

**ATAA EDUCATIONAL COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**  
**For the three and nine months ending**  
**30 April 2019**  
**Together With Independent Auditor's Report**  
**on review of condensed consolidated interim financial statements**

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**Condensed Consolidated Interim Financial Statements (Unaudited)**  
**For the nine-month period ended 30 April 2019**

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# Independent auditor's report on review of condensed consolidated interim financial statements To the Shareholders of Ataa Educational Company

## Introduction

We have reviewed the accompanying 30 April 2019 condensed consolidated interim financial statements of Ataa Educational Company ("the Company") and its subsidiaries ("the Group"), which comprises:

- The condensed consolidated statement of financial position as at 30 April 2019;
- The condensed consolidated statement of profit or loss for the three-month and nine month periods ended 30 April 2019;
- The condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 April 2019;
- The condensed consolidated statement of changes in equity for the nine-month period ended 30 April 2019;
- The condensed consolidated statement of cash flows for the nine-month period ended 30 April 2019; and
- The notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 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 the 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 30 April 2019 condensed consolidated interim financial statements of Ataa Educational Company ("The Company") and its subsidiaries ("The Group") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Ataa Educational Company (Continued)

## Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note (2) to the condensed consolidated interim financial statements, which describes the basis used in the preparation of these interim condensed consolidated financial statements. The condensed consolidated interim financial statements have been prepared to be used by Capital Market Authority (CMA) for the purpose of initial offering of the Company's shares. As a result, the condensed consolidated interim financial statements of Ataa Educational Company ("the Company") and its subsidiaries ("the Group") may not be suitable for any other purpose. Our conclusion is not modified in respect of this matter.

For KPMG Al Fozan & Partners  
Certified Public Accountants

  
Khalil Ibrahim Al Sedais  
License No. 371



Riyadh in: 7 Shawwal 1440H  
corresponding to 10 June 2019

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
(Unaudited)  
**As At 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

	Note	30 April 2019	31 July 2018
		(Unaudited)	Audit
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	6	542,119,613	533,842,678
Intangible assets	14	376,399,169	376,399,169
<b>Total non-current assets</b>		<b>918,518,782</b>	<b>910,241,847</b>
<b>Current assets</b>			
Cash and cash equivalents		33,241,996	10,171,019
Inventories		744,744	1,492,815
Accounts receivable		45,823,882	54,920,948
Prepayments and other receivables		33,897,840	33,472,123
<b>Total current assets</b>		<b>113,708,462</b>	<b>100,056,905</b>
<b>Total assets</b>		<b>1,032,227,244</b>	<b>1,010,298,752</b>
<b>Equity</b>			
Share capital	9	400,000,000	400,000,000
Shares premium		209,594,000	209,594,000
Statutory reserve		15,288,380	15,288,380
Retained Earnings		84,649,196	100,130,919
<b>Total equity</b>		<b>709,531,576</b>	<b>725,013,299</b>
<b>Non-current liabilities</b>			
Non-current portion of long-term loans	7	95,678,683	132,055,528
Deferred revenue on government grants	8	2,554,156	2,978,816
Employees' end of service benefits		34,124,847	32,051,100
<b>Total non-current liabilities</b>		<b>132,357,686</b>	<b>167,085,444</b>
<b>Current liabilities</b>			
Current portion of long-term loans	7	79,068,070	71,538,900
Advance revenue		58,930,143	12,907,304
Accounts payable		1,739,122	3,598,171
Deferred revenue on government grants	8	579,074	617,661
Accruals and other credit balances		44,932,093	27,970,954
Zakat provision		1,034,244	1,528,164
Due to related parties	11	4,055,236	38,855
<b>Total current liabilities</b>		<b>190,337,982</b>	<b>118,200,009</b>
<b>Total liabilities</b>		<b>322,695,668</b>	<b>285,285,453</b>
<b>Total equity and liabilities</b>		<b>1,032,227,244</b>	<b>1,010,298,752</b>

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

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)**  
**For the nine-month period ended 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

	Note	<u>For the three month period ended 30 April</u>		<u>For the nine month ended 30 April</u>	
		<b>2019</b>	2018	<b>2019</b>	2018
Revenue		<b>79,736,129</b>	81,258,515	<b>237,645,462</b>	240,626,974
Cost of revenue		<b>(60,347,093)</b>	(64,659,657)	<b>(173,486,732)</b>	(174,912,878)
<b>Gross profit</b>		<b>19,389,036</b>	16,598,858	<b>64,158,730</b>	65,714,096
General and administrative expenses		<b>(5,722,298)</b>	(7,004,723)	<b>(14,709,593)</b>	(15,007,702)
Impairment of account receivables		<b>(800,000)</b>	(1,017,899)	<b>(2,900,000)</b>	(1,816,078)
Other income		<b>2,283,135</b>	1,962,760	<b>7,591,862</b>	6,196,818
<b>Operating profit</b>		<b>15,149,873</b>	10,538,996	<b>54,140,999</b>	55,087,134
Finance costs		<b>(2,792,193)</b>	(1,104,583)	<b>(8,335,995)</b>	(3,922,659)
<b>Net income for the period before Zakat</b>		<b>12,357,680</b>	9,434,413	<b>45,805,004</b>	51,164,475
Zakat		<b>(344,564)</b>	(383,780)	<b>(1,033,697)</b>	(1,151,342)
<b>Net income for the period</b>		<b>12,013,116</b>	9,050,633	<b>44,771,307</b>	50,013,133
<b>Earnings per share:</b>	(12)				
<b>Basic and diluted earnings per share as per profit for the period attributable to the shareholders of the Group</b>		<b>0.30</b>	0.23	<b>1.12</b>	1.25

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

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
**For the nine-month period ended 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

	<b>For the three month period ended 30 April</b>		<b>For the nine month ended 30 April</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
<b>NET INCOME FOR THE PERIOD</b>	<b>12,013,116</b>	9,050,633	44,771,307	50,013,133
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Actuarial losses on re-measurement of employees' end of service benefits Liability	<b>(934,000)</b>	(600,450)	(253,030)	(1,801,350)
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>(934,000)</b>	(600,450)	(253,030)	(1,801,350)
<b>Total comprehensive income for the period</b>	<b>11,079,116</b>	8,450,183	<b>44,518,277</b>	48,211,783

