

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
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<u>INDEX</u>	<u>PAGES</u>
Independent auditor's review report on the interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 – 26

**Independent Auditor's Review Report on the
Interim Condensed Consolidated Financial Statements**

**To the Shareholders,
Al Khaleej Training and Education Company**

(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Khaleej Training and Education Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2023 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and six-month periods then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34 "Interim Financial Reporting" (IAS 34) as 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 Engagements (2410), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 as 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 as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The consolidated financial statements for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the three and six-month periods ended 30 June 2022 of the Group were audited and reviewed by another auditor who expressed unmodified opinion and conclusion on 14 May 2023 and 29 August 2022 respectively.

Baker Tilly MKM & Co.
Certified Public Accountants

Bader Hatem Al Tamimi
(License No. 489)
Riyadh on 8 Safar 1445H
Corresponding to 24 August 2023G



AL KHALEEL TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
(SAUDI RIYALS)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited) (Restated, note 17)	1 January 2022 (Audited) (Restated, note 17)
ASSETS				
Non-current assets				
Property and equipment		607,312,705	564,784,979	475,915,945
Right of use assets		410,809,661	429,076,828	428,195,323
Investments in equity instruments carried at fair value through other comprehensive income (FVOCI)		206,286,195	275,592,374	308,366,773
Intangible assets		83,222,925	83,886,038	31,867,528
Financial derivative instrument carried at fair value through profit or loss (FVPL)		5,954,798	6,923,382	3,112,228
Recoverable amount from employees' benefits		12,397,411	10,188,303	7,740,337
Other long-term assets	2 (b)	14,535,000	-	-
Total non-current assets		1,340,518,695	1,370,451,904	1,255,198,134
Current assets				
Inventories		6,531,312	7,519,296	9,640,686
Prepayments and other receivables	9	54,529,168	60,466,431	98,890,199
Due from related parties	11	8,436,645	9,588,371	4,307,051
Contract assets and cost to fulfil contracts	8	60,899,168	46,111,957	35,627,070
Trade receivables	7	349,032,574	376,837,590	328,116,455
Investments in equity instruments carried at fair value through other comprehensive income (FVOCI)		68,250,000	-	-
Cash and cash equivalents		27,128,228	45,490,349	126,105,863
Total current assets		574,807,095	546,013,994	602,687,324
Assets classified as held for sale	12	10,819,188	11,424,400	-
Total assets		1,926,144,978	1,927,890,298	1,857,885,458
EQUITY AND LIABILITIES				
EQUITY				
Share capital		650,000,000	650,000,000	650,000,000
Statutory reserve		83,043,571	83,043,571	83,043,571
Actuarial reserve		(45,798,387)	(45,798,387)	(40,220,672)
Accumulated losses		(28,461,326)	(13,612,624)	(6,644,241)
Foreign currency translation reserve		(1,999,041)	(1,788,464)	(2,728,551)
Fair value reserve		20,411,404	21,467,583	54,241,981
Total equity attributable to the shareholders of the Company		677,196,221	693,311,679	737,692,088
Non-controlling interests		23,341,137	29,923,531	3,517,416
Total equity		700,537,358	723,235,210	741,209,504
LIABILITIES				
Non-current liabilities				
Lease liabilities		426,620,256	435,245,827	426,758,733
Long-term borrowings		42,715,373	98,845,446	-
Employees' end of service benefits		87,068,760	83,214,564	83,232,596
Deferred gain from sale and leaseback transactions		8,841,232	9,243,106	10,046,854
Total non-current liabilities		565,245,621	626,548,943	520,038,183
Current liabilities				
Short-term borrowings and bank overdrafts		155,107,902	149,866,529	166,173,347
Current portion of long-term borrowings	10	275,594,128	180,942,983	218,882,714
Deferred gain from sale and leaseback transactions		803,748	803,748	803,748
Current portion of lease liabilities		68,396,921	68,915,908	76,777,974
Trade and other payables		95,971,352	103,920,695	91,675,968
Due to related parties	11	38,400,000	12,117,950	263,277
Contract liabilities	13	12,857,413	43,775,036	31,311,175
Zakat and income tax payable		8,076,709	12,893,711	10,749,568
Total current liabilities		655,208,173	573,236,560	596,637,771
Liabilities directly associated with assets classified as held for sale	12	5,153,826	4,869,585	-
Total liabilities		1,225,607,620	1,204,655,088	1,116,675,954
Total equity and liabilities		1,926,144,978	1,927,890,298	1,857,885,458

Chief Financial Officer
Sherif Esmat

Chief Executive Officer
Alwaleed A. Aldryaan

Chairman of Board of Directors
Abdulaziz Alrashid

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

	Note	For the three-month period ended		For the six-month period ended	
		30 June 2023	30 June 2022 (Restated, note 17)	30 June 2023	30 June 2022 (Restated, note 17)
Continuing operations					
Revenue	15	212,556,014	205,313,296	421,499,210	421,757,090
Cost of revenue		(173,341,501)	(176,271,703)	(340,391,948)	(366,569,367)
Gross profit		39,214,513	29,041,593	81,107,262	55,187,723
Selling and marketing expenses		(2,644,866)	(4,616,060)	(7,155,446)	(9,840,284)
General and administrative expenses		(22,385,457)	(15,742,498)	(43,369,323)	(35,322,795)
Reversal / (charge) of provision for expected credit losses	7	2,180,163	(6,129,801)	1,952,582	(9,985,838)
Other income		7,888,554	5,177,927	20,370,652	18,213,791
Operating profit		24,252,907	7,731,161	52,905,727	18,252,597
Finance cost		(16,370,165)	(14,059,792)	(33,826,277)	(29,008,681)
Unrealized profit / (loss) on financial derivative instrument carried at FVPL		860,034	(681,125)	(968,584)	(681,125)
Profit / (loss) before zakat and income tax for the period		8,742,776	(7,009,756)	18,110,866	(11,437,209)
Zakat and income tax		(2,892,542)	(1,297,094)	(4,156,766)	(3,295,990)
Profit / (loss) for the period from continuing operations		5,850,234	(8,306,850)	13,954,100	(14,733,199)
Loss from discontinued operations	12	(1,709,823)	(1,411,021)	(1,928,466)	(3,029,006)
Net profit / (loss) for the period		4,140,411	(9,717,871)	12,025,634	(17,762,205)
Profit / (loss) for the period attributable to:					
Shareholders of the Company		2,390,460	(10,702,729)	8,599,780	(19,017,915)
Non-controlling interests		1,749,951	984,858	3,425,854	1,255,710
		4,140,411	(9,717,871)	12,025,634	(17,762,205)
Basic and diluted earnings per share for profit / (loss) attributable to the shareholders of the Company					
- from continuing operations	14	0.06	(0.14)	0.16	(0.24)
- from discontinued operations	14	(0.02)	(0.02)	(0.03)	(0.05)
Chief Financial Officer Sherif Esmat		Chief Executive Officer Alwaleed A. Aldryaan		Chairman of Board of Directors Abdulaziz Alhashed	

