

**Al Khaleej Training and Education Company**  
**(A Saudi Joint Stock Company)**  
**THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AND REVIEW REPORT**  
**FOR THE THREE MONTHS PERIOD ENDED**  
**31 March 2018**

AL KHALEEJ TRAINING AND EDUCATION COMPANY  
A SAUDI JOINT STOCK COMPANY

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THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

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**AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

The Shareholders  
Al Khaleej Training and Education Company  
A Joint Stock Company  
Riyadh, Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Al Khaleej Training and Education Company - A Saudi Joint Stock Company** ("the Company") and its subsidiaries (collectively referred to as "the Group") as of 31 Mar 2018 and the related condensed consolidated interim statements of profit and loss, comprehensive income, changes in shareholders' equity and cash flows for the Three month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (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 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

Al-Bassam & Co.  
Allied Accountants

Muhammad A. Al-Bassam  
Certified Public Accountant  
License No. 837

Date: 13 Shaban 1439H  
Corresponding to: 29 April 2018



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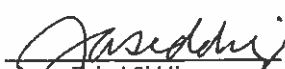
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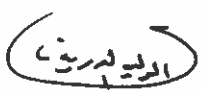
AL KHALEEJ TRAINING AND EDUCATION COMPANY  
(A Saudi Joint Stock Company)

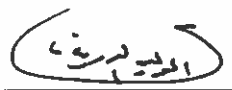
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018 SR (Unaudited)	31 December 2017 SR (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	794,705,337	792,718,977
Intangible assets		38,517,376	38,713,134
Available for sale investments		18,759,045	18,759,045
		<b>851,981,758</b>	<b>850,191,156</b>
<b>Current assets</b>			
Cash and bank balances		24,982,689	26,307,843
Trade receivables, prepayments and other receivables	5	355,636,975	367,423,576
Unbilled revenues		6,408,091	4,842,023
Inventories		16,175,719	13,990,267
Due from related parties	6	1,331,320	1,746,629
		<b>404,534,794</b>	<b>414,310,338</b>
<b>Total assets</b>		<b>1,256,516,552</b>	<b>1,264,501,494</b>
<b>OWNERS' EQUITY AND LIABILITIES</b>			
<b>Owners' equity</b>			
Share Capital	7	400,000,000	400,000,000
Statutory reserve		73,192,562	73,192,562
Retained earnings		88,818,589	84,558,694
Foreign currency translation reserve		(1,975,258)	(1,671,251)
<b>Total Shareholders' Equity</b>		<b>560,035,893</b>	<b>556,080,005</b>
Non-controlling interest		10,282,432	10,046,784
<b>Total Owners' Equity</b>		<b>570,318,325</b>	<b>566,126,789</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loans	8	169,643,005	181,525,288
Deferred gain from sale of property and equipment – non-current portion	9	13,060,909	13,261,846
Finance lease obligations	9	60,215,973	60,452,309
Employees' end of service benefits	10	47,765,228	47,515,089
		<b>290,685,115</b>	<b>302,754,532</b>
<b>Current liabilities</b>			
Banks overdraft		69,591,278	79,753,029
Short term loans		246,400,000	212,400,000
Current portion of long term loans		33,871,289	34,581,703
Deferred gain from sale of property and equipment – current portion	9	803,748	803,748
Current portion of finance lease obligations	9	2,513,886	3,038,867
Trade and other payables		37,946,585	61,361,283
Due to related parties	6	749,940	295,157
Zakat and income tax payable		3,636,386	3,386,386
		<b>395,513,112</b>	<b>395,620,173</b>
<b>Total liabilities</b>		<b>686,198,227</b>	<b>698,374,705</b>
<b>Total owners' equity and liabilities</b>		<b>1,256,516,552</b>	<b>1,264,501,494</b>

  
Faisal Siddique  
Chief Financial Officer

  
Alwaleed A. Aldryaan  
Chief Executive Officer

  
Abdulaziz Hammad Al-Bulaid  
Chairman

The attached notes from 1 to 14 form part of these condensed consolidated interim financial statements.

