400 million as at 31 October 2021 (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 Company capital increase 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. BORROWINGS

Borrowings are presented as follow:

8-1 A borrowing from Ministry of Finance

The Group obtained long-term loans from the Ministry of Finance in the amount of 37.501 million Saudi riyals 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 mortgaging the land of the staff accommodation villa located in Al Rawabi and the land of Al Mugharazat neighborhood and the land located in Al Salam neighborhood for a total amount of 26,712,956 Saudi riyals (July 31, 2021: 21,371,945 Saudi riyals). Note (4)

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

	31 October 2021 (unaudited)	31 July 2020 (audited)
Balance at the beginning of the period / year	<u>13,326,600</u>	15,230,400
Balance transferred from acquired companies	3,097,980	-
Paid during the period / year	<u>(3,452,790)</u>	(1,903,800)
Balance at the end of the period / year	<u>12,971,790</u>	<u>13,326,600</u>

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

	31 October 2021 (unaudited)	31 July 2020 (audited)
Borrowing at the end of the period / year	<u>12,971,790</u>	<u>13,326,600</u>
<u>Less: deferred financing expenses</u>		
Balance at the beginning of the period / year	(1,899,881)	(2,412,593)
Finance expenses for the period / year	<u>114,267</u>	512,712
Balance at the end of the period / year	<u>(1,785,614)</u>	<u>(1,899,881)</u>
Present value for borrowing end of the period / year	<u>11,186,176</u>	<u>11,426,719</u>

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8. BORROWINGS (CONTINUED)**8-2 Borrowing granted from local banks**

The group has signed facility agreements compatible with Shariah regulations with several local banks in the form of Islamic Murabahas with a total amount of 1,032,874,000 Saudi riyals, 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 an agreed-upon percentage. These facilities are secured by land and real estate amounting to 158,232,244 Saudi riyals (31 July 2021: 56,440,312 Saudi riyals) and (14) promissory notes amounting to 1,013,684,363 Saudi riyals. 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 :

	31 October 2021 (unaudited)	31 July 2020 (audited)
Balance at the beginning of the period / year	192,776,819	144,512,347
Balance transferred from acquired companies	124,881,455	-
Finance gained during the period / year	147,725,000	259,852,889
Accrued finance expenses	3,195,952	1,212,682
Paid during the period / year	<u>(23,155,557)</u>	<u>(212,801,099)</u>
Total borrowing from local banks at end of the period / year	<u>445,423,669</u>	<u>192,776,819</u>

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

	31 October 2021 (unaudited)	31 July 2020 (audited)
Non-current portion of borrowing*	401,908,830	172,575,968
Current portion of borrowing*	54,701,015	31,627,570
	<u>456,609,845</u>	<u>204,203,538</u>

*Include a borrowing from Ministry of Finance (note 8-1)

9. ZAKAT PROVISION**9-1 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.

9-2 Zakat provision movement

	31 October 2021 (unaudited)	31 July 2020 (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	1,851,445	1,071,762
Paid during the period / year	<u>(290,917)</u>	<u>(1,956,760)</u>
Balance at end of the period / year	<u>6,987,464</u>	<u>1,592,679</u>

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10. GAINS FROM ACQUIRING A SUBSIDIARY

The gains from the acquisition, amounting to 52.5 million Saudi riyals, are represented in the difference between the net book value of the 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	31 October 2021 (unaudited)	31 October 2020 (audited)
The net assets of the Arabian Education and Training Group Company at the date of acquisition	16-C	190,495,759	-
Less: purchase price at the date of acquisition		(138,000,000)	-
		52,495,759	-

On August 1, 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 as a result of subsequent adjustments during the measurement period to the fair value estimates of the assets and liabilities acquired.

11. FINANCE COSTS

	31 October 2021 (unaudited)	31 October 2020 (unaudited)
Interest on right-of-use assets liabilities	5,598,980	2,843,705
Finance costs on borrowings	3,310,219	1,822,898
	8,909,199	4,666,603

12. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income for the period attributable to the Group’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 Group has no diluted instruments.

	31 October 2021 (unaudited)	31 October 2020 (unaudited)
Income for the period	66,252,209	4,916,787
Weighted average number of shares	40,000,000	40,000,000
	1,66	0,12

13. CONTINGENT LIABILITES AND CAPITAL COMMITMENTS

	31 October 2021 (unaudited)	31 July 2021 (audited)
Capital commitments – projects under progress	17,736,411	21,470,665
Suppliers	1,671,008	3,843,324
	19,407,419	25,313,989

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14. SEGMENT REPORTING

The Group's revenues amounting to 140,427,680 Saudi riyals are concentrated in tuition fees, which represents 85.6% of the total revenues for the three-month period ended on October 31, 2021 (the three-month period ended on October 31, 2020: 61,226,087 Saudi riyals, of which 100% is revenue from tuition fees).