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

AL KHALEEJ TRAINING AND EDUCATION COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**

(SAUDI RIYALS)

	For the three-month period ended		For the six-month period ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
Net profit / (loss) for the period	4,140,411	(Restated, note 17) (9,717,871)	12,025,634	(Restated, note 17) (17,762,205)
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(250,054)	911,142	(210,577)	1,605,409
Items that will not be reclassified subsequently to profit or loss:				
Change in the fair value of investments in equity instruments carried at FVOCI	2,112,361	(50,168,538)	(1,056,179)	(47,528,089)
Other comprehensive income / (loss) for the period	1,862,307	(49,257,396)	(1,266,756)	(45,922,680)
Total comprehensive income / (loss) for the period	6,002,718	(58,975,267)	10,758,878	(63,684,885)
Total comprehensive income / (loss) for the period attributable to:				
Shareholders of the Company	4,252,767	(59,960,125)	7,333,024	(64,940,595)
Non-controlling interests	1,749,951	984,858	3,425,854	1,255,710
	6,002,718	(58,975,267)	10,758,878	(63,684,885)



Chief Financial Officer
Sherif Esmat



Chief Executive Officer
Alwaleed A. Aldryaan



Chairman of Board of Directors
Abdulaziz Alrashed

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AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(SAUDI RIYALS)

	Attributable to the shareholders of the Company							Non-controlling interests ("NCI")	Total equity
	Share capital	Statutory reserve	Actuarial reserve	Accumulated losses	Foreign currency translation reserve	Fair value reserve	Total		
Balance as at 1 January 2022 (As issued)	650,000,000	83,043,571	(40,220,672)	(7,465,538)	(2,728,551)	54,241,981	736,870,791	3,517,416	740,388,207
Impact of adjustment for prior period (Note 17)	-	-	-	821,297	-	-	821,297	-	821,297
Balance at 1 January 2022 (Restated)	650,000,000	83,043,571	(40,220,672)	(6,644,241)	(2,728,551)	54,241,981	737,692,088	3,517,416	741,209,504
Net loss for the period (Restated - note 17)	-	-	-	(19,017,915)	-	-	(19,017,915)	1,255,710	(17,762,205)
Other comprehensive loss	-	-	-	-	1,605,409	(47,528,089)	(45,922,680)	-	(45,922,680)
Total comprehensive loss	-	-	-	(19,017,915)	1,605,409	(47,528,089)	(64,940,595)	1,255,710	(63,684,885)
Acquisition during the period	-	-	-	-	-	-	-	15,599,493	15,599,493
Dividends paid	-	-	-	-	-	-	-	(2,778,300)	(2,778,300)
Balance as at 30 June 2022 (Restated)	650,000,000	83,043,571	(40,220,672)	(25,662,156)	(1,123,142)	6,713,892	672,751,493	17,594,319	690,345,812
Balance as at 1 January 2023 (As issued)	650,000,000	83,043,571	(45,798,387)	(10,302,518)	(1,788,464)	21,467,583	696,621,785	29,923,531	726,545,316
Impact of adjustment for prior period (Note 17)	-	-	-	(3,310,106)	-	-	(3,310,106)	-	(3,310,106)
Balance at 1 January 2023 (Restated)	650,000,000	83,043,571	(45,798,387)	(13,612,624)	(1,788,464)	21,467,583	693,311,679	29,923,531	723,235,210
Net profit for the period	-	-	-	8,599,780	-	-	8,599,780	3,425,854	12,025,634
Other comprehensive loss	-	-	-	-	(210,577)	(1,056,179)	(1,266,756)	-	(1,266,756)
Total comprehensive income	-	-	-	8,599,780	(210,577)	(1,056,179)	7,333,024	3,425,854	10,758,878
Acquisition of NCI (Note 2a)	-	-	-	(23,448,482)	-	-	(23,448,482)	(7,151,518)	(30,600,000)
Dividends paid	-	-	-	-	-	-	-	(2,856,730)	(2,856,730)
Balance as at 30 June 2023	650,000,000	83,043,571	(45,798,387)	(28,461,326)	(1,999,041)	20,411,404	677,196,221	23,341,137	700,537,358


Chief Financial Officer
Sherif Esmat

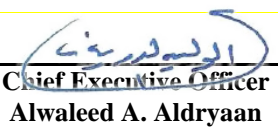

Chief Executive Officer
Alwaleed A. Aldryaan


Chairman of Board of Directors
Abdulaziz Alrashed

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

AL KHALEEL TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(SAUDI RIYALS)