AL KHALEEJ TRAINING AND EDUCATION COMPANY  
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

	For the Three months periods ended		
	Note	31 March 2018	31 March 2017
		SR	SR
		(Unaudited)	(Unaudited)
Revenue		198,368,820	167,566,797
Cost of revenues		(167,901,505)	(137,160,223)
<b>GROSS PROFIT</b>		<b>30,467,315</b>	<b>30,406,574</b>
Selling and marketing		(8,188,083)	(8,314,909)
General and administration		(12,894,801)	(12,339,917)
<b>INCOME FROM MAIN OPERATIONS</b>		<b>9,384,431</b>	<b>9,751,748</b>
Other income, net		808,417	1,061,434
Financial charges		(5,446,724)	(4,296,931)
<b>INCOME BEFORE ZAKAT AND INCOME TAX</b>		<b>4,746,124</b>	<b>6,516,251</b>
Zakat and Income tax		(250,000)	(250,000)
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>		<b>4,496,124</b>	<b>6,266,251</b>
Attributable to:			
Shareholders of the company		4,259,895	6,377,332
Non-controlling interest		236,229	(111,081)
		<b>4,496,124</b>	<b>6,266,251</b>
Basic and diluted earnings / (loss) per share of net income / (loss) for the period	11	0.11	0.16

  
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Chief Executive Officer

  
Abdulaziz Hammad Al-Bulaihid  
Chairman

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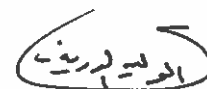
AL KHALEEJ TRAINING AND EDUCATION COMPANY  
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
THREE MONTHS PERIOD ENDED 31 MARCH 2018

	For the Three months periods ended	
	31 March 2018	31 March 2017
	SR (Unaudited)	SR (Unaudited)
Income / (loss) for the period	4,496,124	6,266,251
<b>Items that are or may be reclassified to profit and loss:</b>		
Foreign currency translation reserve	(304,588)	200,881
<b>TOTAL INCOME AND OTHER COMPREHENSIVE INCOME</b>	<b>4,191,536</b>	<b>6,467,132</b>
<b>Total comprehensive income / (loss) for the period attributable to:</b>		
Shareholders of the company	3,955,888	6,167,544
Non-controlling interest	235,648	299,588
	<b>4,191,536</b>	<b>6,467,132</b>

  
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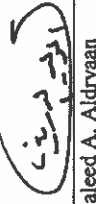
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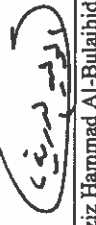
AL KHALEEJ TRAINING AND EDUCATION COMPANY  
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

	Shareholders' equity						Total owners' equity SR
	Share Capital SR	Statutory reserve SR	Retained earnings SR	Foreign currency translation reserve SR	Total Shareholders' equity	Non-controlling interest SR	
Balance at 1 January 2017 (Note 14)	400,000,000	67,932,827	58,121,082	(1,113,749)	524,940,160	9,571,800	534,511,960
Net income for the period	-	-	6,377,332	-	6,377,332	(111,081)	6,266,251
Other comprehensive income / (loss) for the period	-	-	-	(209,788)	(209,788)	410,669	200,881
Total comprehensive income	-	-	6,377,332	(209,788)	6,167,544	299,588	6,467,132
Dividends to non-controlling interest	-	-	-	-	-	(750,192)	(750,192)
Balance at 31 March 2017 (Unaudited)	400,000,000	67,932,827	64,498,414	(1,323,537)	531,107,704	9,121,196	540,228,900
Balance at 1 January 2018 (Note 14)	400,000,000	73,192,562	84,558,694	(1,671,251)	556,080,005	10,046,784	566,126,789
Net income for the period	-	-	4,259,895	-	4,259,895	236,229	4,496,124
Other comprehensive income / (loss) for the period	-	-	-	(304,007)	(304,007)	(581)	(304,588)
Total comprehensive income	-	-	4,259,895	(304,007)	3,955,888	235,648	4,191,536
Balance at 31 March 2018 (Unaudited)	400,000,000	73,192,562	88,818,589	(1,975,258)	560,035,893	10,282,432	570,318,325

  
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Chief Executive Officer

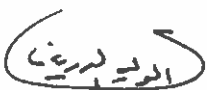
  
Abdulaziz Hamad Al-Bulaih  
Chairman


AL KHALEEJ TRAINING AND EDUCATION COMPANY  
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE  
MONTHS PERIOD ENDED 31 MARCH 2018