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

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**For the nine-month period ended 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 August 2017	216,406,000	209,594,000	40,635,142	172,870,008	<b>639,505,150</b>
Net income for the period	--	--	--	50,013,133	50,013,133
Other comprehensive losses	--	--	--	(1,801,350)	(1,801,350)
Total comprehensive income for the period	--	--	--	48,211,783	48,211,783
<b>Balance at 30 April 2018</b>	<b>216,406,000</b>	<b>209,594,000</b>	<b>40,635,142</b>	<b>221,081,791</b>	<b>687,716,933</b>
Balance at 1 August 2018	400,000,000	209,594,000	15,288,380	100,130,919	725,013,299
Net income for the period	--	--	--	44,771,307	44,771,307
Other comprehensive losses	--	--	--	(253,030)	(253,030)
Total comprehensive income for the period	--	--	--	44,518,277	44,518,277
Dividends (note 17)	--	--	--	(60,000,000)	(60,000,000)
<b>Balance at 30 April 2019</b>	<b>400,000,000</b>	<b>209,594,000</b>	<b>15,288,380</b>	<b>84,649,196</b>	<b>709,531,576</b>

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



**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**(Unaudited)**  
**For the nine-month period ended 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

	<b>Nine-month period ended</b>	
	<b>30 April 2019</b>	<b>30 April 2018</b>
<b>Cash flows from operating activities</b>		
Net income for the period before Zakat	45,805,004	51,164,475
<b>Adjustments for:</b>		
Depreciation	11,878,150	9,624,577
Impairment of account receivables	2,900,000	1,816,118
Finance costs	8,335,995	3,922,659
Provision for employees' benefits	4,521,680	4,052,500
	73,440,829	70,580,329
<b>Changes in operating assets and liabilities</b>		
Inventories	748,071	2,068,118
Accounts receivable	6,197,066	(7,893,102)
Prepayments and other receivables	(425,717)	4,733,088
Accounts payable	(1,859,071)	(3,141,496)
Advance revenue	46,022,839	32,408,865
Due to related parties	4,016,381	(1,663,680)
Accruals and other credit balances	(12,988,860)	(22,585,031)
<b>Cash generated from operating activities</b>	115,151,538	74,507,091
Employees' end of service benefits paid	(2,700,938)	(6,713,300)
Finance costs paid	(8,335,995)	(3,922,659)
Zakat paid	(1,527,617)	(2,231,766)
<b>Net cash generated from operating activities</b>	102,586,988	61,639,366
<b>Cash flows from Investing Activities</b>		
Paid to purchase property and equipment	(20,155,085)	(51,700,046)
Time deposits	--	(2,215,000)
<b>Net cash used in investing activities</b>	(20,155,085)	(53,915,046)
<b>Cash flows from financing activities</b>		
Proceeds from long term finance	35,830,616	25,109,867
Paid for long term finance	(65,141,539)	(33,607,846)
Paid for a finance lease	--	(523,730)
Dividend paid	(30,050,003)	--
<b>Net cash used in financing activities</b>	(59,360,926)	(9,021,709)
<b>Net change in cash and cash equivalents</b>	23,070,977	(1,297,389)
Cash and cash equivalents at beginning of the period	10,171,019	26,519,466
<b>Cash and cash equivalents at end of the period</b>	33,241,996	25,222,077
<b>During the period, the following non-cash transactions arose:</b>		
Dividends against accruals and other credit balances	29,949,997	--

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

**ATAA EDUCATIONAL COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the nine-month period ended 30 April 2019**  
**(Expressed in Saudi Riyals unless otherwise stated)**

**1. REPORTING ENTITY**

ATAA Educational Company (the "Company") is a Closed Joint Stock Company, incorporated under the Regulations for Companies in the Kingdom of Saudi Arabia and was registered in Riyadh under commercial registration number 1010186435 dated 10 Rabi'I 1424H (corresponding to 11 May 2003), as a Closed Joint Stock Company under the Ministerial Decree No. (71/s) on 10 Rabi'I 1431H (corresponding to 24 February 2010).

The Company is mainly involved in the establishment of national and international schools activity, kindergarten, primary and secondary schools for boys and girls in Riyadh region under licenses granted by the Ministry of Education. Further, the licensed activities of the Company under the Commercial Registration include establishment, management and operation and maintenance of computer training centers.

The Company operates through its following branches:

<b><u>Name of the branch</u></b>	<b><u>Commercial Registration No.</u></b>
Al-Rowad Schools (Izdihar branch)	1010362199
Al-Rowad Schools (Al Rawabi branch)	1010275978
Al-Rowad Schools (Al Mansoura branch)	1010397500
Al Sharq Al Awsat International School	1010192541
Al Sharq Al Awsat New International School	1010250798
Al Sharq Al Awsat Modern International School	1010352008
Al Sulaimania International Private School	1010196919
Al Fikr Private School	1010192540
Al-Rowad Private Schools, Al Rawda branch	1010203258
Al-Rowad Schools (Ishbilbia branch)	1010469726
Ataa for Maintenance and Operation Company branch	1010452144
Al-Rowad Private Schools for girls (Marine Housing Compound - Kharj Road)	1010369368

These condensed consolidated interim financial statements include the accounts of the Company, its branches and the following subsidiaries whose share capital is wholly owned directly or indirectly by the Group (collectively referred to as the "Group"):

Subsidiary	Country of domicile	Legal Entity	Effective ownership interest	
			<b><u>As at 30 April 2019</u></b>	<b><u>As at 31 July 2018</u></b>
Nokhbah Educational Company	Kingdom of Saudi Arabia	Limited liability	<b>100%</b>	100%
Al Orouba International for Education Services	Kingdom of Saudi Arabia	Limited liability	<b>100%</b>	100%
Al-Rowad Company for Supporting Services	Kingdom of Saudi Arabia	Limited liability	<b>100%</b>	100%

The Company's head office is located in Riyadh city and its official address is as follows:

P.O. Box 87527  
Riyadh 11652  
Kingdom of Saudi Arabia

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**  
**For the nine-month period ended 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

**2. BASIS OF PREPARATION**

**Statement of compliance**

These condensed consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (“SOCPA”). For all periods, including the year ended 31 July 2017, the Group has prepared and presented its regular financial statements in accordance with generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants, as well as requirements of the Saudi Arabian Regulations for Companies and the Company’s Articles of Association in accordance with the preparation and presentation of the financial statements. The term “generally accepted accounting standards in the Kingdom of Saudi Arabia as issued by SOCPA” refers to generally accepted accounting standards in the Kingdom of Saudi Arabia as issued by SOCPA before the adoption of International Financial Reporting Standards IFRS.