	Note	30 June 2023	30 June 2022
			(Restated, note 17)
Cash flows from operating activities			
Profit/ (loss) before zakat and income tax for the period from continuing operations		18,110,866	(11,437,209)
Loss before zakat and income tax for the period from discontinued operations		(1,928,466)	(3,017,006)
Adjustments for non-cash items:			
Depreciation and amortization		33,773,643	34,085,474
Deferred gain from sale and leaseback transactions		(401,874)	(401,874)
Provision for employees' end of service benefits		8,190,572	8,853,695
(Reversal)/ charge of provision for expected credit losses	7	(1,952,582)	9,985,838
Unrealized loss on financial derivative instruments		968,584	681,125
Finance cost		33,826,277	29,008,681
Loss on disposal of a subsidiary	12	744,554	-
		91,331,574	67,758,724
Changes in working capital items:			
Inventories		987,984	550,105
Prepayments and other receivables		5,782,149	34,764,316
Due from related parties		1,151,726	5,044,433
Contract assets and cost to fulfil contracts		(14,787,211)	(5,053,081)
Trade receivables		28,235,331	(29,528,334)
Trade and other payables		(7,583,894)	12,007,562
Due to related parties		(4,317,950)	(263,277)
Contract liabilities		(30,915,074)	(15,351,508)
		69,884,635	69,928,940
Employees' end of service benefits paid		(5,987,242)	(12,649,537)
Zakat and income tax paid		(8,973,768)	(10,475,017)
Net cash generated from continuing operating activities		54,923,625	46,804,386
Net cash generated from discontinued operations		889,453	-
Net cash generated from operating activities		55,813,078	46,804,386
Cash flows from investing activities			
Purchase of property and equipment		(57,694,338)	(48,372,293)
Advance payment for acquisition of a subsidiary	2	(14,535,000)	-
Net cash outflow on disposal of a subsidiary	12	(22,769)	-
Net cash used in acquisition of a subsidiary		-	(2,501,399)
Net cash used in investing activities		(72,252,107)	(50,873,692)
Cash flows from financing activities			
Banks overdrafts		320,051	(606,800)
Net movement in loans and borrowings		43,584,422	26,944,486
Lease liabilities paid		(42,970,835)	(46,599,900)
Dividends paid		(2,856,730)	(2,778,300)
Net cash used in financing activities		(1,923,092)	(23,040,514)
Net change in cash and cash equivalents during the period		(18,362,121)	(27,109,820)
Cash and cash equivalents at the beginning of the period		45,490,349	126,105,863
Cash and cash equivalents at end of the period		27,128,228	98,996,043

Non-cash transactions	18	-	-
 Chief Financial Officer Sherif Esmat	 Chief Executive Officer Alwaleed A. Aldryaan	 Chairman of Board of Directors Abdulaziz Alrashed	

The accompanying notes form an integral part of these interim condensed financial statements

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

1. COMPANY INFORMATION AND PRINCIPAL ACTIVITIES

Al Khaleej Training and Education Company (“the Company”) is a Saudi Joint Stock Company registered under commercial registration number 1010103367 dated 30 Jamada Al Awal 1413 H (corresponding to 25 November 1992 G). The registered address of the head office is building number 8480, unit number 5, Wadi Al-Thumamah, Olaya, Riyadh 12213, Kingdom of Saudi Arabia.

The Company and its subsidiaries (collectively, “the Group”) are engaged in operating schools for primary and secondary education with an international curriculum, IT & Computer training institutes, teaching languages and communication skills’ institutes, providing high management consulting services and integrated office administrative services activities.

2. LIST OF PRINCIPAL SUBSIDIARIES

The Group’s principal subsidiaries as at period / year end are set out below. Unless otherwise stated, the share capital of the subsidiaries consists solely of ordinary shares that are held directly by the Company. The country of incorporation mentioned in the table below is also the principal place of business of each respective subsidiary, except as otherwise stated.

Name of subsidiary	Country of incorporation	Activities	Ownership interest % held by the Company	
			30 June 2023	31 December 2022
Advanced Systems and Solutions for Communications Company	Kingdom of Saudi Arabia	Information, communications, administrative activities and support services	100%	100%
Al – Faisaliyah National Schools Company – LTD (refer 2(a) below)	Kingdom of Saudi Arabia	Education	87%	60%
Al – Roqi National Schools Company – LTD	Kingdom of Saudi Arabia	Education	60%	60%
Fast Lane Computer Consultancy (Civil Business Corporation)	United Arab Emirates	Computer skills training	80%	80%
Stage 2 Learning Solutions (Civil Business Corporation)	United Arab Emirates	Computer systems consultancies	80%	80%
Franklin Covey Middle East and its subsidiaries	United Arab Emirates	Training in human resource behavior	61%	61%
Online Trading Academy FZ – LTD (refer note 12)	United Arab Emirates	Training in trade in the financial markets	-	100%
Jobzella for Information Technology FZ – LLC	Incorporated in UAE and operating in Egypt	Professional online career network for job seekers and employers to connect	60%	60%
Al Khaleej Training and Information Technology Company	Egypt	Training courses for English and IT A world-leading provider of self-study and classroom-based language courses	57%	57%
Linguaphone Group Limited	United Kingdom		100%	100%

AL KHALEEJ TRAINING AND EDUCATION COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

2. LIST OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Acquisitions and investments

- a) The management was in process of allocating the purchase consideration to identifiable assets and liabilities of Al – Faisaliyah National Schools Company as of the period end. Accordingly, the acquisition date accounting has been done on the basis of provisional fair values. Any subsequent adjustment to these provisional fair values used will be retrospectively adjusted in the goodwill recognized in the consolidated statement of financial position.

On 24 Dhul Qadah 1444H (corresponding to 13 June 2023G), the Company acquired further 27% shares in Al – Faisaliyah National Schools Company for a total consideration of SR 30.6 million, resulting in an increase in its shareholding from 60% to 87%. Immediately prior to the purchase, the carrying amount of the 27% of the non-controlling interest (“NCI”) was SR 7.2 million. The purchase was accounted for as an equity transaction with the owners with no impact on the interim condensed consolidated statement of profit or loss for the period ended 30 June 2023. The difference of SR 23.4 million between the carrying value of the share of NCI acquired and the consideration paid was recorded under equity as part of retained earnings.

- b) During the current period, the Group extended an advance of SR 14,535,000 for purchase of 51% shares in Al-Riyadah Model Education Company. The legal provisions related to the transfer of these shares to the Company have not been completed.

3. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The interim condensed consolidated financial statements do not include all the information and disclosures required in a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. Accordingly, these interim condensed consolidated financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022. Specific accounting policies and explanatory disclosures have been included to explain the significant events and transactions behind the changes in the Group's financial position and financial performance during the period.

The interim period is considered as an integral part of the full fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results for the full year operations.

AL KHALEEL TRAINING AND EDUCATION COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

3. BASIS OF PREPARATION (CONTINUED)

Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, using the accruals basis of accounting, except for the following:

- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method;
- Investments in equity instruments measured at fair value through other comprehensive income (FVOCI); and
- Investment in financial derivatives measured at fair value through profit or loss.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The interim condensed consolidated financial statements are presented in Saudi Riyal, which is the Company's functional and the Group's presentation currency.

5. USE OF ESTIMATES AND ASSUMPTIONS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant estimates made by the Group for managing the Group's accounting policies and the primary sources of estimating the unreliability were the same as those that were applied in the consolidated financial statements for the year ended 31 December 2022.