	31 March 2018	31 March 2017
	SR	SR
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before zakat and income tax	4,746,124	6,516,251
<b>Adjustments for non-cash items:</b>		
Depreciation and amortization	6,846,859	6,178,331
Deferred Gain on sale of property and equipment	(199,741)	(200,937)
Provision for Employees' end of service benefits	4,022,694	3,186,823
Bad debts	(1,316,331)	-
Provision for doubtful debts	1,200,000	1,540,914
	<u>15,299,605</u>	<u>17,221,382</u>
<b>Changes in :</b>		
Trade receivables, prepayments and other receivables	11,902,932	(26,801,273)
Inventories	(2,185,452)	146,889
Unbilled revenue	(1,566,068)	(450,655)
Related parties	870,092	(360,973)
Trade and other payables	(23,414,698)	22,063,285
	<u>906,411</u>	<u>11,818,655</u>
Employees' end of service benefits paid	(3,772,555)	(3,523,786)
Zakat and income tax paid	-	(430,999)
<b>Net cash (used in) / generated from operating activities</b>	<u>(2,866,144)</u>	<u>7,863,870</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(8,638,657)	(27,768,478)
Additions to intangible assets	-	(144,282)
<b>Net cash used in investing activities</b>	<u>(8,638,657)</u>	<u>(27,912,760)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Banks overdraft	(10,161,751)	12,504,864
Term loans proceeds, net	21,407,303	1,901,053
Finance lease, net	(761,317)	(570,264)
Foreign currency translation reserve	(304,007)	(209,788)
Non-controlling interest	(581)	(339,523)
<b>Net cash generated from / (used in) financing activities</b>	<u>10,179,647</u>	<u>13,286,342</u>
<b>Net decrease in cash and cash equivalent</b>	<u>(1,325,154)</u>	<u>(6,762,548)</u>
Cash and cash equivalent at the beginning of the period	<u>26,307,843</u>	<u>23,446,823</u>
<b>Cash and cash equivalent at the end of the period</b>	<u>24,982,689</u>	<u>16,684,275</u>

  
Faisal Siddique  
Chief Financial Officer

  
Alwaleed A. Aldryaan  
Chief Executive Officer

  
Abdulaziz Hammad Al-Bulaihid  
Chairman

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim financial statements.



AL KHALEEJ TRAINING AND EDUCATION COMPANY  
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE  
THREE MONTHS PERIOD ENDED 31 MARCH 2018

**1 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 1413H (corresponding to 24 November 1992). The head office is located at Olaya area, Riyadh.

The Company and its subsidiaries (together, the "Group") are engaged in the training services for computer and related electronics services, establishment and constructions of schools and cafeterias, teaching English language, holding training courses, operation maintenance and computer softwares, installation of networks, infrastructures, communication systems, call centers and technical supports. The Extraordinary General Assembly held on 19 Rajb 1438H corresponding to 16 April 2017, agreed the amendment of the company's By-Law to be in accordance with the new Regulations for Companies.

The following is the list of subsidiaries included in these consolidated financial statements which provide training services. The ownership percentages below as of 31 March 2018:

<i>Subsidiary companies</i>	<i>Country of incorporation</i>	<i>Direct / indirect ownership</i>
Fast Lane Group (Fast Lane Consultancy duty free – LTD.)	United Arab Emirates	80%
Al Khaleej Training and Information Technology Company	Egypt	57 %
Online Trading Academy Duty free – LTD.	United Arab Emirates	100%
E-Arts Consulting *	United Arab Emirates	60%
Applied Digital Media Services Company	United Arab Emirates	90%
Franklin Covey Middle East Company and its subsidiaries	United Arab Emirates	51%
Linguaphone Limited Company	United Kingdom	100%
Jobzella	Egypt	60%

\* The operating activities have stopped at E-Arts Consulting Company, and it is now in liquidation phase.

The Company also has a 50% interest in Al Khaleej Training and Education Company and Al Alamiaiah Education and Training Company (the joint Project), jointly controlled entity, which is involved in providing training services in computer and related electronics services and the maintenance thereof, the operating activities have stopped in the project and it will be closing after the collection of outstanding receivables in the project.

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**2-1 Applied Accounting Standards**

The condensed consolidated interim financial statements for the Three months ended 31 March 2018 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia and should be read in conjunction with the Group's last annual Consolidated Financial Statements as at and for the year ended 31 December 2017 ("last annual Financial Statements").

This is the first set of Condensed Consolidated Interim Financial Statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 3a) / 3b).

AL KHALEEL TRAINING AND EDUCATION COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

31 March 2018

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

**2-2 Base of measurement**

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except Equity investment at FVOCI is measured at fair value.

**2-3 Presentation and functional currency**

The condensed consolidated interim financial statements are presented in Saudi Riyals which is the functional currency of the Company.

**2-4 Basis of consolidation**

The condensed consolidated interim financial statements comprise of the condensed consolidated interim statements of financial position, condensed consolidated interim statements of profit and loss, condensed consolidated interim statements of changes in shareholders' equity and condensed consolidated interim statements of cash flows and explanatory notes of the Group. Which include assets, liabilities and the result of operations of the company and its subsidiaries as stated in note (1) above. The company and its subsidiaries (collectively referred to as the Group).

