



ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements
For the three-and six-month periods ended 31 January 2023
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 six-month periods ended 31 January 2023

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

(1 / 1)

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 (together "Group") as of January 31, 2023 and the interim consolidated statement of profit and loss, statement of other comprehensive income for the three-month and six-month period that ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-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 Ahmed Al Bassam
Certified Public Accountant
License No. 337
Riyadh: 17 Shaaban 1444
Corresponding to: 9 March 2023



ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**As at 31 January 2023**

(Amounts in Saudi Riyals unless otherwise stated)

	Note	31 January 2023 (Unaudited)	31 July 2022 (Audited)
ASSETS			
Non-current assets			
Real estate, property and equipment	4	817,363,264	804,742,006
Intangible assets		620,036,369	621,524,338
Right-of-use assets		528,638,625	497,472,930
Total non-current assets		1,966,038,258	1,923,739,274
Current assets			
Inventory		5,691,987	4,002,557
Accounts receivable	5	92,600,826	116,215,585
Prepayments and other current assets		46,129,569	34,337,592
Due from a related party	6-1	71,137	336,110
Cash and cash equivalents		45,545,747	48,961,017
Total current assets		190,039,266	203,852,861
Total assets		2,156,077,524	2,127,592,135
EQUITY AND LIABILITIES			
Equity			
Share capital	7	420,872,150	420,872,150
Share premium		276,786,861	276,786,861
Statutory reserve		41,756,561	41,756,561
Actuarial reserve		(9,919,614)	(9,919,614)
Retained earnings		118,674,695	130,149,649
Total equity attributed to shareholders in the company		848,170,653	859,645,607
Non-controlling interests		83,434,031	78,916,954
Total equity		931,604,684	938,562,561
LIABILITIES			
Non-current liabilities			
Lease liabilities under right of use assets		529,149,925	503,346,927
Borrowings	9	326,645,024	367,920,761
Deferred revenue of government grants		874,106	1,043,614
Employees' post-employment benefits		62,944,722	60,261,770
Total non-current liabilities		919,613,777	932,573,072
Current liabilities			
Borrowing	9	130,874,178	122,867,861
Lease liabilities under right of use assets		54,204,862	54,799,655
Advance revenue		70,764,988	26,958,505
Trade payables		13,629,533	13,251,206
Deferred revenue of government grants		369,107	399,199
Accrued expenses and other current liabilities		28,855,612	30,024,394
Due to related parties	6-2	2,817,335	3,401,214
Provision for Zakat	10-2	3,343,448	4,754,468
Total current liabilities		304,859,063	256,456,502
Total liabilities		1,224,472,840	1,189,029,574
Total equity and liabilities		2,156,077,524	2,127,592,135
Contingent liabilities and capital commitments	14	-	-

Chief Financial Officer

Adel Nader Desouky

Chief Executive Officer

Fahad bin Abdul-Aziz 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 (UNAUDITED)

For the three-and six-month periods ended 31 January 2023

(Amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 January		For the six-month period ended 31 January	
		2023 (Unaudited)	2022 (Restated note17) (Unaudited)	2023 (Unaudited)	2022 (Restated note17) (Unaudited)
Revenue	15	166,830,478	133,731,765	334,617,963	271,919,717
Revenue of government grants	15	3,691,733	2,240,968	7,431,458	3,792,521
Cost of revenue	15	(134,035,010)	(110,519,739)	(255,596,690)	(211,654,309)
Gross profit		36,487,201	25,452,994	86,452,731	64,057,929
Marketing expenses		(2,240,681)	(560,162)	(3,936,536)	(847,662)
General and administrative expenses		(15,879,919)	(15,460,208)	(32,795,777)	(29,766,998)
provision for impairment accounts receivable	5	416,796	(889,952)	(1,351,477)	(3,967,559)
Gains from the acquisition of a subsidiary	11	-	-	-	38,121,000
Operating income		18,783,397	8,542,672	48,368,941	67,596,710
Other income		3,959,538	3,171,386	9,826,894	7,554,916
Capital gains (losses)		8,990	(310,500)	56,961	(139,184)
Finance costs	12	(11,261,606)	(10,307,501)	(21,696,162)	(19,216,700)
Net income for the period before zakat		11,490,319	1,096,057	36,556,634	55,795,742
Zakat	10-3	(665,296)	(358,978)	(1,427,296)	(2,210,423)
Net income for the period		10,825,023	737,079	35,129,338	53,585,319
Net income for the period attributed to:					
Shareholders in the company		9,551,648	1,012,247	30,612,261	52,425,880
Non-controlling interests		1,273,375	(275,168)	4,517,077	1,159,439
		10,825,023	737,079	35,129,338	53,585,319
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	0.23	0.02	0.73	1.25