Going concern assumption

As of 30 June 2023, the Group's current liabilities exceeded its current assets by an amount of SR 74.7 million (31 December 2022: SR 20.7 million) which is mainly caused by the breach of loan covenants (Note 10) resulting in non-current portion of certain long-term borrowings being classified as current liabilities. The management believes that it will be able to obtain waiver for the breach of covenants and be able to settle the long-term borrowings in accordance with the original repayment schedule. Accordingly, the management reasonably expects that it will be able to continue its activities for the foreseeable future.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the application of the new standards that became effective on 1 January 2023. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective.

New Standards, Amendment to Standards and Interpretations

There are no new standards issued that are effective for these interim condensed consolidated financial statements; however, there are number of amendments to standards which are effective from 1 January 2023 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

AL KHALEEL TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

7. TRADE RECEIVABLES

	30 June 2023	31 December 2022
Government customers	338,730,640	328,136,360
Non-government customers	117,886,616	158,238,494
Trade receivables - gross	456,617,256	486,374,854
Less: Provision for expected credit losses	(107,584,682)	(109,537,264)
Trade receivables – net	349,032,574	376,837,590

Movement in the provision for expected credit losses is as follows:

	30 June 2023	31 December 2022
Balance at the beginning of the period / year	109,537,264	96,823,796
Additions through acquisition of subsidiaries	-	2,549,054
Provision (reversed) / charged during the period / year	(1,952,582)	10,164,414
Balance at the end of the period / year	107,584,682	109,537,264

8. CONTRACT ASSETS AND COST TO FULFIL CONTRACTS

	30 June 2023	31 December 2022
Contract assets	41,888,230	31,748,722
Cost to fulfil contract*	19,010,938	14,363,235
	60,899,168	46,111,957

* This amount represents the infrastructural cost incurred by the Group for the provision of call centers services.

9. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
Prepaid expenses	32,828,033	44,040,977
Dividend receivable	11,353,934	7,393,259
Employees' receivables	979,655	2,429,462
Value added tax	489,649	324,595
Others	8,877,897	6,278,138
	54,529,168	60,466,431

10. BORROWINGS

During the six-month period ended 30 June 2023, the Group was in breach of certain loans' covenants. Accordingly, the non-current portion of long-term borrowings obtained from Riyadh Bank and Banque Saudi Fransi were reclassified to current liabilities, being payable on demand as at the current period end.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

11. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties for the six-month period ended 30 June are as follows:

Name of the related party	Nature of relationship	Nature of transaction	30 June 2023	30 June 2022
Al-Falak Electronic Equipment and Supplies Company	Company owned by Board of Directors	Rent as a lessee	450,000	450,000
		Rent as a lessor	-	683,000
Sawaq Al-Raqi	Affiliate company	Rent as a lessor	-	39,000
		Payment on behalf	-	33,000
New Horizon Holding – USA	Affiliate company	Royalties	226,578	-
Saleem Abdul Ghani Mhana Al-Baladi	Partner in subsidiary	Payment on behalf	1,915,035	-
Salem Bin Hindi Al Harbi Holding	Partner in subsidiary	Payment on behalf	2,000,000	-
		Deferred consideration for acquisition of shares	30,600,000	-
Manar Al-Tfwq School	Affiliate company	Payment on behalf	784,965	-
Key management personnel	Key management personnel	Salaries and benefits	4,483,765	6,856,072

Balances due from related parties as of the period / year end are as follows:

	30 June 2023	31 December 2022
New Horizon Holding – USA	4,647,143	4,873,720
Manar Al-Tfwq School	2,246,220	1,461,255
Sawaq Al-Raqi	1,310,499	1,306,051
Al-Falak Electronic Equipment and Supplies Company	232,783	676,917
Salim Abdul Ghani Bin Mihan Al-Baladi	-	284,965
Al-Khaleej Computers Company	-	985,463
	8,436,645	9,588,371

Balances due to related parties as of the period / year end are as follows:

	30 June 2023	31 December 2022
Salem Bin Hindi Al Harbi & Holding	33,600,000	5,000,000
Salim Abdul Ghani Bin Mihan Al-Baladi	4,800,000	7,000,000
New Horizon Holding – USA	-	117,950
	38,400,000	12,117,950

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

12. DISCONTINUED OPERATIONS

Spectrum Wellness Establishment

On 28 September 2022, the Board of Directors (the "BoD") of the Company resolved to dispose-off Spectrum Wellness Establishment (the "Establishment") through sale. Accordingly, the associated assets and liabilities were classified as current and presented as held for sale in the interim condensed consolidated statement of financial position and the associated results of operations were classified as discontinued operation in the interim condensed consolidated statement of profit or loss. The management is in the process of finalizing the sale arrangements and expects to complete the sale within a period of 12 months from the date of the BoD's decision. Financial information related to the Establishment for the three and six-month periods ended 30 June is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
Revenue	2,701,525	2,298,712	5,206,821	4,800,547
Cost of revenue	(2,839,697)	(2,456,549)	(5,576,425)	(4,918,555)
Gross loss	(138,172)	(157,837)	(369,604)	(118,008)
Selling and marketing expenses	(87,238)	(95,061)	(153,373)	(163,449)
General and administrative expenses	(727,746)	(714,618)	(1,510,803)	(1,520,073)
Operating loss	(953,156)	(967,516)	(2,033,780)	(1,801,530)
Finance cost	-	(702)	(1,383)	(2,316)
Loss before zakat	(953,156)	(968,218)	(2,035,163)	(1,803,846)
Zakat	(6,000)	(6,000)	(6,000)	(12,000)
Net loss for the period	(959,156)	(974,218)	(2,041,163)	(1,815,846)

The carrying amount of the assets and liabilities as at the period / year end is as follows:

	30 June 2023	31 December 2022
Property and equipment	6,799,462	6,338,062
Right of use assets	1,970,858	3,240,538
Inventories	993,828	910,474
Prepayments and other receivables	598,360	656,442
Cash and cash equivalents	456,680	278,437
Total assets	10,819,188	11,423,953
Lease liabilities	802,711	1,342,177
Employees' end of service benefits	1,228,557	1,064,467
Trade and other payables	3,062,780	2,414,716
Zakat payable	59,778	47,778
Total liabilities	5,153,826	4,869,138