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

For the three-month period ended 31 October 2021 (unaudited)

	Educational sector	Training sector	Recruitment sector	Total
Revenue	120,254,127	8,101,422	12,072,131	140,427,680
Cost of revenue	(82,049,013)	(6,498,400)	(12,123,340)	(100,670,753)
Gross profit	<u>38,205,114</u>	<u>1,603,022</u>	<u>(51,209)</u>	<u>39,756,927</u>

For the three-month period ended 31 October 2020 (unaudited)

	Educational sector	Training sector	Recruitment sector	Total
Revenue	61,226,087	-	-	61,226,087
Cost of revenue	(47,517,792)	-	-	(47,517,792)
Gross profit	<u>13,708,295</u>	<u>-</u>	<u>-</u>	<u>13,708,295</u>
As at 31 October 2021 (unaudited)				
Property and equipment	<u>630,877,605</u>	<u>34,777,884</u>	<u>7,261,072</u>	<u>672,916,561</u>
Depreciation of property and equipment	<u>4,992,013</u>	<u>457,439</u>	<u>567,095</u>	<u>6,019,547</u>
As at 31 July 2021 (audited)				
Property and equipment	<u>495,142,467</u>	<u>-</u>	<u>-</u>	<u>495,142,467</u>
Depreciation of property and equipment	<u>16,087,971</u>	<u>-</u>	<u>-</u>	<u>16,087,971</u>

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14. SEGMENT REPORTING - (CONTINUED)

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

	31 October 2021	31 October 2020
	(unaudited)	(unaudited)
Gross profit from reported segment	<u>39,756,927</u>	<u>13,708,295</u>
<u>Unallocated amount:</u>		
Other income	3,866,671	1,998,611
Impairment of accounts receivable	(3,077,607)	(958,159)
General and administrative expenses	(14,594,290)	(4,889,891)
Gains from acquired subsidiary	52,495,759	-
Finance costs	(8,909,199)	(4,666,603)
Total unallocated amount	<u>29,781,334</u>	<u>(8,516,042)</u>
Income before zakat	<u>69,538,261</u>	<u>5,192,253</u>

15. NON-CASH TRANSACTIONS

	31 October 2021	31 October 2020
	(unaudited)	(unaudited)
Additions to right of use assets against lease contract obligations	788,369	-
Actuarial loss from re-measuring end-of-service benefits	-	152,206
Transferred from projects under construction to property and equipment	-	2,288,953
Disposal of intangible assets against account payable	41,159	-

16. 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.

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 Arabian Education 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.

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16. ACQUIRING SUBSIDIARIES (CONTINUED)

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 39,716,376, 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 taking into account 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:

	<u>Fair value</u>
Property and equipment, net	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 end of service benefits	(1,534,035)
Advance revenue	(2,080,145)
Account Payable	(233,929)
Accrued expenses and other current liabilities	(804,194)
Zakat provision	(432,094)
Due to related party	(1,365,000)
Total of the identifiable assets and liabilities acquired	<u>283,624</u>
Goodwill	39,716,376
Total	<u>40,000,000</u>
<u>Net cash used from the acquisition</u>	
Accrued amounts	40,000,000
Cash and cash equivalents	(1,207,778)
Total	<u>38,792,222</u>

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16. 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. 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 3,591,844. Goodwill was recognized in the amount of SR 8,583,825, 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 taking into account 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.

	Fair value
Property and equipment, net	558,947
Right of use assets, net	1,147,602
Account Receivables	2,810,671
Prepayments and other current assets	651,241
Cash and cash equivalents	448,243
Employees end of service benefits	(591,132)
Lease liabilities under right of use assets	(1,198,386)
Zakat provision	(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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 October 2021**

(Saudi Riyals)

16. ACQUIRING SUBSIDIARIES (CONTINUED)**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 190,495,759 Saudi riyals, which resulted in gains of 52,495,759 riyals, 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.

The fair values has been determined based on the professional experience and judgment of the valuer, after taking into account 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	214,406,109
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	13,465,771
Cash and cash equivalents	33,722,047
Employees end of service benefits	(18,504,502)
Lease liabilities under right of use assets	(225,401,458)
Borrowing	(127,979,435)
Advance revenue	(6,067,416)
Account Payable	(6,090,169)
Accrued expenses and other current liabilities	(17,096,702)
Zakat provision	(3,834,257)
Due to related party	(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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 October 2021

(Saudi Riyals)

17. SUBSEQUENT EVENTS

On Rabi' al-Thani 3, 1443 H corresponding to November 8, 2021, the General Assembly approved the distribution of dividends to shareholders for the year ended on July 31, 2021 in the amount of 40,000,000 Saudi riyals, provided that the share of each share is one Saudi riyal at the rate of 10% of the nominal value of the share, and this has been distributed on November 21, 2021.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved for the period ended on 31 October 2021 by the Audit committee under an authorization of the Board of Directors on 4 Jumada Alawwal 1443H corresponding to 8 December 2021.