Chief Financial Officer

Adel Nader Desouky

Chief Executive Officer

Fahad bin Abdul-Aziz 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 OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-and six-month periods ended 31 January 2023

(Amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 January		For the six-month period ended 31 January	
	2023 (Unaudited)	2022 (Restated note17) (Unaudited)	2023 (Unaudited)	2022 (Restated note17) (Unaudited)
Net income for the period	10,825,023	737,079	35,129,338	53,585,319
<u>Items that will not be reclassified subsequently to the statement of profit or loss:</u>				
Actuarial gains on remeasurement of employees post-employment benefits	-	-	-	-
Total comprehensive income for the period	10,825,023	737,079	35,129,338	53,585,319
Total comprehensive income for the period attributed to:				
Shareholders in the company	9,551,648	1,012,247	30,612,261	52,425,880
Non-controlling interests	1,273,375	(275,168)	4,517,077	1,159,439
	10,825,023	737,079	35,129,338	53,585,319


Chief Financial Officer

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Chairman of Board of Directors

Tariq bin Othman Al-Qasabi

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ATAA EDUCATIONAL COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six-month period ended 31 January 2023
(Amounts in Saudi Riyals unless otherwise stated)

	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 six-month period ended 31 January 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
Previous years adjustments (note 17-3)	-	-	(154,296)	-	(1,388,664)	(1,542,960)	-	(1,542,960)
Balance as at 31 July 2021 (Restated - Audited)	400,000,000	209,594,000	34,694,964	(7,686,781)	106,595,273	743,197,456	10,651,773	753,849,229
Transferred from acquired companies	-	-	-	-	-	-	64,592,419	64,592,419
Net income for the period - before adjustment	-	-	-	-	67,728,273	67,728,273	1,159,439	68,887,712
Previous years adjustments (note 17-2)	-	-	-	-	(15,302,393)	(15,302,393)	-	(15,302,393)
Net income for the period - after adjustment	-	-	-	-	52,425,880	52,425,880	1,159,439	53,585,319
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	52,425,880	52,425,880	1,159,439	53,585,319
Issuance of shares (Note 17-1)	20,872,150	71,140,432	-	-	-	92,012,582	-	92,012,582
Shares issuance expenses (Note 17-1)	-	(3,947,571)	-	-	-	(3,947,571)	-	(3,947,571)
Dividends (Note 8)	-	-	-	-	(40,000,000)	(40,000,000)	-	(40,000,000)
Balance as at 31 January 2022 (Restated - Unaudited)	420,872,150	276,786,861	34,694,964	(7,686,781)	119,021,153	843,688,347	76,403,631	920,091,978
For the six-month period ended 31 January 2023								
Balance as at 31 July 2022 (Audited)	420,872,150	276,786,861	41,756,561	(9,919,614)	130,149,649	859,645,607	78,916,954	938,562,561
Net income for the period	-	-	-	-	30,612,261	30,612,261	4,517,077	35,129,338
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	30,612,261	30,612,261	4,517,077	35,129,338
Dividend income (Note 8)	-	-	-	-	(42,087,215)	(42,087,215)	-	(42,087,215)
Balance as at 31 January 2023 (Unaudited)	420,872,150	276,786,861	41,756,561	(9,919,614)	118,674,695	848,170,653	83,434,031	931,604,684

Chief Financial Officer

Adel Nader Desouky

Chief Executive Officer

Fahad bin Abdul-Aziz 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 CASH FLOWS (UNAUDITED)
For the six-month period ended 31 January 2023

(Amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 31 January	
		2023 (Unaudited)	2022(Restated) -Unaudited)
Cash flows from operating activities			
Net income for the period before zakat		36,556,634	55,795,742
Adjustments for:			
Depreciation of real estate, property and equipment	15	13,823,356	12,814,553
Depreciation of investment properties		-	167,530
Amortization of intangible assets		1,487,969	1,513,026
Depreciation of right-of-use assets		26,888,730	24,580,725
Capital (Gains) losses		(56,961)	139,184
provision for impairment of accounts receivable	5	1,351,477	3,967,559
Gains from acquisition of a subsidiary	11	-	(38,121,000)
Finance costs	12	21,696,162	19,216,700
Provision for Employees' post-employment benefits		7,356,397	5,413,414
Adjusted profit on lease liabilities under right of use assets		(21,187)	-
		<u>109,082,577</u>	<u>85,487,433</u>
Changes in operating assets and liabilities			
Inventory		(1,689,430)	228,825
Accounts receivables		22,263,282	(10,507,074)
Prepayments and other current assets		(11,791,977)	(5,180,083)
Due from a related party		264,973	99,862
Advance revenue		43,806,483	30,779,433
Trade payables		378,327	11,736,636
Accrued expenses and other current liabilities		(1,315,459)	(11,445,720)
Due to related parties		(583,879)	2,034,117
Cash generated from operating activities		<u>160,414,897</u>	<u>103,233,429</u>
Employees' post-employment benefits paid		(4,673,445)	(5,034,186)
Zakat paid	10-2	(2,838,316)	(1,913,627)
Net cash generated from operating activities		<u>152,903,136</u>	<u>96,285,616</u>
Cash flows from investing activities			
Additions to real estate, property and equipment and projects under progress		(26,444,643)	(22,784,134)
Proceeds from sale of real estate, property and equipment		56,990	232,927
Net cash flows from acquisition of subsidiary, net cash acquired		-	(195,011,759)
Net cash used in investing activities		<u>(26,387,653)</u>	<u>(217,562,966)</u>
Cash flows from financing activities			
Lease liabilities paid		(43,827,591)	(22,329,906)
Issuance of shares	7	-	20,872,150
Share premium, net		-	67,192,861
Received from borrowing	9-2	99,000,000	172,725,000
Repaid to borrowing		(136,185,717)	(60,043,722)
Finance cost paid		(6,777,307)	(6,852,651)
Dividends paid	8	(41,940,538)	(40,000,000)
Deferred revenue of government grant	9-1	(199,600)	(288,110)
Net cash (used in) / generated from financing activities		<u>(129,930,753)</u>	<u>131,275,622</u>
Net change in cash and cash equivalents		<u>(3,415,270)</u>	<u>9,998,272</u>
Cash and cash equivalents at the beginning of the period		48,961,017	7,498,833
Cash and cash equivalents at the end of the period		<u>45,545,747</u>	<u>17,497,105</u>
Non-cash transactions	16		

Chief Financial Officer

Adel Nader Desouky

Chief Executive Officer

Fahad bin Abdul-Aziz 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 (UNAUDITED)

For the six-month period ended 31 January 2023

(Amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS

Ataa Educational Company (the "Company") is a Saudi Joint Stock Company, was established 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 1431H (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 main activity is to construct, own, manage, run and establish private and international schools (kindergarten, primary middle and secondary) for boys and girls (general and memorization), and colleges and universities inside and outside the Kingdom of Saudi Arabia. Establishing, managing and maintaining training centers, purchasing existing schools and educational and training facilities and developing them. Owning, managing and running educational and training institutes, owning and managing vocational training centers, establishing, owning and managing special education schools. The company carries out its activities in accordance with the applicable 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

The company's financial year begins on 1 August and ends on 31 July of each year, according to the company's Articles of Association.