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition and fair value of Non-Controlling Interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in condensed consolidated interim statement of Financial Position. NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. The portion of profit or loss and net assets not controlled by the Group are presented separately in the condensed consolidated interim statement of profit or loss and within equity in the condensed consolidated interim statement of financial position.

Intra-group balances and transactions, and any unrealised profit and loss arising from intragroup transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

**2-5 Use of judgments, estimates and significant accounting assumptions**

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 3a) / 3b).

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### A. New Standards, Amendments and Standards issued and not yet effective

##### **New Standards, Amendment to Standards and Interpretations:**

The Group has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018, the effect of application of these standards have been fully explained in note 5 B. A number of other new standards, amendments to standards are effective from 1 January 2018 but they do not have a material effect on the Group's Consolidated Financial Statements.

##### **Standards issued but not yet effective**

Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted them in preparing these Condensed Consolidated Interim Financial Statements.

##### **a. IFRS 16 Leases**

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises 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 and earlier adoption is permitted.

The Group has completed an initial assessment of the potential impact on its Consolidated Financial Statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

Thus far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of depot warehouses. In addition, the nature of expenses related to those leases will now change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. No significant impact is expected for the Group's finance leases.

##### **Determining whether an arrangement contains a lease**

On transition to IFRS 16, the Group can choose whether to:

- Apply the IFRS 16 definition of a lease to all its contracts; or
- Apply a practical expedient and not reassess whether a contract is, or contains, a lease.

##### **Transition**

As a lessee, the Group can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. The Group currently plans to apply IFRS 16 initially on 1 January 2019. The Group has not yet determined which transition approach to apply.

As a lessor, the Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

##### **b. Annual Improvements to IFRSs 2015–2017 Cycle**

**IFRS 3 Business Combinations and IFRS 11 Joint Arrangements** - clarifies how a company accounts for increasing its interest in a joint operation that meets the definition of a business.

- If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.
- If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b. Annual Improvements to IFRSs 2015–2017 Cycle (continued)**

**IAS 23 Borrowing Costs** - clarifies that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any nonqualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

**A. Changes in significant accounting policies**

Except as described below, the accounting policies applied in these Condensed Consolidated Interim Financial Statements are the same as those applied in the last annual Financial Statements as at and for the year ended 31 December 2017.

The Group has adopted IFRS 9 - "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" for the first time effective 1 January 2018. The impact of applying these standards as described in note 2 in the interim condensed consolidated financial statements.

Except as described below, the accounting policies applied to these interim condensed consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the year ended 31 December 2017. These changes in accounting policies are expected to affect the consolidated financial statements for the year ended 31 December 2018.

Initial impact of applying the above described standards is:

1. Revenue presentation (Note A).
2. Increase in credit losses in value of receivables recognized as financial assets (Note B).
3. Reclassification of credit losses in value of receivables in a separate line item and separate them from selling and marketing expenses in the interim condensed consolidated statement of profit or loss (Note B).
4. Presentation of available-for-sale investments as investment in equity instruments at fair value through other comprehensive income (Note B).

**a) IFRS 15 – "Revenue from contracts with customers"**

This IFRS establishes a comprehensive framework for determining the amount and timing of revenue recognition. This standard supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue"

When control of services provided is transferred to the customer over time, the Group meets the performance obligation and recognizes the revenue over a period of time as the customer receives and consumes the benefits of the Group's performance at the same time as the Group provides the service and confirmed from the customer Which is in accordance with the requirements of IFRS 15 "Revenue from contracts with customers". Accordingly, there is no significant impact on the application of IFRS 15 "Revenue from contracts with customers " on revenue recognition of the Group.

The following are details of significant new accounting policies and the nature of changes in previous accounting policies with respect to the Group's revenues:

Revenue	Nature and timing of satisfying performance obligation and significant payment terms	Nature of change in accounting policy
Revenue from training, education and communications centers	The control of services provided is transferred to the customer over time, the Group meets the performance obligation and recognizes the revenue over a period of time as the customer receives and consumes the benefits of the Group's performance obligation at the same time as the Group provides the service and confirmed from the customer.	In accordance with IAS 18 Revenue from contracts with customers is recognized when the service is rendered and confirmed from the custom.

The Group has adopted the IFRS 15 "Revenue from contracts with customers" retrospectively with recognizing cumulative effect of the initial application as of 1 January 2018. Accordingly, the information provided for the previous year has not been adjusted which is previously reported in accordance with IAS 18 and its related interpretations. In our opinion, there is no impact on the interim condensed consolidated financial statements.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Financial instruments**

This standard specifies the requirements of recognition and measurement of financial assets and liabilities and certain purchase / sale contracts of non-financial items. This standard supersedes IAS 39 "Financial Instruments" - "Recognition and Measurement".