AL KHALEELJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

12. DISCONTINUED OPERATIONS (CONTINUED)

Online Trading Academy FZ – LTD

On 3 April 2023 the BoD resolved to sell the Online Trading Academy FZ– LTD. (“OTA”) (a fully owned subsidiary) and signed a selling agreement. The ownership of shares of the subsidiary were transferred to the buyer without consideration. The transaction resulted in a loss of SR 0.7 million recognized in interim condensed consolidated statement of profit or loss. Financial information related to the subsidiary for the three and six-month periods ended 30 June is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
Revenue	-	851,551	254,579	1,318,423
Cost of revenue	-	(370,727)	(69,787)	(596,723)
Gross profit	-	480,824	184,792	721,700
Selling and distribution expenses	-	(309,337)	(93,682)	(671,823)
General and administrative expenses	(6,113)	(497,591)	(115,859)	(971,042)
Other income	-	-	882,000	-
Operating (loss) / profit	(6,113)	(326,104)	857,251	(921,165)
Finance cost	-	(6,952)	-	(18,159)
(Loss) / profit before income tax	(6,113)	(333,056)	857,251	(939,324)
Income tax	-	-	-	-
Net (loss) / profit for the period	(6,113)	(333,056)	857,251	(939,324)
Loss on sale of subsidiary	(744,554)	-	(744,554)	-

The carrying amount of the assets and liabilities at the time of disposal was as follows:

	3 April 2023
Property and equipment	12,756
Intangible assets	99,916
Prepayments and other receivables	155,114
Trade receivables	1,522,267
Cash and cash equivalents	22,769
Total assets	1,812,822
Employees’ end of service benefits	558,242
Banks overdraft	142,028
Trade and other payables	365,449
Contract liabilities	2,549
Total liabilities	1,068,268
Net assets	744,554
Consideration received	-
Loss on disposal	(744,554)

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

12. DISCONTINUED OPERATIONS (CONTINUED)

Applied Digital Media Services Company

In the prior year, the Group's management resolved to voluntarily liquidate Applied Digital Media Services Company "ADMS" (a fully owned subsidiary). The liquidation proceedings were under progress as of the period end. The subsidiary had assets and liabilities of SR 447 each as of the year ended 31 December 2022. Financial information related to the subsidiary for the three and six-month periods ended 30 June is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
General and administrative expenses	-	(103,747)	-	(273,836)
Loss before income tax	-	(103,747)	-	(273,836)
Income tax	-	-	-	-
Net loss for the period	-	(103,747)	-	(273,836)

13. CONTRACT LIABILITIES

	30 June 2023	31 December 2022
Advances from customers	10,074,988	17,008,337
Advanced school's tuition fee	-	26,335,410
Others	2,782,425	431,289
	12,857,413	43,775,036

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to the shareholders of the Company over the weighted average number of outstanding ordinary shares during the period.

There were no diluted shares outstanding at any time during the period, therefore, the diluted earnings per share is equal to the basic earnings per share.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
From continuing operations				
Net profit / (loss) attributable to the shareholders of the Company	4,100,283	(9,291,708)	10,528,246	(15,988,909)
Weighted average number of outstanding shares during the period	65,000,000	65,000,000	65,000,000	65,000,000
Basic and diluted earnings / (loss) per share	0.06	(0.14)	0.16	(0.24)
From discontinuing operations				
Net loss attributable to the shareholders of the Company	(1,709,823)	(1,411,021)	(1,928,466)	(3,029,006)
Weighted average number of outstanding shares during the period	65,000,000	65,000,000	65,000,000	65,000,000
Basic and diluted loss per share	(0.02)	(0.02)	(0.03)	(0.05)
Total basic and diluted earnings / (loss) per share	0.04	(0.16)	0.13	(0.29)

AL KHALEEL TRAINING AND EDUCATION COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**

(SAUDI RIYALS)

15. SEGMENT INFORMATION**Operating segments**

Operating segments are determined based on the Group's internal reporting to executive management. For management purposes, the Group is organised into five business units based on its products and services. The executive management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Restatement of segment information

The comparative financial information for the period ended 30 June 2022 has been restated. Refer to note 17 for full details.

The financial information of the Group's operating segments for the period ended 30 June 2023 is as follows:

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	Management Projects	Training	Smart Link	University	Schools	Total
Revenue	49,178,980	41,236,465	165,930,347	65,968,504	99,184,914	421,499,210
Depreciation	2,332,233	3,835,829	7,485,804	142,509	19,414,071	33,210,446
Profit / (loss) before zakat and income tax	(7,127,676)	1,582,057	6,132,336	5,545,666	11,978,483	18,110,866
As at 30 June 2023:						
Total assets	322,771,422	87,080,475	342,586,000	89,539,462	1,084,167,619	1,926,144,978
Total liabilities	412,295,353	36,373,572	265,562,881	24,111,276	487,264,538	1,225,607,620

The financial information of the Group's operating segments for the period ended 30 June 2022 is as follows:

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (Restated – note 17)

	Management Projects	Training	Smart Link	University	Schools	Total
Revenue	32,936,685	32,771,297	199,236,914	83,500,027	73,312,167	421,757,090
Depreciation	3,366,785	5,327,830	8,160,441	139,280	17,153,102	34,147,438
Profit / (loss) before zakat and income tax	4,231,032	(7,120,836)	(11,904,019)	3,429,646	(73,032)	(11,437,209)
As at 31 December 2022:						
Total assets	196,742,286	87,704,875	361,031,194	94,575,935	1,187,836,008	1,927,890,298
Total liabilities	367,727,099	32,647,419	269,313,444	22,639,393	512,327,733	1,204,655,088

AL KHALEEL TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

16. FINANCIAL INSTRUMENTS

16.1 Risk management financial instruments

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods.

16.2 Fair value measurements of financial instruments

There have been no substantive changes in the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual consolidated financial statements. Furthermore, the levels of inputs used in determination of the fair values are consistent with that disclosed in the consolidated financial statements for the year ended 31 December 2022.

17. PRIOR PERIODS' ADJUSTMENTS

In accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8"), management has restated the comparative figures to adjust prior year / period's consolidated financial statements. The note below sets out the details of adjustments and reclassifications and the impact on the line items in the consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows.