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 (UNAUDITED)**For the six-month period ended 31 January 2023**

(Amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS (CONTINUED)

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

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>Legal form</u>	Effective shareholding (Direct / Indirect)	
			31 January 2023	31 July 2022
Al Nokhbah Educational Company	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Al Oruba International Company for Education Services	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Al-Rowad Company for Supporting Services	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Elm International Schools Company	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Wasat National Training and Education Company	Kingdom of Saudi Arabia	A limited liability company	52%	52%
Arabian Education and Training Group Holding Company	Kingdom of Saudi Arabia	Closed joint stock company	100%	100%
Creative Development Company	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Alfaisal International Academy Institutes Training Company	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Amjad Qurtuba Educational Services Company	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Nabaa Educational Company	Kingdom of Saudi Arabia	A limited liability company	100%	100%
Al-Alsun International Private Schools Company	Kingdom of Saudi Arabia	A limited liability company	62,8%	62,8%
Academic Company for Educational Services	Kingdom of Saudi Arabia	Closed joint stock company	52,2%	52,2%
Jasmine International Company	Kingdom of Saudi Arabia	A limited liability company	49%	49%
Jeel Al Majd International Private Schools Company	Kingdom of Saudi Arabia	A limited liability company	45%	45%

2. BASIS OF PREPARATION AND MEASUREMENT**2-1 Statement of compliance**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34– “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and should be read in conjunction with the Group's financial statements as at and for the year ending 31 July 2022, as it does not include all the information required to prepare a complete set of consolidated financial statements, yet it mentions the accounting policies and explanatory notes to explain the important events and transactions to understand the changes in the financial position of the Group and its performance since the last annual financial statements of the Group.

The results for the six-month period ended 31 January 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 July 2023.

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 31 January 2023

(Amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND MEASUREMENT(CONTINUED)

2-2 Basis of consolidation

The interim consolidated financial statements include the financial statements of the Atta Educational company and its subsidiaries (collectively the “Group”) as disclosed within note (1). Accordingly, the financial statements comprise of the interim consolidated financial statements of the parent company and its subsidiaries as at 31 January 2023. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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.

ATAA EDUCATIONAL COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 31 January 2023

(Amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2-3 Basis of measurement

These 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.

2-4 Going Concern

As at 31 January 2023, the Group's current liabilities exceeded its current assets by SR 114,82 million, (31 July 2022: SR 52,6 million), which is mainly due to lease liability under right-of-use and borrowings amounting to SR 255,84 million. Despite the deficit in working capital, the Group has generated an positive operating cash flow of SR152,9 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 mismatch. Accordingly, the accompanying interim condensed consolidated financial statements have been prepared on the basis of the going concern.

2-5 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.

2-6 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 assessed 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 Group'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 company for the year ended 31 July 2022.

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 1 January 2022, and the details of this were clarified in the annual financial statements for the year ended 31 July 2022. However, they have no material impact on the Group's interim condensed consolidated financial statements.

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4. REAL ESTATE, PROPERTY AND EQUIPMENT

-As at 31 January 2023 lands and buildings amounted to SR 390,17 million (31 July 2022 SR 392.14 million) are pledged as collateral in exchange for obtaining borrowing facilities as shown in Note.(9)

- As at 31 January 2023, projects under construction amounting SR 10,9 million (31 July 2022 : SR 28,6 million) are represented in construction projects of an educational complex located in Izdihar district and building development works in educational complexes, And the construction of the educational complex for Wasat National Training and Education Company in Al-Salam district, and the buildings of Al-Asun International Private Schools and Alfaisal International Academy Institutes Training Company. It is expected that these projects will be completed by the end of 2023, and the estimated remaining cost for completion is SR 100.5 million.

5. ACCOUNTS RECEIVABLES

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Accounts receivables	106,611,516	128,874,798
Less: Provision for impairment in accounts receivables	(14,010,690)	(12,659,213)
	92,600,826	116,215,585

Provision for impairment in accounts receivables as follows:

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Balance at the beginning of the period / year	12,659,213	7,494,095
Balance transferred from acquired companies	-	40,052,544
Charged during the period / year	1,351,477	406,441
Used during the period / year	-	(35,293,867)
Balance at the end of the period / year	14,010,690	12,659,213

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, affiliate and partners in subsidiaries, 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:

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6. TRANSACTION AND BALANCES WITH RELATED PARTIES (CONTINUED)

	Nature of Relationship	Nature of Transaction	Volume of transaction	
			31 January 2023 (Unaudited)	31 January 2022 (Unaudited)
Dr. Ahmed Nasser Almutib	Shareholder and BOD member	Rents	7,044,000	6,639,833
El-shrouk Pioneer Academy	Affiliate	Expenses on behalf	154,028	-
Hayat Al-Shahrani	Partner in subsidiary	Expenses on behalf	153,118	124,016
Fawzia Al Hagbani	Partner in subsidiary	Expenses on behalf	153,118	124,016
Labinat Development Holding Company	Affiliate	Expenses on behalf	15,000	50,000
Nabaa Educational Company	subsidiary	Expenses on behalf	-	1,600,000
Leadership Academy Company	Affiliate	Expenses on behalf	-	10,000

6-1 Due from a related party

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Hayat Al-Shahrani	71,137	336,110
	71,137	336,110

6-2 Due to related parties

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
El-shrouk Pioneer Academy	1,610,762	1,764,790
Labinat Development Holding Company	649,300	664,300
Dr. Ahmed Nasser Almutib	530,844	874,558
Fawzia Al Hagbani	26,429	97,566
	2,817,335	3,401,214

6-3 Benefits ,remunerations and compensations for senior management and senior executives

	For the three -month period ended on 31 January		For the six -month period ended on 31 January	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Board of directors' remunerations and allowances	610,000	608,500	1,220,000	1,217,000
key personnel salaries and benefits	1,767,109	2,255,068	3,534,217	3,665,967
	2,377,109	2,863,568	4,754,217	4,882,967

7. SHARE CAPITAL

The Company's authorized and paid capital is SR 420.87 million as at 31 January 2023 (31 July 2022: SR 420.87 million) divided into 42,087,215 shares (31 July 2022: 42,087,215 shares) with the value of 10 Saudi Riyals per share.

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8. DIVIDENDS

On the 25th of Jumada Al-Akher 1444 H corresponding to 18 January 2023, the ordinary general assembly decided dividends for the year ending on 31 July 2022, with an amount of SR 42,087 million, at a value of 1 Saudi riyals per share (31 January 2022: SR 40 million 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 19,03 million to finance the contracting and construction works necessary for the construction of the educational complex in Mansoura district. 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. The last installment is due on 10 June, 2028. 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 located in Al Salam district for a total amount of SR 21,29 million (31 July 2022: SR 21.29 million) Note (4).

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

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Balance at the beginning of the period / year	11,422,800	13,326,600
Balance transferred from acquired companies	-	3,097,980
Paid during the period / year	(1,903,800)	(5,001,780)
Balance at the end of the period / year	9,519,000	11,422,800

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

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Borrowing at the end of the period / year	9,519,000	11,422,800
<u>Less: deferred financing expenses</u>		
Balance at the beginning of the period / year	(1,442,813)	(1,899,881)
Balance transferred from acquired companies	-	(59,576)
Finance expenses for the period / year	199,600	516,644
Balance at the end of the period / year	(1,243,213)	(1,442,813)
Present value for borrowing at the end of the period / year	8,275,787	9,979,987

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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 934,9 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 368,88 million (31 July 2022: SR 370,85 million) note (4) and (14) promissory notes amounting to SR 868,12 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:

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Balance at the beginning of the period / year	480,808,635	192,776,819
Balance transferred from acquired companies	-	124,649,226
Finance obtained during the period / year	99,000,000	380,025,000
Accrued finance expenses	10,494,004	17,212,765
Paid during the period / year	(141,059,224)	(233,855,175)
Total borrowing from local banks at end of the period / year	449,243,415	480,808,635

Details of borrowings were presented in the interim consolidated statement of financial position as follows:

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Non-current portion of borrowing *	326,645,024	367,920,761
Current portion of borrowing*	130,874,178	122,867,861
	457,519,202	490,788,622

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

10. Zakat provision**10-1 Zakat Assessment**

The Group submitted their declarations to the Zakat, Tax and Customs Authority (ZATCA) until the year ended 31 July 2022 and obtained a certificate from (ZATCA) valid until 16 Jumada Alawwal 1445H corresponding to 30 November 2023.