The following are the details of significant new accounting policies and nature of changes in previous accounting policies:

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

IFRS 9 retains substantially the current requirements of IAS 39 for the purpose of classifying and measuring financial liabilities. But it excludes the categories previously stated in IAS 39 relating to held-to-maturity assets, loans, advances and financial assets available for sale.

The adoption of IFRS 9 will not have a significant impact on the Group's accounting policies of financial liabilities. The impact of IFRS 9 adoption on the classification and measurement of financial assets is as follows:

In accordance with IFRS 9, on initial recognition, financial assets are classified as financial assets measured at amortized cost or at fair value through other comprehensive income - investments in debt instruments or at fair value through other comprehensive income - equity instruments, or at fair value through profit or loss. The classification of financial assets in accordance with IFRS 9 is usually based on the business model by which the financial asset is managed and the characteristics of its contractual cash flows.

Financial assets are measured at amortized cost if both two conditions are met and are not designated at fair value through profit or loss:

- a. Retained in the business model intended to hold assets for collection of contractual cash flows.
- b. Their contractual periods are established on specific dates for cash flows that represent only payments of principal and interest on principal of outstanding amount.

Investments in debt instruments are measured at fair value through other comprehensive income if both two conditions are met and are not designated at fair value through profit or loss:

- a. Retained in the business model intended to hold assets for collection of contractual cash flows and selling of financial assets.
- b. Their contractual periods are established on specific dates for cash flows that represent only payments of principal and interest on principal of outstanding amount.

Upon initial recognition of investments in equity instruments not held for trading, the Group has the right to choose ultimately to present subsequent changes in fair value of the investment in other comprehensive income. This option is made on each investment separately.

All financial assets that are not carried at amortized cost or at fair value through other comprehensive income, as described above, are measured at fair value through profit or loss. This includes all derivative financial assets. At initial recognition, the Group is entitled to classify assets which meets in other respects the measurement requirements at amortized cost or at fair value through other comprehensive income, as financial assets at fair value through profit or loss, and if done so, eliminate non-accounting mismatches that may arise otherwise or reduced dramatically.

Initial measurement of financial assets (unless a trade receivable is not initially a financial component initially measured at the transaction price) is measured at fair value, for the unquoted item at fair value through profit or loss, in addition to the transaction costs that are directly attributable to the acquisition.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following accounting policies are applied to the subsequent measurement of financial assets:

<b>Financial instrument</b>	<b>Measurement</b>
Financial assets at fair value through profit or loss	Subsequent measurement of these assets is normally measured at Fair Value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequent measurement of these assets is carried at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses (see 2 below). Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
Investments in debt instruments at fair value through other comprehensive income	Subsequent measurement of these assets is carried at fair value. Interest income, which is calculated using the effective interest method, as well as foreign exchange gains and losses and impairment, is recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. Upon discontinuation of the evidence, the cumulative gains and losses in other comprehensive income are reclassified to profit or loss.
Investments in equity instruments at fair value through other comprehensive income	Subsequent measurement of these assets is carried at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents the recovery of part of the cost of the investment. Other gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

The following table and accompanying notes present the previous measurement categories in accordance with IAS 39 as well as the new measurement categories in accordance with IFRS 9 of the Group's financial assets category as of 1 January 2018:

	<b>Notes</b>	<b>Classification (IAS 39)</b>	<b>Classification (IFRS 9)</b>	<b>Carrying amount (IAS 39) SR</b>	<b>Carrying amount (IFRS9) SR</b>
<b>Financial Assets</b>					
Investment in equity	i	Available for sale investment	Equity instruments at fair value through other comprehensive income	18,759,045	18,759,045
Trade accounts receivable and unbilled revenues	ii	Debts and facilities	Amortized cost	337,785,038	337,785,038
Cash and bank balances		Debts and facilities	Amortized cost	26,307,843	26,307,843
				<u>382,851,926</u>	<u>382,851,926</u>

i. This investment represents what the Group intends to maintain over the long term for strategic purposes. As permitted under IFRS 9, the Group has classified and measured this investment as at 1 January 2018 at fair value through other comprehensive income.

ii. Trade receivables and unbilled revenues classified as debts and facilities under IAS 39 are currently classified at amortized cost.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 1. Impairment of financial assets

IFRS 9 replaces the "loss incurred" model in IAS 39 with the "expected credit loss" model. The new model is applied to financial assets measured at amortized cost, contract assets and investments in debt instruments at fair value through other comprehensive income and not investments in equity instruments. In accordance with IFRS 9, previously recognized credit losses are recognized in accordance with IAS 39.