For financial periods commencing 1 August 2018, the applicable regulations require the Group to prepare and present financial statements in accordance with (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA. As part of this requirement, the Group has prepared these condensed consolidated financial statements.

These unaudited condensed consolidated interim 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. These condensed consolidated interim financial statements of the group are part of the period included in the first annual financial statements. Accordingly, IFRS 1, "Adoption of IFRS for the first time", has been applied by the Group to prepare the current condensed consolidated interim financial statements

Note 16 presents the effect of the transition to IFRS on previously recognized equity as at 30 April 2018, profit or loss and the Group's comprehensive income for the three and nine months ended 30 April 2018, including the nature and effect of significant changes in accounting policies used in the Group's financial statements for the year ended 31 July 2018.

The condensed consolidated interim financial statements should be read in conjunction with the Group's annual financial statements prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA) for the year ended 31 July 2018.

The condensed consolidated interim financial statements have been prepared to obtain information and to be used by Capital Market Authority (CMA) for the purpose of initial offering of the Company’s shares.

**BASIS OF CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENT:**

The condensed consolidated interim financial statements comprise the interim financial statements of the parent company and its subsidiaries as at 30 April 2019. Subsidiaries are entities 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 has less than a majority of the 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 other vote holders of the investee
  - Rights arising from other contractual arrangements
  - The Group’s voting rights and potential voting rights

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**

**For the nine-month period ended 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

**2. BASIS OF PREPARATION (CONTINUED)**

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 control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the condensed consolidated interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of condensed consolidated interim other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the interim financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra - Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- 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 the condensed consolidated interim statement of profit or loss;
- Reclassifies the parent company's share of components previously recognized in the interim other comprehensive income to the condensed consolidated interim 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.

**Basis of measurement**

These condensed consolidated interim financial statements have been prepared in accordance to the historical cost convention except for EOSB in which actuarial valuations are used and using the going concern concept.

**Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals which is the Group's functional currency.

**3. NEW STANDARDS AND AMENDMENTS ISSUED AND NOT YET EFFECTIVE**

**IFRS (16) "Leases"**

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Group has started an assessment of the potential impact of the application of IFRS 16 on its consolidated financial statements.

**ATAA EDUCATIONAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**

**For the nine-month period ended 30 April 2019**  
(Expressed in Saudi Riyals unless otherwise stated)

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Current versus non-current classification**

The Group presents assets and liabilities in the Condensed Consolidated interim statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

**Fair value measurement**

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

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

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

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

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

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

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

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

**ATAA EDUCATIONAL COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**

**For the nine-month period ended 30 April 2019**  
**(Expressed in Saudi Riyals unless otherwise stated)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**Cash and cash equivalents**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and Murabaha facilities with original maturities of less than three months from acquisition date.

**Inventories**

Inventories are composed of textbooks, office equipment and school uniforms, and are recorded at the lower of cost and net realizable value. Net realizable value is the difference between estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost is determined using the weighted average method,

The Group recognizes, where necessary, impairment of carrying value at the difference between carrying value and net realizable value for slow-moving and obsolete inventories under cost of revenue in the Condensed consolidated statement of profit or loss.

**Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which are intended to compensate by the Group, are expensed.

Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded in aggregate at nominal value and transferred to the Condensed consolidated statement of profit or loss over the expected useful life of the asset, based on the consumption pattern of the benefits of the underlying asset at equal annual installments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the prevailing interest rate, the effect of this favorable interest is regarded as a government grant and recorded under non-current liabilities in the financial position as deferred government grant.

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**PROPERTY AND EQUIPMENT**

Property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost comprises the cost of equipment and materials including freight, insurance, expenditures from contractors for installments and constructions in addition to capitalized finance costs. When significant parts of a property and equipment item have different useful lives, they are counted as separate items of property and equipment.

Depreciation of property and equipment is charged to the Condensed consolidated statement of profit or loss using straight-line method over the estimated useful life of each in accordance with the following annual estimated lives:

<u>Asset</u>	<u>Years</u>
Buildings	50
Furniture and fixture	6,66
Electrical tools & equipment	4- 6,66
Motor vehicles	10

Depreciation methods, rates and residual values are reviewed annually and are adjusted if the current value and the estimated useful life or the residual value is different than the previous estimate. The effect of such changes is recognized in the Condensed consolidated statements of profit or loss prospectively.

Major renovations and improvements are capitalized if they increase the productivity or the operating useful life of the assets as well as direct labor and other direct costs. Minor repairs and improvements are charged as expenses when incurred. Gains or losses resulting from disposal of assets which represent the difference between proceeds from sale and the carrying amount of assets are recognized in the Condensed consolidated statement of profit or loss.

Capital work in progress is stated at cost until the completion of construction or installation. Then cost of these assets and the directly related costs to construction or installation including capitalized borrowing cost are transferred to the underlying assets. Depreciation of capital work in progress is not charged.

**Intangible assets**

Acquired assets are measured individually at cost on initial recognition. Subsequent to initial recognition, intangible assets are recorded at cost less accumulated amortization and any impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized. Such intangible assets are recognized in the condensed consolidated interim statement of profit or loss in the period in which the expenses is incurred.

**Computer software**

Software licenses purchased from other parties are initially recorded at cost. These are depreciated using the straight-line method over its life estimated at five years.

**Goodwill**

Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Group enters into a business combination, the acquisition method of accounting is used. Goodwill is assigned, as of the date of the business combination, to cash generating units that are expected to benefit from the business combination. Each cash generating unit represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment testing on goodwill:**

The Group's management performs annual impairment test of goodwill for the purpose of impairment testing and to identify whether the carrying value of goodwill is less than its recoverable value. The recoverable value is determined based on information used in the expected work plans for the five years following the financial statements and their related cash flows. Impairment testing is performed based on the measurement of current value of the future cash flows for five years in accordance with reasonable and objective assumptions to estimate cash flow depending on recent variable budgets approved by the management.

**Borrowing costs**

Borrowing costs directly attributable to the construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use or to be sold as part of the underlying asset cost are capitalized. Where borrowings are obtained specifically to finance a project, the amount capitalized represents direct or indirect incurred borrowing costs. Where surplus funds are available for a short term from money borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is deducted from the total capitalized borrowing cost. Where borrowings used to finance a project form part of public borrowings, the amount capitalized is calculated using the Group's finance rate.