10-2 Zakat provision movement

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Balance at the beginning of the period / year	4,754,468	1,592,679
Balance transferred from acquired companies	-	3,895,797
Charged during the period / year	1,427,296	1,494,503
Paid during the period / year	(2,838,316)	(2,228,511)
Balance at the end of the period / year	3,343,448	4,754,468

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11. GAINS FROM ACQUIRING A SUBSIDIARY

On 8 August 2021, Ataa Educational Company acquired the Arab Group for Education and Training Holding Company (the “Company”) and its subsidiaries as of 1 August 2021. The acquisition resulted in a gain of SR 52,5 million, which represents the difference between the net assets of the Arab Group Company Education and Training Holding Company (the “acquired”) and the purchase value on the date of acquisition.

During the fiscal year 2021/2022, the purchase price allocation was implemented by an independent valuer , which resulted in land and building valuation differences of SR 77.64 million, and accordingly, the gains resulting from the acquisition were retroactively modified on the balances of 31 January 2022 to become SR 38,121 million (Note 17).

12. FINANCE COSTS

	For the three -month period ended on 31 January		For the six -month period ended on 31 January	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Interest on right-of-use assets liabilities	5,566,885	5,588,373	11,002,558	11,187,353
Finance costs – borrowings from local banks (note 9-2)	5,594,921	4,545,285	10,494,004	7,741,237
Finance costs – borrowings from ministry of Finance (note 9-1)	99,800	173,843	199,600	288,110
	11,261,606	10,307,501	21,696,162	19,216,700

13. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income for the period attributable to the Company’s shareholders by the weighted average number of ordinary shares outstanding during the period which amounted to 42,087,215 share (31 Jan 2022: 42,087,215 share after retroactively taking the share increase . 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 on 31 January		For the six -month period ended on 31 January	
	2023 (Unaudited)	2022 (Restated) (Unaudited)	2023 (Unaudited)	2022 (Restated) (Unaudited)
Net Income for the period	9,551,648	1,012,247	30,612,261	52,425,880
Weighted average number of shares	42,087,215	42,087,215	42,087,215	42,087,215
	0.23	0.02	0.73	1.25

14. CONTINGENT LIABILITES AND CAPITAL COMMITMENTS

	31 January 2023 (Unaudited)	31 July 2022 (Audited)
Capital commitments – projects under progress	2,214,115	2,214,115
Suppliers	267,408	4,677,788
	2,481,523	6,891,903

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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:

- Education sector: this sector specializes in establishing and managing private schools, international, French and Indian schools.
- Training sector: this sector is concerned with establishing and operating training institutes.
- Employment sector: this sector specializes in mediating the recruitment of Saudian and recruitment agencies via the Internet.

	31 January 2023 (Unaudited)			
	Educational sector	Training sector	Employment sector	Total
Revenue				
For six-month period ending on 31 January 2023	309,647,222	22,418,450	2,552,291	334,617,963
For three-month period ending on 31 January 2023	155,057,268	9,341,041	2,432,169	166,830,478
Government grants				
For six-month period ending on 31 January 2023	4,912,119	350,350	2,168,989	7,431,458
For three-month period ending on 31 January 2023	2,532,836	350,350	808,547	3,691,733
Total Revenue				
For six-month period ending on 31 January 2023	314,559,341	22,768,800	4,721,280	342,049,421
For three-month period ending on 31 January 2023	157,590,104	9,691,391	3,240,716	170,522,211
Cost of revenue				
For six-month period ending on 31 January 2023	(217,484,137)	(18,503,456)	(19,609,097)	(255,596,690)
For three-month period ending on 31 January 2023	(115,771,414)	(7,925,879)	(10,337,717)	(134,035,010)
Gross profit				
For six-month period ending on 31 January 2023	97,075,204	4,265,344	(14,887,817)	86,452,731
For three-month period ending on 31 January 2023	41,818,690	1,765,512	(7,097,001)	36,487,201
	As at 31 January 2023 (Unaudited)			
Real estate, property and equipment	775,277,526	37,453,060	4,632,678	817,363,264
Depreciation of real estate, property and equipment	11,911,474	905,309	1,006,573	13,823,356