##### Credit impaired financial assets

At each reporting date, the Group assesses whether the financial assets carried at amortized cost have an impaired credit value. A financial asset is considered to be "impaired" when one or more events have had an adverse effect on the estimated future cash flows of the financial asset.

##### Impairment presentation

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

Impairment losses on trade receivables are presented separately in the interim condensed consolidated statement of profit or loss. Accordingly, the Group has reclassified the impairment losses to SAR 1,540,914 recognized in accordance with IAS 39 as "Selling and Marketing Expenses" To "Impairment losses on trade receivables" in the interim condensed consolidated statement of profit or loss for the three month period ended 31 March 2017.

#### 2. Conversion

The Group has applied an exemption allowing it not to modify comparative figures for prior periods in respect of changes in classification and measurement (including impairment). Differences in the carrying amounts of financial assets and financial liabilities arising from the application of IFRS 9 are not recognized in retained earnings as at 1 January 2018, due to that the amounts are insignificant. Accordingly, the information presented for the year 2017 does not generally reflect the requirements of IFRS 9 but rather discloses IAS 39.

The following assessment was made on the basis of the facts and circumstances as at 1 January 2018:

- a. Defines the business model in which the financial assets are held.
- b. Defining and canceling the prior designation of certain financial assets.
- c. Classification of certain investments in equity instruments that are not held for trading at fair value through other comprehensive income.

As disclosed with in Note 2.1, followed with transition impact within Note 3, the Company has adopted IFRS 9 effective from 1 January 2018, resulting change in its impairment model of incurred loss under IAS 39 to expected loss model as required by IFRS 9. However, the change in provision for impairment was not recognized on the opening retained earning at 1 January 2018 on transition to IFRS 9 as the amount of change was not material.

##### Revenue

The control of services provided is transferred to the client over time, the Group meets the performance obligation and recognizes the revenue over a period of time as the customer receives and consumes the benefits of the Group's performance obligation at the same time as the Group provides the service and confirmed from the customer.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial Instruments**

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method, less any impairment loss which is recognized in profit or loss.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

#### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.



**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period granted, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*De-recognition of financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial liabilities and equity instruments*

*Classification as debt or equity*

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

*Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

*Other financial liabilities*

Other financial liabilities (including borrowings and trade and other payables) are initially and subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

*De-recognition of financial liabilities*

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**4 PROPERTY AND EQUIPMENT**

	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Balance at 1 January	792,718,977	681,928,835
Additions during the period/year	8,638,657	103,220,533
Disposals	-	(3,531,257)
Transfers	-	35,096,339
Depreciation during the period/year	(6,651,101)	(25,548,121)
Net book value of disposed property and equipment	(1,196)	1,552,648
	<u>794,705,337</u>	<u>792,718,977</u>

**5 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES**

Included in trade accounts receivable are amounts totaling SR 275 million (31 December 2017: SR 295 million, due from government and quasi-government institution in which balance of SR 88 million due over one year as of 31 Mar 2017 (31 December 2017: SR 90 millions). The management believes the wholly collectability of these amounts. In the estimation of the Group's management, it is expected that uncollectible receivables will be collected. The Group does not obtain guarantees against these receivables.

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**5 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)**

Movements in the Provision for doubtful debts were as follows:

	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Balance at 1 January	14,762,386	10,313,354
Charge for the period/year	1,200,000	9,562,061
Amounts written off during the period/year	<u>(1,316,331)</u>	<u>(5,113,029)</u>
	<u>14,646,055</u>	<u>14,762,386</u>

**6 RELATED PARTIES TRANSACTIONS**

<u>Related party</u>	<u>Nature of transactions</u>	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Companies owned by directors	Rent as lessee	270,000	295,000
	Rent as Lessor	341,500	341,500

Amounts due from / to related parties are shown in the assets and liabilities in the consolidated balance sheet respectively.

Transactions with related parties are made on terms similar to those prevailing in normal transactions. Balances due at the end of each year are unsecured and do not bear commissions and are settled in cash. There are no guarantees from or to the related parties. For the period ended 31 March 2018, the Group has not recorded any impairment loss on amounts due from related parties. Valuation of impairment is performed every financial year by examining the financial position of the related entity and the market in which the entity is involved.

**7 SHARE CAPITAL**

The company's capital consists of 40 Million shares as at 31 March 2018 (31 December 2017: 40 Million shares) of SR 10 each.

**8 CREDIT FACILITIES**

The Company has obtained loans facilities from local banks to finance its working capital requirements. These are secured by promissory notes and personal guarantees from some major shareholders and accrue commission at commercial prevailing rates.