- A) The management reassessed the basis of revenue recognition in respect of certain contracts with customers which resulted in reversal of revenue and related cost of revenue amounting to SR 13,275,505 and SR 11,229,044, respectively for six-month period ended 30 June 2022 (for three-month period ended 30 June 2022: reversal of revenue and related cost of revenue amounting SR 1,450,000 and SR 533,491, respectively).
- B) The management identified certain errors in the application of its lease accounting which resulted in recognition of additional depreciation during the six-month period ended 30 June 2022 of SR 1,525,462 (for three-month period ended 30 June 2022: SR 1,525,462) charged to cost of revenue and the reversal of financial charges during the six-month period ended 30 June 2022 amounting to SR 468,280 (for three-month period ended 30 June 2022: SR 468,280).
- C) As a result of certain business units being classified as discontinued operations, the management has reclassified their related financial statement line items in the interim condensed consolidated statement of profit or loss into 'loss from discontinued operations'. For details, please refer to note 12.
 Furthermore, subsidy received from Human Resource Development Fund during the six-month period ended 30 June 2022 amounting to SR 12,417,600 (for three-month period ended 30 June 2022: SR 7,202,825) has been reclassified from general and administrative expenses to cost of revenue.
- D) Due to inappropriate application of IFRS 9 related to expected credit losses, the management has derecognized the reversal of provision amounting to SR 5,628,663 during the six-month period ended 30 June 2022 (for three-month period ended 30 June 2022: SR 3,694,660) and recognized an expense of SR 9,985,838 during the six-month period ended 30 June 2022 (for three-month period ended 30 June 2022: SR 6,129,801).
- E) The management has reversed the write-off of a receivable as the Board of Directors approval for the write off had not been obtained as of 1 January 2022.
- F) The management has reinstated as contract liability some of the advances received from customers which had been recognized incorrectly as revenue. Furthermore, some of the advances received from customers clubbed under Trade and other payables have been reclassified to Contract liabilities.
- G) The management has reclassified unbilled revenue and costs incurred to fulfil certain contracts with customers from Trade Receivables and Work in Progress to Contract Assets and Cost to Fulfil Contracts.
- H) The management has reclassified unidentified deposits incorrectly netted with Trade Receivables to Trade and Other Payables.
- I) The management has reclassified balance of SR 2,829,205 from Prepayments and other receivables and of SR 263,277 from Due to related parties to Due from related parties.
- J) The management has reversed the incorrectly recognized dividend income of SR 1,320,226 for the six-month period ended 30 June 2022, SR 5,016,855 for the three-month period ended 30 June 2022 and SR 1,320,226 for the year ended 31 December 2022.
- K) The management has reassessed the foreign currency translation gain and assigned it to respective transactions it has resulted from.

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the interim condensed consolidated statement of profit or loss for the three-month period ended 30 June 2022.

	Note	30 June 2022 (Unaudited)	Adjustment	Reclassification	30 June 2022 (Restated)
Continuing operations					
Revenue	A, C	209,913,559	(1,450,000)	(3,150,263)	205,313,296
Cost of revenue	A, B, C	(185,309,833)	(991,971)	10,030,101	(176,271,703)
Gross profit		24,603,726	(2,441,971)	6,879,838	29,041,593
Selling and marketing expenses	C	(5,020,458)	-	404,398	(4,616,060)
General and administrative expenses	C	(9,855,629)	-	(5,886,869)	(15,742,498)
Reversal / (charge) of provision for expected credit losses	D	3,694,660	(9,824,461)	-	(6,129,801)
Other income	J	10,194,782	(5,016,855)	-	5,177,927
Operating profit		23,617,081	(17,283,287)	1,397,367	7,731,161
Finance cost	B, C	(14,535,726)	468,280	7,654	(14,059,792)
Unrealized loss on financial derivative instrument carried at FVPL		(681,125)	-	-	(681,125)
Profit / (loss) before zakat and income tax for the period		8,400,230	(16,815,007)	1,405,021	(7,009,756)
Zakat and income tax	C	(1,303,094)	-	6,000	(1,297,094)
Profit / (loss) for the period from continuing operations		7,097,136	(16,815,007)	1,411,021	(8,306,850)
Loss from discontinued operations	C	-	-	(1,411,021)	(1,411,021)
Net profit / (loss) for the period		7,097,136	(16,815,007)	-	(9,717,871)
Profit / (loss) for the period attributable to:					
Shareholders of the Company		6,112,278	(16,815,007)	-	(10,702,729)
Non-controlling interests		984,858	-	-	984,858
Basic and diluted earnings per share for profit / (loss) attributable to the shareholders of the Company					
- from continuing operations		0.09	(0.25)	0.02	(0.14)
- from discontinued operations		-	-	(0.02)	(0.02)

AL KHALEELJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the interim condensed consolidated statement of profit or loss for the six-month period ended 30 June 2022.

	Note	30 June 2022 (Unaudited)	Adjustment	Reclassification	30 June 2022 (Restated)
Continuing operations					
Revenue	A, C	441,151,565	(13,275,505)	(6,118,970)	421,757,090
Cost of revenue	A, B, C	(394,205,827)	9,703,582	17,932,878	(366,569,367)
Gross profit		46,945,738	(3,571,923)	11,813,908	55,187,723
Selling and marketing expenses	C	(10,675,556)	-	835,272	(9,840,284)
General and administrative expenses	C	(25,670,146)	-	(9,652,649)	(35,322,795)
Reversal / (charge) of provision for expected credit losses	D	5,628,663	(15,614,501)	-	(9,985,838)
Other income	J	19,534,017	(1,320,226)	-	18,213,791
Operating profit		35,762,716	(20,506,650)	2,996,531	18,252,597
Finance cost	B, C	(29,497,436)	468,280	20,475	(29,008,681)
Unrealized loss on financial derivative instrument carried at FVPL		(681,125)	-	-	(681,125)
Profit / (loss) before zakat and income tax for the period		5,584,155	(20,038,370)	3,017,006	(11,437,209)
Zakat and income tax	C	(3,307,990)	-	12,000	(3,295,990)
Profit / (loss) for the period from continuing operations		2,276,165	(20,038,370)	3,029,006	(14,733,199)
Loss from discontinued operations	C	-	-	(3,029,006)	(3,029,006)
Net profit / (loss) for the period		2,276,165	(20,038,370)	-	(17,762,205)
Profit / (loss) for the period attributable to:					
Shareholders of the Company		1,020,455	(20,038,370)	-	(19,017,915)
Non-controlling interests		1,255,710	-	-	1,255,710
Basic and diluted earnings per share for profit / (loss) attributable to the shareholders of the Company					
-from continuing operations		0.02	(0.31)	0.05	(0.24)
-from discontinued operations		-	-	(0.05)	(0.05)

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the interim condensed consolidated statement of comprehensive income for the three-month period ended 30 June 2022.