All other borrowing costs are expensed in the period in which they incurred in the Condensed consolidated statement of profit or loss. Borrowing costs consist of interest and other costs that the Group incurs in respect of the borrowings.

**Impairment of financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Goodwill is tested annually for impairment and any impairment loss in respect of goodwill is not reversed.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the condensed consolidated interim statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the condensed consolidated interim statement of profit or loss.



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Zakat**

The Zakat provision is calculated in accordance with the General Authority for Zakat and Tax (“GAZT”) regulations in the Kingdom of Saudi Arabia on the Condensed consolidated statement of financial position date. The resulting provision is recorded within the condensed consolidated interim statement of profit or loss. Additional Zakat liability, if any, related to prior years’ assessments arising from GAZT are recognized in the period in which the final assessments are finalized.

**Employees benefits**

The Group operates a defined benefit plan for employees in accordance with Saudi Labor and Workmen Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

A re-measurement of actuarial gains or losses is recognized in the condensed consolidated interim statement of financial position and the corresponding balance is added to retained earnings through the condensed consolidated interim statement of other comprehensive income in the period in which they occur.

Re-measurements are not reclassified to the condensed consolidated interim statement of profit or loss in subsequent periods. Costs are expenses related to the defined benefit obligations are recognized in condensed consolidated interim statement of profit or loss.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable from providing services in the ordinary course of the Group’s activities taking into consideration contractually determined payment terms. Revenue is stated net of trade discounts, incentives and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group’s activities, as described below.

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

**Education services**

Revenue is recognized when education services to registered students at schools are provided for each year. Net revenue is recognized less discounts and exemptions. Other income is realized when the related service is provided.

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Dividends**

Dividends are recorded in the condensed consolidated interim financial statements in the period in which they are approved by the shareholders of the Group.

**Earnings per share**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of the ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all diluted potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

**Foreign currency transactions**

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the condensed consolidated interim financial position date are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in the condensed consolidated interim statement of profit or loss currently.

**Leases**

Determining whether an arrangement contains a lease or not depends on the core of the arrangement on the contracting date. This arrangement is assessed to determine whether meeting the arrangement depends on using a specific asset and if that arrangement transfers the right of use for the asset or assets even if that right was not obviously specified in the arrangement.

**The Group as a Lessee**

Finance leases that substantially transfers all the risks and rewards related to the ownership of the leased item upon the commencement of the lease are capitalized in the beginning of lease at the fair value of leased asset or the current value of the minimum lease payments, whichever less. Lease payments are distributed between finance charges and the reduction in the lease obligation to achieve a fixed interest rate in the residual balance of the obligation. Finance charges are recognized in finance costs in the condensed consolidated interim statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the condensed consolidated interim statement of profit or loss on a straight-line basis over the lease term.

**The Group as a Lessor**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

**Provisions**

A provision is recognized in the Condensed consolidated interim statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount thereof can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Cancelling the discount is recognized as finance cost in the condensed consolidated interim statement of profit or loss.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contingencies**

Contingencies are obligations that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or present obligation not recorded because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then it is not included in the contingent liabilities but is disclosed in the condensed consolidated interim financial statements.

**Segment reporting**

An operating segment is a part of the Group's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Group's. All operational results of the operating segments are reviewed by the Group's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

**Financial instruments**

**1) Classification and measurement of financial assets and financial liabilities**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following accounting policies apply to the subsequent measurement of financial assets.

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial Asset at Amortized Cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**2) Impairment of financial assets**

Financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the bases of ECL over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

**Measurement of ECL**

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). ECL is discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Presentation of impairment**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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**5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates on information available in preparation of condensed consolidated interim financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group's. These changes are reflected in assumptions when they occur.

**Defined benefit plans**

The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and are based on expected future inflation rates for the respective countries.

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**6. PROPERTY AND EQUIPMENT**

<u>Cost</u>	Lands	Buildings and constructions	Electrical tools & equipment	Motor vehicles	Furniture & fixtures	Projects in progress	Total
As at 1 August 2017	177,190,872	178,079,149	25,682,076	19,295,320	37,216,975	132,590,472	570,054,864
Additions during the year	--	1,659,982	5,836,237	--	4,145,020	51,496,324	63,137,563
Transferred from projects in progress	--	68,748,144	--	--	--	(68,748,144)	--
Transferred from assets under finance leases	--	--	--	10,251,296	--	--	10,251,296
As at 31 July 2018	177,190,872	248,487,275	31,518,313	29,546,616	41,361,995	115,338,652	643,443,723
Additions during the period	--	1,396,950	1,545,252	--	2,683,947	14,528,936	20,155,085
Transferred from projects in progress	--	48,612,669	536,533	--	--	(49,149,202)	--
As at 30 April 2019	177,190,872	298,496,894	33,600,098	29,546,616	44,045,942	80,718,386	663,598,808
<u>Accumulated depreciation</u>							
As at 1 August 2017	--	25,283,400	19,461,424	18,312,663	25,569,844	--	88,627,331
Charge for the year	--	5,668,881	3,254,506	702,208	3,811,777	--	13,437,372
Depreciation transferred from assets under finance leases	--	--	--	7,536,342	--	--	7,536,342
As at 31 July 2018	--	30,952,281	22,715,930	26,551,213	29,381,621	--	109,601,045
Charge for the period	--	5,260,648	3,144,784	815,670	2,657,048	--	11,878,150
As at 30 April 2019	--	36,212,929	25,860,714	27,366,883	32,038,669	--	121,479,195
Net book value							
As at 30 April 2019 (Unaudited)	177,190,872	262,283,965	7,739,384	2,179,733	12,007,273	80,718,386	542,119,613
As at 31 July 2018 (Unaudited)	177,190,872	217,534,994	8,802,383	2,995,403	11,980,374	115,338,652	533,842,678

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**6. PROPERTY AND EQUIPMENT (CONTINUED)**

As at 30 April 2019 and 31 July 2018, certain land and buildings of SR 180,4 million (2017: SR 184.5 million) are field as collateral against obtaining certain credit facilities as described in note (7).