**9 FINANCE LEASE OBLIGATIONS**

The obligations resulting from the acquisition of assets through finance leases, and consists of the following:

- a) Leased computers from 3 to 4 years.
- b) Leased building through sale and lease back. As the Company has completed, on 15 September 2015, the sale of a newly constructed management building in Al-Ghadeer area in Riyadh, the cost of which is approximately SR 58.9 million, to Manafe' Holding Company, at a selling price of SR 75 million, in order to finance the Company's expansion in educational projects. And leased back the building for 20 years ending in the year 2034. Gain from the sale transaction, amounting to approximately SR 16 million, were deferred in accordance with the requirements of the Standard of Accounting for Leases issued by the Saudi Organization for Certified Public Accountants, and will be recognized in subsequent periods in correlation with depreciation, as the leaseback was classified as a finance lease. During the year 2016 the rental value of the land for the building was separated where the building was classified as finance lease (with present value of SR 48.7 million) and the rent land was classified as operating lease. It has been recognized an amount of SR 200,937 as gains from the sale of the building in the condensed consolidated interim statement of profit and loss during the period ( 31 Mar 2017: SR 200,937).

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**9 FINANCE LEASE OBLIGATIONS (CONTINUED)**

- c) Schools leased building in Dammam. on 25 August 2016 the Company has signed a contract with Mohammed Abdulaziz Al Rajhi & Sons Investment Group, to lease Al Ishraq Building Schools for 20 years. The building lease was classified as a finance lease (with present value SR 17.8 million) and the rent land was classified as operating lease.

The following table represents the minimum lease payments for the years after the date of the financial position, and in total:

	Vehicle SR	Building SR	Total SR
2018	950,860	4,471,848	<b>5,422,708</b>
2019	762,936	5,330,440	<b>6,093,376</b>
2020-2036	225,045	94,956,755	<b>95,181,800</b>
	<u>1,938,841</u>	<u>104,759,043</u>	<u><b>106,697,884</b></u>

**10 Employees' end of service benefits**

The Group manages the end of service benefits program for its employees in accordance with the requirements of the Labor Law in the Kingdom of Saudi Arabia. The movement in the provision for employees' end of service benefits for the period / year is based on actuarial assumptions, the most important of which is the use of a discount rate of 2.5% and an actual salary increase rate of 1.5%:

	31 March 2018 (Unaudited) SR	31 December 2017 (Audited) SR
Balance at 1 January	47,515,089	43,801,134
Cost of service and interest included in profit or loss	4,022,694	13,501,899
Paid during the period/year	<b>(3,772,555)</b>	<b>(9,787,944)</b>
	<u><b>47,765,228</b></u>	<u><b>47,515,089</b></u>

**11 EARNING PER SHARE**

Earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares during the period. Diluted earnings per share does not apply to the Group. Earnings per share from continuing operations is not presented because there are no discontinued operations during the period.

	For the Three month periods ended	
	31 March 2018 SR	31 March 2017 SR
Income for the period	4,259,895	6,377,332
Weighted average number of ordinary shares	<b>40,000,000</b>	40,000,000
Earnings per share	<u><b>0.11</b></u>	<u>0.16</u>

**12 SEGMENT INFORMATION**

The segmental information are attributable to the Company's activities and business as approved by the Group management to be used as a basis for the financial reporting and consistent with the internal reporting process.

The segment results and assets comprise items that are directly attributable to certain segment and items that can reasonably be allocated between business segments.

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12 SEGMENT INFORMATION (CONTINUED)

The Group is organised into following main business segments:

1- **Computer**

Serves individual and corporate segments. Individual segment incorporates training courses with period from 3 month to two years diploma corporate segment incorporates all advanced programming, networking and computer solutions. The Group follows the global methodology of New Horizon Company, of which the Group owns the franchise in the Middle East Region.

2- **Language**

Provides training courses in English language, consisting of 6 levels. The courses are held over a period of 2 to 14 months. The Group follows the global methodology of Direct English Company, of which the Group owns the franchise in the Middle East Region.

3- **Educational projects**

This segment represents the educational projects related to universities and the Ministry of Education, including operating the orientation years for several Saudi universities. These projects are focused on providing the academic staff for the orientation years according to scientific basis and standards set by the universities, and managing these human resources for the universities.

4- **Financial and management training**

This segment aims to provide trainees with information and various skills and up-to-date methods in relation to their jobs, and to improve and develop their abilities and skills. This includes development courses in management, leadership, stock trading and others, improving their efficiency and productivity through international certifications.

5- **Communication centers**

This segment provides management and operating services of customer services centers via telephone for a number of companies and bodies.