	30 June 2022 (Unaudited)	Adjustment	Reclassification	30 June 2022 (Restated)
Net profit / (loss) for the period	7,097,136	(16,815,007)	-	(9,717,871)
Other comprehensive loss for the period	(49,257,396)	-	-	(49,257,396)
Total comprehensive loss for the period	(42,160,260)	(16,815,007)	-	(58,975,267)
Total comprehensive (loss) / income for the period attributable to:				
Shareholders of the Company	(43,145,118)	(16,815,007)	-	(59,960,125)
Non-controlling interests	984,858	-	-	984,858

Impact of adjustments and reclassifications to the interim condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2022.

	30 June 2022 (Unaudited)	Adjustment	Reclassification	30 June 2022 (Restated)
Net profit / (loss) for the period	2,276,165	(20,038,370)	-	(17,762,205)
Other comprehensive loss for the period	(45,922,680)	-	-	(45,922,680)
Total comprehensive loss for the period	(43,646,515)	(20,038,370)	-	(63,684,885)
Total comprehensive (loss) / income for the period attributable to:				
Shareholders of the Company	(44,902,225)	(20,038,370)	-	(64,940,595)
Non-controlling interests	1,255,710	-	-	1,255,710

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of financial position as at 1 January 2022.

	Note	1 January 2022 (Audited)	Adjustment	Reclassification	1 January 2022 (Restated)
ASSETS					
Non-current assets					
Property and equipment		475,915,945	-	-	475,915,945
Right of use assets		428,195,323	-	-	428,195,323
Investments in equity instruments carried at fair value through other comprehensive income (FVOCI)		308,366,773	-	-	308,366,773
Intangible assets		31,867,528	-	-	31,867,528
Financial derivative instrument carried at fair value through profit or loss (FVPL)		3,112,228	-	-	3,112,228
Recoverable amount from employees' benefits		7,740,337	-	-	7,740,337
Total non-current assets		1,255,198,134	-	-	1,255,198,134
Current assets					
Inventories		9,640,686	-	-	9,640,686
Prepayments and other receivables	E	97,261,813	1,628,386	-	98,890,199
Due from related parties		4,307,051	-	-	4,307,051
Contract assets and cost to fulfil contracts	G	-	-	35,627,070	35,627,070
Trade receivables	G, H	358,218,375	-	(30,101,920)	328,116,455
Cash and cash equivalents		126,105,863	-	-	126,105,863
Total current assets		595,533,788	1,628,386	5,525,150	602,687,324
Total assets		1,850,731,922	1,628,386	5,525,150	1,857,885,458

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of financial position as at 1 January 2022 (continued).

	Note	1 January 2022 (Audited)	Adjustment	Reclassification	1 January 2022 (Restated)
EQUITY AND LIABILITIES					
EQUITY					
Share capital		650,000,000	-	-	650,000,000
Statutory reserve		83,043,571	-	-	83,043,571
Actuarial reserve		(40,220,672)	-	-	(40,220,672)
Accumulated losses	E, F	(7,465,538)	821,297	-	(6,644,241)
Foreign currency translation reserve		(2,728,551)	-	-	(2,728,551)
Fair value reserve		54,241,981	-	-	54,241,981
Total equity attributable to the shareholders of the Company		736,870,791	821,297	-	737,692,088
Non-controlling interest		3,517,416	-	-	3,517,416
Total equity		740,388,207	821,297	-	741,209,504
LIABILITIES					
Non-current liabilities					
Lease liabilities		426,758,733	-	-	426,758,733
Employees' end of service benefits		83,232,596	-	-	83,232,596
Deferred gain from sale and leaseback transactions		10,046,854	-	-	10,046,854
Total non-current liabilities		520,038,183	-	-	520,038,183
Current liabilities					
Short-term borrowings and bank overdrafts		166,173,347	-	-	166,173,347
Current portion of long-term borrowings		218,882,714	-	-	218,882,714
Deferred gain from sale and leaseback transactions		803,748	-	-	803,748
Current portion of lease liabilities		76,777,974	-	-	76,777,974
Trade and other payables	H	86,150,818	-	5,525,150	91,675,968
Due to related parties		263,277	-	-	263,277
Contract liabilities	F	30,504,086	807,089	-	31,311,175
Zakat and income tax payable		10,749,568	-	-	10,749,568
Total current liabilities		590,305,532	807,089	5,525,150	596,637,771
Total liabilities		1,110,343,715	807,089	5,525,150	1,116,675,954
Total equity and liabilities		1,850,731,922	1,628,386	5,525,150	1,857,885,458

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of financial position as at 31 December 2022.

	Note	31 December 2022 (Audited)	Adjustment	Reclassification	31 December 2022 (Restated)
ASSETS					
Non-current assets					
Property and equipment		564,784,979	-	-	564,784,979
Right of use assets		429,076,828	-	-	429,076,828
Investments in equity instruments carried at fair value through other comprehensive income (FVOCI)		275,592,374	-	-	275,592,374
Intangible assets		83,886,038	-	-	83,886,038
Financial derivative instrument carried at fair value through profit or loss (FVPL)		6,923,382	-	-	6,923,382
Recoverable amount from employees' benefits		10,188,303	-	-	10,188,303
Total non-current assets		1,370,451,904	-	-	1,370,451,904
Current assets					
Inventories		7,519,296	-	-	7,519,296
Prepayments and other receivables	J	61,786,657	(1,320,226)	-	60,466,431
Due from related parties		9,588,371	-	-	9,588,371
Work in progress	G	23,491,649	-	(23,491,649)	-
Contract assets and cost to fulfil contracts	G	-	-	46,111,957	46,111,957
Trade receivables	G, H	393,268,040	-	(16,430,450)	376,837,590
Cash and cash equivalents		45,490,349	-	-	45,490,349
Total current assets		541,144,362	(1,320,226)	6,189,858	546,013,994
Assets classified as held for sale		11,424,400	-	-	11,424,400
Total assets		1,923,020,666	(1,320,226)	6,189,858	1,927,890,298

AL KHALEELJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the consolidated statement of financial position as at 31 December 2022 (continued).