Property and equipment include buildings and constructions built on land leased from both Albir Society in Riyadh and the Charity Center for Teaching Quran and its Sciences. This land represents 60% of the land of Al-Rowad Schools in Izdihar complex. The net book value of these buildings amounted to SR 36.6 million. The lease agreement with Albir Society stipulates that the Society is entitled to 30% of any buildings or expansions that the Group makes on the leased land. Accordingly, the total value of the additions and improvements made to the buildings at a total cost of SR 47.9 million, including the share of Albir Society in Riyadh of SR 14 million, has been included as the Group has incurred these costs and it has the right to use them under the contract.

The rental value due to Albir Society is SR 2,5 million and the Charity Center for Teaching Quran and its Sciences is SR 3.8 million respectively.

The leases with the Charity Center for Teaching Quran and its Sciences ends on 30/12/1451H. These buildings are depreciated over their expected useful lives of 50 years, which exceeds the term of the leases. In view of the information and other data available to it, management believes that it is able to renew the leases in accordance with the conditions and requirements of activity.

The Group has capitalized borrowing costs amounting to SR 2.9 million during the nine month period ended 30 April 2019 and SR 8.5 million during the year ended 31 July 2018 with an average capitalization rate of 5.74% annually (year ended 31 July 2017: SR 6,23 million).

**7. LONG-TERM LOANS**

Long-term loans are represented as follows:

**Loan from Ministry of Finance**

7-1 a loan on 5 Jumada I 1436H (corresponding to 24 February 2015), the Group obtained a long-term loan from the Ministry of Finance amounting to SR 19.03 million to finance contracting and construction works necessary to build an educational complex in Al-Mansoura District. This 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 loan's last installment is payable on 10 June 2027. This agreement has been granted without a margin or commission.

**Guarantees**

These facilities are guaranteed by mortgage of the land of villa for employees housing in Al Rawabi District of SR 1.36 million and the land in Al Salam District of SR 20.099 million.

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**7. LONG-TERM LOANS (CONTINUED)**

Movement in loans granted by the Ministry of Finance during the period/ year is as follows:

	<u>30 April 2019</u> <u>(Unaudited)</u>	<u>31 July 2018</u> <u>(Audited)</u>
Balance at the beginning of the period / year	19,038,000	19,038,000
Paid during the period / year	<u>(1,903,800)</u>	<u>--</u>
Balance at the end of period/year	<u>17,134,200</u>	<u>19,038,000</u>

Movement in the current value of loans obtained from the Ministry of Finance is as follows:

Total loans at end of the period / year	<u>17,134,200</u>	<u>19,038,000</u>
<u>Less: deferred finance charges</u>		
Balance at the beginning of the period / year	<u>(3,596,477)</u>	<u>(4,190,382)</u>
Finance charges for the period / year	<u>463,248</u>	<u>593,905</u>
Balance at end of period/year	<u>(3,133,229)</u>	<u>(3,596,477)</u>
Current value of loans at the end of the period/ year	<u>14,000,971</u>	<u>15,441,523</u>

**Movement in loans granted by local banks during the period/ year is as follows:**

- 7-2 On 2 Dhu Al-Qa'dah 1435H (corresponding to 28 August 2014), the Company signed a long-term credit facilities agreement with a local bank amounting to SR 80 million to finance 80% of the amount of purchase the price of Al Oroba International School. The Company utilized SR 68.7 million. This facility is repaid on semi-annual installments after the grace period estimated at six months from the signing date of the agreement with the bank. This facility has been granted at a margin and commission specified at the interest rate at SIBOR plus an agreed percentage.

**Guarantees**

This facility is guaranteed by promissory notes for the full value of the finance and joint amerceable bail and performance from Nokhbah Educational Company ("subsidiary"), in kind guarantees represented in waiver of deeds title for Al-Mansoura complex and the land for administrative building in Al Rawabi branch.

- 7-3 On 5 Jumada I 1436H (corresponding to 24 February 2015), the Group signed long-term credit facilities agreement with a local bank amounting to SR 140 million to finance contracting and construction works necessary to build the educational complex in Ishbilia. This facility is repaid on semi-annual installments after the grace period estimated as two years from the signing date of the agreement with the bank. The loan's last installment is payable on 31 July 2023. This facility has been granted at a margin and commission specified at the interest rate at SIBOR plus an agreed percentage.

**Guarantees**

These facilities are guaranteed by promissory notes for the full value of the Group's available finance. in addition to keeping the mortgage of the land in Ishbilia (with the same financing bank).

- 7-4 On 17 Dhul-Hijjah 1436H (corresponding to 30 September 2015), the Group further signed additional long-term credit facilities agreement with a local bank on 28 August 2014 with a total amount of SR 29.6 million to finance 80% of purchasing the administrative building on Uthman bin Affan Road in Izdihar District. This facility is repaid on the same terms of the original agreement over 5 years and the last installment is payable on 30 September 2020.

**Guarantees**

These facilities are guaranteed by promissory notes for the full value of the Group's available finance in addition to the mortgage of the land and buildings erected on it of amounted to 37 million.



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**7. LONG-TERM LOANS (CONTINUED)**

7-5 On 9 Sha'ban 1437H (corresponding to 16 May 2016), the Group signed short-term credit facilities agreement with a local bank for a total amount of SR 30 million to finance working capital support. The Group utilized SR 15 million and the repayment is after 6 months from the date of obtaining the facility. The last installment is payable on 22 July 2019.

**Guarantees**

These facilities are guaranteed by promissory notes for the full value of the Group's available finance amounting to SR 30 million.

7-6 On 9 Jumada al-Akhirah 1438H (corresponding to 8 March 2017), the Group signed a short-term credit facilities agreement with a local bank for a total amount of SR 20 million to finance working capital support. The Group utilized SR 20 million on 16 Rabi' al-Thani 1440H (corresponding to 24 December 2018) and the loan was repaid 6 months after obtaining the facility.