6- **Schools**

This segment is engaged in incorporating private educational schools for (boys / girls) inside the Kingdom of Saudi Arabia.

	<u>Computer SR</u>	<u>Language SR</u>	<u>Educational projects SR</u>	<u>Financial and management training SR</u>	<u>Communicati on center SR</u>	<u>Schools SR</u>	<u>Total SR</u>
<b>31 March 2018</b>							
Revenues	23,055,046	16,310,830	22,330,876	23,450,988	82,486,071	30,735,009	198,368,820
Depreciation and amortization	1,542,132	411,428	576,001	472,747	1,356,532	2,488,019	6,846,859
Income before zakat and income tax	(5,388,184)	(1,409,508)	584,368	2,971,072	6,032,250	1,956,126	4,746,124
Total assets	233,331,628	116,665,814	14,583,227	47,273,443	241,775,748	602,886,692	1,256,516,552
Total liabilities	35,757,674	17,878,837	2,234,855	26,581,040	13,860,491	589,885,330	686,198,227
<b>Other</b>							
Capital expenditure	1,846,842	948,746	292,777	962,059	1,203,034	3,385,199	8,638,657
<b>31 March 2017</b>							
Revenues	20,865,398	13,024,004	18,813,550	13,846,832	73,652,311	27,364,702	167,566,797
Depreciation and amortization	1,024,726	639,626	923,958	680,035	740,032	2,022,922	6,031,299
Income before zakat	(1,462,259)	(537,878)	(1,033,980)	948,779	6,145,236	2,456,353	6,516,251
Total assets	251,298,732	125,649,366	16,753,249	25,129,873	228,844,419	543,250,297	1,190,925,936
Total liabilities	54,082,462	27,041,231	3,719,497	5,408,247	29,606,758	530,838,841	650,697,036
<b>Other</b>							
Capital expenditure	2,289,104	1,175,788	362,617	370,667	2,394,697	21,175,605	27,768,478

Substantially, all the Group's operating assets are located in the Kingdom of Saudi Arabia. It is not meaningful to disclose information to individual geographic areas.

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**13 FINANCIAL INSTRUMENTS**

**Fair value measurements of financial instruments**

Assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of fair value hierarchies. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 March 2018 (Unaudited)</b>				
<b>Financial assets</b>				
Investment in equity instruments at fair value through comprehensive income	18,759,045	---	---	18,759,045
Accounts receivables, prepayments and other receivables	355,636,975	---	---	355,636,975
Accrued revenue	6,408,091	---	---	6,408,091
Cash and bank balances	24,982,689	---	---	24,982,689
<b>Financial liabilities</b>				
Long term loans	169,643,005	---	---	169,643,005
Deferred gain from sale of property and equipment – non-current portion	13,060,909	---	---	13,060,909
Obligations under capital leases	60,215,973	---	---	60,215,973
Bank overdraft	69,591,278	---	---	69,591,278
Short term loans	246,400,000	---	---	246,400,000
Long term loans – current portion	33,871,289	---	---	33,871,289
Deferred gain from sale of property and equipment – current portion	803,748	---	---	803,748
Obligations under capital leases-current portion	2,513,886	---	---	2,513,886
Accounts and other payables	37,946,585	---	---	37,946,585

AL KHALEEJ TRAINING AND EDUCATION COMPANY  
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
31 March 2018

13 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments (continued)

Fair Value	Level 1	Level 2	Level 3	Total
<b>31 December 2017 (Unaudited)</b>				
<b>Financial assets</b>				
Investment in equity instruments at fair value through comprehensive income	18,759,045	---	---	18,759,045
Accounts receivables, prepayments and other receivables	367,423,576	---	---	367,423,576
Accrued revenue	4,842,032	---	---	4,842,032
Cash and bank balances	26,307,843	---	---	26,307,843
<b>Financial liabilities</b>				
Long term loans	181,525,288	---	---	181,525,288
Deferred gain from sale of property and equipment – non-current portion	13,261,846	---	---	13,261,846
Obligations under capital leases	60,452,309	---	---	60,452,309
Bank overdraft	79,753,029	---	---	79,753,029
Short term loans	212,400,000	---	---	212,400,000
Long term loans – current portion	34,581,703	---	---	34,581,703
Deferred gain from sale of property and equipment – current portion	803,748	---	---	803,748
Obligations under capital leases-current portion	3,038,867	---	---	3,038,867
Accounts and other payables	61,361,283	---	---	61,361,283

14 APPROVALS OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors has approved the condensed consolidated interim financial statements on 13 Shaban 1439H (corresponding to 29 April 2018).