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15. SEGMENT REPORTING (CONTINUED)

	31 January 2022 (Restated) (Unaudited)			
	Educational sector	Training sector	Employment sector	Total
Activity Revenues				
For six-month period ending on 31 January 2023	230,213,679	15,293,786	26,412,252	271,919,717
For three-month period ending on 31 January 2023	112,199,280	7,192,364	14,340,121	133,731,765
Government grants				
For six-month period ending on 31 January 2023	2,068,211	199,303	1,525,007	3,792,521
For three-month period ending on 31 January 2023	1,369,211	71,038	800,719	2,240,968
Total Revenue				
For six-month period ending on 31 January 2023	232,281,890	15,493,089	27,937,259	275,712,238
For three-month period ending on 31 January 2023	113,568,491	7,263,402	15,140,840	135,972,733
Cost of revenue				
For six-month period ending on 31 January 2023	(174,995,216)	(13,184,833)	(23,474,260)	(211,654,309)
For three-month period ending on 31 January 2023	(92,482,386)	(6,686,433)	(11,350,920)	(110,519,739)
Gross profit				
For six-month period ending on 31 January 2023	57,286,674	2,308,256	4,462,999	64,057,929
For three-month period ending on 31 January 2023	21,086,105	576,969	3,789,920	25,452,994
	As at 31 January 2022 (Restated) (Unaudited)			
Real estate, property and equipment	637,669,859	34,632,702	6,830,835	679,133,396
Depreciation of real estate, property and equipment	10,759,182	916,876	1,138,495	12,814,553

- Due to the nature of the Group's activity and its management structure, it is not practically possible to allocate items of other assets and other liabilities to different operating segments.

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15. SEGMENT REPORTING (CONTINUED)

	31 January 2023 (Unaudited)			
	Educational sector	Training sector	Employment sector	Total
Timing of Revenue Recognition:				
At point in time:				
For six-month period ending on 31 January 2023	4,912,119	22,768,800	4,721,280	32,402,199
For three-month period ending on 31 January 2023	2,532,836	9,691,391	3,240,716	15,464,943
Over time				
For six-month period ending on 31 January 2023	309,647,222	-	-	309,647,222
For three-month period ending on 31 January 2023	155,057,268	-	-	155,057,268
Total revenue				
For six-month period ending on 31 January 2023	314,559,341	22,768,800	4,721,280	342,049,421
For three-month period ending on 31 January 2023	157,590,104	9,691,391	3,240,716	170,522,211
	31 January 2022 (Restated) (Unaudited)			
	Educational sector	Training sector	Employment sector	Total
Timing of Revenue Recognition:				
At point in time:				
For six-month period ending on 31 January 2022	2,068,211	15,493,089	27,937,259	45,498,559
For three-month period ending on 31 January 2022	1,369,211	7,263,402	15,140,840	23,773,453
Over time				
For six-month period ending on 31 January 2022	230,213,679	-	-	230,213,679
For three-month period ending on 31 January 2022	112,199,280	-	-	112,199,280
Total revenue				
For six-month period ending on 31 January 2022	232,281,890	15,493,089	27,937,259	275,712,238
For three-month period ending on 31 January 2022	113,568,491	7,263,402	15,140,840	135,972,733

16. NON-CASH TRANSACTIONS

	31 January 2023 (Unaudited)	31 January 2022 (Unaudited)
Additions to right of use assets against lease liabilities under right-of-use assets	59,019,491	572,961
Unpaid dividends against accrued expenses and other current liabilities	146,677	-
Transfer from lease liabilities under right-of-use assets to due to related party	-	5,769,000

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17. RECLASSIFICATION AND ADJUSTMENTS FOR PREVIOUS PERIODS

The following are the reclassifications and adjustments to the opening balances, as follows:

(1) Interim consolidated statement of financial position as at 31 January 2022

<u>name Item</u>	<u>Balance before adjustment</u>	<u>reclassify debit /(credit)</u>	<u>Settlements Debit/(credit)</u>	<u>Balance after adjustment</u>	<u>Comment</u>
Share capital	(400,000,000)	-	(20,872,150)	(420,872,150)	It is the issuance of 2,872,150 shares for the benefit of the partners in Nabaa Educational Company, its issuance premium and the related expenses of issuing new shares.
Share premium	(209,594,000)	-	(67,192,861)	(276,786,861)	
Real estate, property and equipment	679,133,396	-	77,481,667	756,615,063	The value of the net assessment difference for the acquisition of the Arab Group.
Intangible assets	554,938,288	-	(2,314,438)	552,623,850	The value of the accumulated depreciation of the student list for the year 2020, and the six-month period ending on 31, January 2022.
Prepayments and other current assets	45,400,705	-	(3,947,571)	41,453,134	The value of expenses related to the issuance of shares for the capital increase.
Retained earnings	(135,712,210)	-	16,691,057	(119,021,153)	It is represented in the depreciation of the student list, the depreciation of the building evaluation difference for the period, and the recalculation of the gains resulting from the acquisition of a subsidiary as a result of the implementation of the purchase price allocation from an independent valuer.
Statutory reserve	(34,849,260)	-	154,296	(34,694,964)	

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17. RECLASSIFICATION AND ADJUSTMENTS FOR PREVIOUS PERIODS (CONTINUED)**(2) Interim consolidated profit or loss statement For the six-month period 31 January 2022**

<u>name Item</u>	<u>Balance before adjustment</u>	<u>reclassify debit /((credit)</u>	<u>Settlements Debit/(credit)</u>	<u>Balance after adjustment</u>	<u>Comment</u>
marketing expenses	-	847,662	-	847,662	Marketing expenses have been reclassified as a separate line in the interim consolidated statement of profit or loss
and General administrative expenses	30,614,660	(847,662)	-	29,766,998	Reducing acquisition gains as a result of implementing purchase price allocation
Gains resulting from the acquisition of a subsidiary	(52,495,759)	-	14,374,759	(38,121,000)	Capital gains and Government grants have been reclassified as a separate line item in the Interim consolidated statement of profit or loss, some other revenues have been reclassified to activity revenues.
Revenue	(274,411,968)	2,492,251	-	(271,919,717)	Is the amortization value of the period for the student list and the depreciation of the building evaluation difference resulting from the implementation of the purchase price reduction.
Government grants	-	(3,792,521)	-	(3,792,521)	
Other income	(8,716,002)	1,161,086	-	(7,554,916)	
Capital Losses	-	139,184	-	139,184	
of Cost revenue	210,726,675	-	927,634	211,654,309	

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17. RECLASSIFICATION AND ADJUSTMENTS FOR PREVIOUS PERIODS (CONTINUED)**(3) consolidated statement of financial position as at 31 July 2021**

<u>name Item</u>	<u>Balance before adjustment</u>	<u>reclassify debit /(credit)</u>	<u>Settlements Debit/(credit)</u>	<u>Balance after adjustment</u>	<u>Comment</u>
intangible assets					
Statutory reserve	(34,849,260)	-	154,296	(34,694,964)	It is the value of the year's amortization for the list of students and its effect on retained earnings and statutory reserve
Retained earnings	(107,983,937)	-	1,388,664	(106,595,273)	

(4) consolidated profit or loss statement For the year ended 31 July 2021

<u>name Item</u>	<u>Balance before adjustment</u>	<u>reclassify debit /(credit)</u>	<u>Settlements Debit/(credit)</u>	<u>Balance after adjustment</u>	<u>Comment</u>
revenue of Cost	204,675,501	-	1,542,960	206,218,461	Is the amortization value of the year for the student list

18. SUBSEQUENT EVENTS

Management believes that there are no significant subsequent events since the end of the financial period that may require disclosure or amendment of these interim condensed consolidated financial statements.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group's interim condensed consolidated financial statements for the period ended 31 January 2023 by the Audit committee under an authorization of the Board of Directors on 14 Sha'ban 1444H corresponding 6 March 2023.