Movement in loans from local banks is as follows:

	<u>30 April 2019</u> (Unaudited)	<u>31 July 2018</u> (Audited)
Balance at the beginning of the period / year	188,152,905	165,457,977
Finance obtained during the period/ year	35,830,616	60,672,934
Paid during the period / year	(63,237,739)	(37,978,006)
Total long term loans	<u>160,745,782</u>	<u>188,152,905</u>

Loans' details were presented in the condensed consolidated interim statement of financial position as follows:

	<u>30 April 2019</u> (Unaudited)	<u>31 July 2018</u> (Audited)
Current portion of long-term loans *	79,068,070	71,538,900
Non-current portion of long-term loans*	95,678,683	132,055,528
	<u>174,746,753</u>	<u>203,594,428</u>

\*includes Loan from Ministry of Finance (note 7-1)

**8. DEFERRED REVENUE OF GOVERNMENT GRANTS**

	<u>30 April 2019</u> (Unaudited)	<u>31 July 2018</u> (Audited)
Balance at beginning of the period /year	3,596,478	4,190,382
Additions during the period / year (note 7)	(463,248)	(593,905)
	<u>3,133,230</u>	<u>3,596,477</u>
Current portion of deferred revenue of government grants	579,074	617,661
Non-current portion of deferred revenue of government grants	2,554,156	2,978,816

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**9. SHARE CAPITAL**

The Group's authorized and paid share capital amounted to SR 400 million (30 April 2019 and 31 July 2018 respectively) divided into 40 million shares (30 April 2019 and 31 July 2018 respectively) of SR 10 each distributed among shareholders as follows:

<u>Name</u>	<u>30 April 2019</u>			<u>31 July 2018</u>		
	<u>No. of shares</u>	<u>Share capital</u>	<u>Share holding</u>	<u>No. of shares</u>	<u>Share capital</u>	<u>Share holding</u>
National Creative Development for Trading Company	15,200,000	152,000,000	38 %	15,200,000	152,000,000	38%
RZM Holding	11,368,310	113,683,100	28.42%	11,368,310	113,683,100	28.42%
Dr. Ahmed bin Naser bin Hammad Elmet'eb	8,640,000	86,400,000	21.60%	5,760,000	57,600,000	14.40%
Kholoud bent Abdulaziz bin Saud Alessa	--	--	--	2,880,000	28,800,000	7.20%
Othman bin Tareq Alqasabi	1,074,468	10,744,680	2.69%	1,074,468	10,744,680	2.69%
Alqasabi Contracting Company	818,886	8,188,860	2.05%	818,886	8,188,860	2.05%
Abdulaziz Salim Rowais	634,265	6,342,650	1.59%	634,265	6,342,650	1.59%
Abdullah bin Tariq Alqasabi	497,287	4,972,870	1.24%	497,287	4,972,870	1.24%
Farah bent Ahmed bin Naser Elmet'eb	960,000	9,600,000	2.4%	384,000	3,840,000	0.96%
Lulwah bent Ahmed bin Naser Elmet'eb	--	--	--	384,000	3,840,000	0.96%
Musheerah Saudi Company Limited	379,241	3,792,410	0.95%	379,241	3,792,410	0.95%
Manal bent Tareq Alqasabi	297,776	2,977,760	0.74%	297,776	2,977,760	0.74%
Huda bent Yaqoub bin Yousef Almuhsen	--	--	--	192,000	1,920,000	0.48%
Khaled bin Baddah bin Abdullah Albaddah	77,632	776,320	0.19%	77,632	776,320	0.19%
Mohammed bin Abdullah bin Abdulaziz Alqasem	38,816	388,160	0.10%	38,816	388,160	0.10%
Rabe'a Abdullah Alqasem	13,319	133,190	0.03%	13,319	133,190	0.03%
	<u>40,000,000</u>	<u>400,000,000</u>	<u>100%</u>	<u>40,000,000</u>	<u>400,000,000</u>	<u>100%</u>

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**9- SHARE CAPITAL (CONTINUED)**

**9-1 Share premium:**

Pursuant to the extraordinary general assembly resolution held on 2 Dhul-Hijjah 1436H (corresponding to 15 September 2015), it has been agreed to increase capital of the Company by SR 74.4 million through issuing new shares of 7.4 million shares at a nominal value of SR 10 each and premium shares of SR 28.17 each, provided that such increase shall be in favor of the shareholders of Jarir Private School for boys and girls.

**10- FINANCIAL INSTRUMENTS**

**10-1 Financial assets**

	<b>30 April 2019</b> (Unaudited)	31 July 2018 (Audited)
<b>Financial assets at amortized cost:</b>		
Accounts receivable	<b>45,823,882</b>	54,920,948
Cash and cash equivalents	<b>33,241,996</b>	10,171,019
<b>Total financial assets at amortized cost</b>	<b>79,065,878</b>	65,091,967

**10-2 Financial liabilities**

	<b>30 April 2019</b> (Unaudited)	31 July 2018 (Audited)
<b>Financial liabilities at amortized cost:</b>		
Borrowings (note 7)	<b>174,746,753</b>	203,594,428
Accounts payable	<b>1,739,122</b>	3,598,171
<b>Total financial liabilities at amortized cost</b>	<b>176,485,875</b>	207,192,599
Current portion of financial liabilities	<b>80,807,193</b>	75,137,071
Non-current portion of financial liabilities	<b>95,678,682</b>	132,055,528
<b>Total financial liabilities</b>	<b>176,485,875</b>	207,192,599

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

**11- RELATED PARTIES**

The Group transacted with related parties in ordinary course of business. Following are the details of major transactions with related parties:

	Nature of transaction	Nature of relationship	<b>30 April 2019</b> (Unaudited)	31 July 2018 (Audited)
Dr. Ahmed bin Naser Elmet'eb	Shareholder and BOD member	Leases	<b>5,091,380</b>	7,691,750
Al Qasabi Contracting Co. Ltd.	Shareholder	Contracting services	<b>10,215,476</b>	36,502,082

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**11- RELATED PARTIES (CONTINUED)**

The above transactions resulted in the following balances:

	<b>30 April 2019</b> (Unaudited)	31 July 2018 (Audited)
Dr. Ahmed bin Naser Elmet'eb	<b>4,055,236</b>	38,855
Al Qasabi Contracting Co. Ltd.	<b>3,676,592</b>	9,212,301

\* The balance due from Al Qasabi Contracting Company Ltd. amounting to SR 3,676,592 is classified as follows:

SR (3,905,821) as the 5% for performance bond classified under prepayments and payables.

Prepayment of SR 229,229 – classified under prepayments and other receivables.