	Note	31 December 2022 (Audited)	Adjustment	Reclassification	31 December 2022 (Restated)
EQUITY AND LIABILITIES					
EQUITY					
Share capital		650,000,000	-	-	650,000,000
Statutory reserve		83,043,571	-	-	83,043,571
Actuarial reserve		(45,798,387)	-	-	(45,798,387)
Accumulated losses	F, J	(10,302,518)	(3,310,106)	-	(13,612,624)
Foreign currency translation reserve		(1,788,464)	-	-	(1,788,464)
Fair value reserve		21,467,583	-	-	21,467,583
Total equity attributable to the shareholders of the Company		696,621,785	(3,310,106)	-	693,311,679
Non-controlling interest		29,923,531	-	-	29,923,531
Total equity		726,545,316	(3,310,106)	-	723,235,210
LIABILITIES					
Non-current liabilities					
Lease liabilities		435,245,827	-	-	435,245,827
Long-term borrowings		98,845,446	-	-	98,845,446
Employees' end of service benefits		83,214,564	-	-	83,214,564
Deferred gain from sale and leaseback transactions		9,243,106	-	-	9,243,106
Total non-current liabilities		626,548,943	-	-	626,548,943
Current liabilities					
Short-term borrowings and bank overdrafts		149,866,529	-	-	149,866,529
Current portion of long-term borrowings		180,942,983	-	-	180,942,983
Deferred gain from sale and leaseback transactions		803,748	-	-	803,748
Current portion of lease liabilities		68,915,908	-	-	68,915,908
Trade and other payables	H	97,730,837	-	6,189,858	103,920,695
Due to related parties		12,117,950	-	-	12,117,950
Contract liabilities	F	41,785,156	1,989,880	-	43,775,036
Zakat and income tax payable		12,893,711	-	-	12,893,711
Total current liabilities		565,056,822	1,989,880	6,189,858	573,236,560
Liabilities directly associated with assets classified as held for sale		4,869,585	-	-	4,869,585
Total liabilities		1,196,475,350	1,989,880	6,189,858	1,204,655,088
Total equity and liabilities		1,923,020,666	(1,320,226)	6,189,858	1,927,890,298

AL KHALEEL TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2022.

	Note	30 June 2022 (Unaudited)	Adjustment	Reclassification	30 June 2022 (Restated)
Cash flows from operating activities					
Profit/ (loss) before zakat and income tax for the period from continuing operation		5,584,155	(20,038,370)	3,017,006	(11,437,209)
Loss before zakat and income tax from discontinued operations	C	-	-	(3,017,006)	(3,017,006)
Adjustments for non-cash items:					
Depreciation and amortization	B	32,560,012	1,525,462	-	34,085,474
Deferred gain from sale and leaseback transactions		(401,874)	-	-	(401,874)
Provision for employees' end of service benefits		8,853,695	-	-	8,853,695
(Reversal) / charge of provision for expected credit losses	D	(5,628,663)	15,614,501	-	9,985,838
Unrealized loss on financial derivative instruments		681,125	-	-	681,125
Finance cost	B, C	29,497,436	(488,755)	-	29,008,681
Foreign currency translation reserve	K	1,605,409	(1,605,409)	-	-
		72,751,295	(4,992,571)	-	67,758,724
Changes in working capital items:					
Trade receivables	G, H	(18,315,986)	-	(11,212,348)	(29,528,334)
Prepayments and other receivables	F, I, J	36,811,655	781,866	(2,829,205)	34,764,316
Contract assets and cost to fulfil contracts	A, G	15,560,950	2,046,461	(22,660,492)	(5,053,081)
Inventories		550,105	-	-	550,105
Due from related parties	I	1,977,327	-	3,067,106	5,044,433
Due to related parties	I	-	-	(263,277)	(263,277)
Trade and other payables	F, H	(37,780,522)	-	49,788,084	12,007,562
Contract liabilities	F	-	538,360	(15,889,868)	(15,351,508)
		71,554,824	(1,625,884)	-	69,928,940
Employees' end of service benefits paid		(12,649,537)	-	-	(12,649,537)
Zakat and income tax paid		(10,475,017)	-	-	(10,475,017)
Net cash generated from operating activities		48,430,270	(1,625,884)	-	46,804,386

AL KHALEELJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

17. PRIOR PERIODS' ADJUSTMENTS (CONTINUED)

Impact of adjustments and reclassifications to the interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2022 (continued).

	Note	30 June 2022	Adjustment	Reclassification	30 June 2022
		(Unaudited)			(Restated)
Cash flows from investing activities					
Purchase of property and equipment	K	(49,977,702)	1,605,409	-	(48,372,293)
Net cash used in acquisition of a subsidiary		(2,501,399)	-	-	(2,501,399)
Net cash used in investing activities		(52,479,101)	1,605,409	-	(50,873,692)
Cash flows from financing activities					
Banks overdraft		(606,800)	-	-	(606,800)
Net movement in loans and borrowings	C	26,924,011	-	20,475	26,944,486
Lease liabilities paid		(46,599,900)	-	-	(46,599,900)
Dividend paid		(2,778,300)	-	-	(2,778,300)
Net cash used in financing activities		(23,060,989)	-	20,475	(23,040,514)
Net change in cash and cash equivalents during the period		(27,109,820)	(20,475)	20,475	(27,109,820)
Cash and cash equivalents at the beginning of the period		126,105,863	-	-	126,105,863
Cash and cash equivalents at end of the period		98,996,043	-	-	98,996,043

18. NON-CASH TRANSACTIONS

Non-cash investing transactions

	30 June 2023	30 June 2022
Deferred consideration for further acquisition of shares in Al – Faisaliyah National Schools Company – LTD	30,600,000	-

Non-cash investing activities disclosed in other notes are:

- Disposal of OTA (a fully owned subsidiary) on 2 April 2023 – refer to note 12.
- Acquisition of Al-Roqi National Schools Company on 1 January 2022 – refer to note 34 of prior year consolidated financial statements.

19. CONTINGENCIES AND COMMITMENTS

a) Contingencies

The Group's banks issued, on its behalf and during the normal course of business, bank guarantees amounting to SR 89.97 million (31 December 2022: SR 97.35 million).

b) Commitments

The capital expenditures committed by the Group but not incurred till 30 June 2023 amounted to SR 56.68 million (31 December 2022: SR 83.51 million).

AL KHALEEJ TRAINING AND EDUCATION COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

20. SUBSEQUENT EVENTS

There are no events subsequent to the period end till the approval of these interim condensed consolidated financial statements requiring adjustment of or disclosure in these financial statements.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors on 8 Safar 1445H corresponding to 24 August 2023.