**Compensations of key management personnel compensation**

Key management consists of Board members and executive management. Compensations paid or payable to key management for employees' services are listed below:

	<u>For the three month period ended 30 April</u>		<u>For the nine month ended 30 April</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries & compensations	<b>1,111,590</b>	1,010,340	<b>3,142,260</b>	2,838,510
End of service employees' benefits	<b>457,526</b>	161,955	<b>1,372,577</b>	485,866
	<b>1,569,116</b>	1,172,295	<b>4,514,837</b>	3,324,376

**12- BASIC & DILUTED EARNINGS PER SHARE**

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

	<u>For the three month period ended 30 April</u>		<u>For the nine month ended 30 April</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period	<b>12,013,116</b>	9,050,633	<b>44,771,307</b>	50,013,133
Weighted average number of shares	<b>40,000,000</b>	40,000,000	<b>40,000,000</b>	40,000,000
	<b>0.30</b>	0.23	<b>1.12</b>	1.25

**13- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

	<b>30 April 2019</b>	31 July 2018
Contractual obligations for suppliers	<b>1,191,620</b>	20,178
Uncovered letter of guarantee	<b>760,000</b>	---
Capital commitments - projects in progress	<b>2,100,000</b>	11,200,000
	<b>4,051,620</b>	11,220,178

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**14- INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Total</b>
30 April 2018	<b>376,399,169</b>	<b>376,399,169</b>
<b>At 31 July 2019</b>	<b>376,399,169</b>	<b>376,399,169</b>

Goodwill represents the amount of increase in value of the merged and acquired companies over the net assets transferred to the Group.

Goodwill has been distributed over cash-generating units of the Group as follows:

	<b>30 April 2019</b>	<b>31 July 2018</b>
Al-Rowad Schools, Al-Rawabi branch	<b>28,413,273</b>	28,413,273
Al-Rowad Schools, Al Mansoura branch	<b>2,519,151</b>	2,519,151
Al-Rowad Schools, Ishbilia branch	<b>7,479,000</b>	7,479,000
Nokhbah Schools, Al Kharj branch	<b>8,846,495</b>	8,846,495
Al-Rowad Schools, Al Rawda branch	<b>33,091,250</b>	33,091,250
Al Fikr Private School	<b>14,100,000</b>	14,100,000
Al Sharq Al Awsat International School	<b>66,600,000</b>	66,600,000
Al Sulaimania International Private School	<b>14,000,000</b>	14,000,000
Al Sharq Al Awsat New International School	<b>53,375,000</b>	53,375,000
Al Sharq Al Awsat Modern International School	<b>60,575,000</b>	60,575,000
Al Oruba International for Education Services	<b>87,400,000</b>	87,400,000
	<b>376,399,169</b>	<b>376,399,169</b>

**Impairment testing on goodwill:**

The Group's management performs an annual impairment test of goodwill for the purpose of impairment testing and to identify whether the carrying value of goodwill is less than its recoverable value. The recoverable value is determined based on information used in the expected work plans for the five years following the financial statements and their related cash flows. Impairment testing is performed based on the measurement of current value of the future cash flows for five years in accordance with reasonable and objective assumptions to estimate cash flow depending on recent variable budgets approved by the management.

**15- SEGMENT REPORTING**

The Group's revenue amounting to SR 237.6 million is concentrated in education fees representing 100% of total revenue for the financial period ended 30 April 2019 (financial period ended 30 April 2018: SR 240.6 million). Accordingly, all the Group's assets and liabilities are for education sector.

**16- EXPLANATION OF TRANSITION TO IFRS**

As stated in (Note 2), these condensed consolidated interim financial statements have been prepared in accordance with IFRS. In preparing the opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (previous accounting standards). The following tables and notes demonstrate the impact on the Group's financial position and financial performance as a result of transition from previous accounting standards to IFRS.

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**16- EXPLANATION OF TRANSITION TO IFRS - (CONTINUED)**

**16-1 The Company's reconciliation of statement of financial position and equity as at 31 July 2018**

	Balances as per Saudi GAAP	The effect of transition to IFRS	Balances as per IFRS
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	533,842,678	--	533,842,678
Intangible assets	376,399,169	--	376,399,169
<b>Total non-current assets</b>	<b>910,241,847</b>	<b>--</b>	<b>910,241,847</b>
<b>Current assets</b>			
Cash and cash equivalents	10,171,019	--	10,171,019
Inventories	1,492,815	--	1,492,815
Accounts receivable	54,920,948	--	54,920,948
Prepayments and other receivables	33,472,123	--	33,472,123
<b>Total current assets</b>	<b>100,056,905</b>	<b>--</b>	<b>100,056,905</b>
<b>Total assets</b>	<b>1,010,298,752</b>	<b>--</b>	<b>1,010,298,752</b>
<b>Equity</b>			
Share capital	400,000,000	--	400,000,000
Share premium	209,594,000	--	209,594,000
Statutory reserve	15,288,380	--	15,288,380
Retained Earnings	96,123,955	4,006,964	100,130,919
<b>Total equity</b>	<b>721,006,335</b>	<b>4,006,964</b>	<b>725,013,299</b>
<b>Non-current liabilities</b>			
Non-current portion of long-term loans	132,055,528	--	132,055,528
Deferred revenue on government grants	2,978,816	--	2,978,816
Employees 'end of service benefits (a)	36,058,064	(4,006,964)	32,051,100
<b>Total non-current liabilities</b>	<b>171,092,408</b>	<b>(4,006,964)</b>	<b>167,085,444</b>
<b>Current liabilities</b>			
Current portion of long-term loans	71,538,900	--	71,538,900
Advance revenue	12,907,304	--	12,907,304
Accounts payable	3,598,171	--	3,598,171
Deferred revenue on government grants	617,661	--	617,661
Accruals and other credit balances	27,970,954	--	27,970,954
Zakat provision	1,528,164	--	1,528,164
Due to related parties	38,855	--	38,855
<b>Total current liabilities</b>	<b>118,200,009</b>	<b>--</b>	<b>118,200,009</b>
<b>Total liabilities</b>	<b>289,292,417</b>	<b>(4,006,964)</b>	<b>285,285,453</b>
<b>Total liabilities and equity</b>	<b>1,010,298,752</b>	<b>--</b>	<b>1,010,298,752</b>

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**16- EXPLANATION OF TRANSITION TO IFRS - (CONTINUED)**

**16-2 Reconciliation of profit or loss for the nine month period ended 30 April 2018**

	<b>Balances as per Saudi SOCPA GAAP</b>	<b>The effect of transition to IFRS</b>	<b>30 April 2018 Before the Reconciliations</b>	<b>Adjustments</b>	<b>30 April 2018 After Reconciliations</b>
Revenue	295,416,879	--	295,416,879	(54,789,905)	240,626,974
Government grants and subsidies	1,640,168	(1,640,168)	--	--	--
Cost of revenue	(175,405,012)	--	(175,405,012)	492,134	(174,912,878)
<b>Gross profit</b>	<u>121,652,035</u>	<u>(1,640,168)</u>	<u>120,011,867</u>	<u>(54,297,771)</u>	<u>65,714,096</u>
General and administrative expenses	(17,238,646)	--	(17,238,646)	2,230,944	(15,007,702)
Impairment of account receivables	--	--	--	(1,816,078)	(1,816,078)
Other income	4,705,167	1,640,168	6,345,335	(148,517)	6,196,818
<b>Operating profit</b>	109,118,556	--	109,118,556	(54,031,422)	55,087,134
Financial costs	(4,070,522)	--	(4,070,522)	147,863	(3,922,659)
<b>Net income for the period before Zakat</b>	105,048,034	--	105,048,034	(53,883,559)	51,164,475
Zakat	(2,772,916)	--	(2,772,916)	1,621,574	(1,151,342)
<b>NET INCOME FOR THE PERIOD</b>	<u>102,275,118</u>	<u>--</u>	<u>102,275,118</u>	<u>(52,261,985)</u>	<u>50,013,133</u>
<b>Earnings per share: Basic and diluted earnings per share as per profit for the period attributable to the shareholders of the Group</b>	2.55	--	2.55	--	1.25

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**16- EXPLANATION OF TRANSITION TO IFRS - (CONTINUED)**

**16-3 Reconciliation of comprehensive income for the nine months period ended 30 April 2018**

	<b>Balances as per Saudi SOCPA GAAP</b>	<b>Effect of transition to IFRS</b>	<b>30 April 2018 Before the Reconciliations</b>	<b>Adjustments</b>	<b>30 April 2018 After Reconciliations</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>102,275,118</b>	--	102,275,118	(52,261,985)	50,013,133
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Actuarial losses on re- measurement of employees' end of service benefits	--	<b>(1,495,100)</b>	(1,495,100)	(306,250)	(1,801,350)
<b>Items that will not be reclassified subsequently to profit or loss</b>	--	<b>(1,495,100)</b>	(1,495,100)	(306,250)	(1,801,350)
<b>Total comprehensive income for the period</b>	<b>102,275,118</b>	<b>(1,495,100)</b>	100,780,018	(52,568,235)	48,211,783



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**16- EXPLANATION OF TRANSITION TO IFRS - (CONTINUED)**

**16-4 Company's reconciliation to the statement of profit or loss for the three month period ended 30 April 2018**

	<b>Balances as per Saudi SOCPA GAAP</b>	<b>The effect of transition to IFRS</b>	<b>30 April 2018 Before the Reconciliations</b>	<b>Adjustments</b>	<b>30 April 2018 After Reconciliations</b>
Revenue	121,640,491	--	121,640,491	(40,381,976)	81,258,515
Government grants and subsidies	529,479	(529,479)	--	--	--
Cost of revenue	(66,229,470)	--	(66,229,470)	1,569,813	(64,659,657)
<b>Gross profit</b>	<b>55,940,500</b>	<b>(529,479)</b>	<b>55,411,021</b>	<b>(38,812,163)</b>	<b>16,598,858</b>
General and administrative expenses	(8,395,264)	--	(8,395,264)	1,390,541	(7,004,723)
Impairment of account receivables	--	--	--	(1,017,899)	(1,017,899)
Other income	1,433,281	529,479	1,962,760	--	1,962,760
<b>Operating profit</b>	<b>48,978,517</b>	<b>--</b>	<b>48,978,517</b>	<b>(38,439,521)</b>	<b>10,538,996</b>
Financial costs	(1,104,583)	--	(1,104,583)	--	(1,104,583)
<b>Net income for the period before Zakat</b>	<b>47,873,934</b>	<b>--</b>	<b>47,873,934</b>	<b>(38,439,521)</b>	<b>9,434,413</b>
Zakat	(383,780)	--	(383,780)	--	(383,780)
<b>NET INCOME FOR THE PERIOD</b>	<b>47,490,154</b>	<b>--</b>	<b>47,490,154</b>	<b>(38,439,521)</b>	<b>9,050,633</b>
<b>Earnings per share:</b>					
<b>Basic and diluted earnings per share as per profit for the period attributable to the shareholders of the Group</b>	1.18	--	1.18	--	0.23

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**16- EXPLANATION OF TRANSITION TO IFRS - (CONTINUED)**

**16-5 Reconciliation of statement of comprehensive income for the three month period ended 30 April 2018**

	Balances as per Saudi SOCPA GAAP	The effect of transition to IFRS	30 April 2018 Before the Reconciliations	Adjustments	30 April 2018 After Reconciliations
<b>NET INCOME FOR THE PERIOD</b>	47,490,154	--	47,490,154	(38,439,521)	9,050,633
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Actuarial losses on re-measurement of employees' end of service benefits	--	(600,450)	(600,450)	--	(600,450)
<b>Items that will not be reclassified subsequently to profit or loss</b>	--	(600,450)	(600,450)	--	(600,450)
<b>Total comprehensive income for the period</b>	47,490,154	(600,450)	46,889,704	(38,439,521)	8,450,183

**16-6 Explanatory notes**

**A- Employees' benefits**

In accordance with generally accepted accounting standards as issued by Saudi Organization for Certified Public Accountants, the Group's calculates employee's end of service benefits liability at the current value of the vested benefits to which the employee is entitled, should his service be terminated at the condensed consolidated statement of balance sheet date. Under IFRS endorsed in the Kingdom of Saudi Arabia, costs relating to the employees' end of service benefits are accounted for based on the actuarial valuation using the projected unit credit method. Difference in employees' end of service benefits under generally accepted accounting standards issued by Saudi Organization for Certified Public Accountants and IFRS endorsed in the Kingdom of Saudi Arabia at the transition date are recognized against retained earnings.

**B-** The reconciliation for the three and nine months period ended 30 April 2018 related to the period of recognition of revenues from one academic year to one financial year during the financial year 2019.

**C-** At 30 April 2018, there is no significant difference in the presentation of the statement of cash flows under IFRS endorsed in the Kingdom of Saudi Arabia and SOCPA.

**17- DIVIDENDS**

The Ordinary General Assembly Meeting on 29 Safar 1440H (corresponding to 7 November 2018) resolved a dividend distribution of SR 60,000,000 (dividends per share SR 1.5).

**18- APPROVAL OF THE FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were authorized for issue on behalf of the Board by the Chief Executive Officer on 7 Shawwal 1440H, (corresponding to 10 June 2019).