

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
**For the three-month period ended**  
**30 November 2019**  
**Together with the Independent Auditor's Report**  
**on Review of Condensed Interim Financial Statements**

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**for the three-month period ended 30 November 2019**

<b>Index</b>	<b>Page</b>
Independent auditor's report on review of condensed interim financial statements	-
Condensed statement of financial position	1
Condensed statement of profit or loss	2
Condensed statement of comprehensive income	3
Condensed statement of changes in equity	4
Condensed statement of cash flows	5
Notes to the condensed interim financial statements	6 – 19



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

To the shareholders of National Company for Learning and Education

## Introduction

We have reviewed the accompanying 30 November 2019 condensed interim financial statements of National Company for Learning and Education ("the Company"), which comprises:

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

Management is responsible for the preparation and presentation of these condensed 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 interim financial statements based on our review.

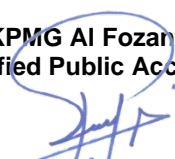
## Scope of review

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 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 30 November 2019 condensed interim financial statements of the National Company for Learning and Education ("the Company") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

**For KPMG Al Fozan & Partners**  
**Certified Public Accountants**

  
**Khalil Ibrahim Al Sedais**  
**License No. 371**




Date: 12 Jumada I 1441H  
Correspondence to: 7 January 2020

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 30 November 2019**  
(Amounts in Saudi Arabian Riyals)

	<u>Notes</u>	<b>30 November 2019 (Unaudited)</b>	31 August 2019 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>456,875,280</b>	440,940,383
Intangible assets		<b>11,834,593</b>	11,906,384
<b>Total non-current assets</b>		<b>468,709,873</b>	452,846,767
<b>Current assets</b>			
Inventories		<b>1,307,819</b>	1,144,078
Accounts receivable		<b>46,378,722</b>	31,007,029
Prepayments and other receivables		<b>35,489,738</b>	16,655,687
Cash and cash equivalents		<b>198,168,273</b>	240,045,569
<b>Total current assets</b>		<b>281,344,552</b>	288,852,363
<b>Total assets</b>		<b>750,054,425</b>	741,699,130
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	<b>430,000,000</b>	430,000,000
Share premium	9	<b>100,985,697</b>	100,985,697
Statutory reserve		<b>23,268,013</b>	23,268,013
Retained earnings		<b>66,585,623</b>	51,284,897
<b>Total equity</b>		<b>620,839,333</b>	605,538,607
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of Islamic Murabaha and Ministry of Finance loans	6.7	<b>23,579,698</b>	34,433,917
Employees' benefits		<b>38,234,000</b>	42,237,700
Non-current portion of deferred revenue of government grants	6.3	<b>823,860</b>	957,635
<b>Total non-current liabilities</b>		<b>62,637,558</b>	77,629,252
<b>Current liabilities</b>			
Current portion of long-term Islamic Murabaha and Ministry of Finance loans	6.7	<b>16,444,708</b>	15,409,058
Advance revenue	7	<b>36,081,476</b>	31,802,103
Trade payable		<b>2,165,491</b>	1,300,645
Current portion of deferred revenue of government grants	6.3	<b>883,724</b>	1,035,650
Accrued expenses and other liabilities		<b>8,454,783</b>	7,120,277
Zakat provision		<b>2,547,352</b>	1,863,538
<b>Total current liabilities</b>		<b>66,577,534</b>	58,531,271
<b>Total liabilities</b>		<b>129,215,092</b>	136,160,523
<b>Total equity and liabilities</b>		<b>750,054,425</b>	741,699,130

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.






**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**for the three-month period ended 30 November 2019**  
(Amounts in Saudi Arabian Riyals)

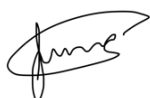
	<u>Notes</u>	<u>30 November 2019</u>	<u>30 November 2018</u>
Revenue		<b>50,588,717</b>	49,877,883
Government grants and subsidies		<b>1,508,201</b>	2,653,457
Cost of revenue		<b>(31,871,613)</b>	(31,455,886)
<b>Gross profit</b>		<b>20,225,305</b>	21,075,454
Marketing and advertising expenses		<b>(176,265)</b>	(90,173)
General and administrative expenses		<b>(7,236,528)</b>	(7,490,031)
Impairment loss on account receivables		<b>(470,000)</b>	(631,852)
Other income		<b>342,085</b>	575,585
<b>Operating profit</b>		<b>12,684,597</b>	13,438,983
Finance cost, net	13	<b>(362,157)</b>	(1,606,281)
<b>Profit for the period before Zakat</b>		<b>12,322,440</b>	11,832,702
Zakat		<b>(683,814)</b>	(357,475)
<b>Profit for the period</b>		<b>11,638,626</b>	11,475,227
<b>Earnings per share:</b>			
<b>Basic and diluted earnings per share</b>	14	<b>0,27</b>	0,36

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**for the three-month period ended 30 November 2019**  
(Amounts in Saudi Arabian Riyals)

	<b>30 November 2019</b>	30 November 2018
<b>Profit for the period</b>	<b>11,638,626</b>	11,475,227
<b><u>Other comprehensive income</u></b>		
<b><u>Items that will not be reclassified subsequently to profit or loss</u></b>		
Actuarial gains from re-measurement of employees' benefits	3,662,100	955,000
<b>Total items that will not be reclassified to profit or loss in subsequent periods</b>	<b>3,662,100</b>	955,000
<b>Total other comprehensive income for the period</b>	3,662,100	955,000
<b>Total comprehensive income for the period</b>	<b>15,300,726</b>	12,430,227

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.






**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**for the three-month period ended 30 November 2019**  
(Amounts in Saudi Arabian Riyals)

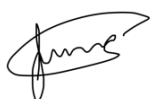
	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Balance at 1 September 2018 (Audited)</b>	300,000,000	--	18,228,764	19,282,660	337,511,424
Increase in share capital (note 9)	130,000,000	--	--	--	130,000,000
Share premium (note 9)	--	100,985,697	--	--	100,985,697
<b>Total</b>	<b>430,000,000</b>	<b>100,985,697</b>	<b>18,228,764</b>	<b>19,282,660</b>	<b>568,497,121</b>
Profit for the period	--	--	--	11,475,227	11,475,227
Other comprehensive income for the period	--	--	--	955,000	955,000
Total comprehensive income for the period	--	--	--	<b>12,430,227</b>	<b>12,430,227</b>
<b>Balance at 30 November 2018</b>	<b>430,000,000</b>	<b>100,985,697</b>	<b>18,228,764</b>	<b>31,712,887</b>	<b>580,927,348</b>
<b>Balance at 1 September 2019 (Audited)</b>	<b>430,000,000</b>	<b>100,985,697</b>	<b>23,268,013</b>	<b>51,284,897</b>	<b>605,538,607</b>
Profit for the period	--	--	--	11,638,626	11,638,626
Other comprehensive income for the period	--	--	--	3,662,100	3,662,100
Total comprehensive income for the period	--	--	--	<b>15,300,726</b>	<b>15,300,726</b>
<b>Balance at 30 November 2019</b>	<b>430,000,000</b>	<b>100,985,697</b>	<b>23,268,013</b>	<b>66,585,623</b>	<b>620,839,333</b>

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**for the three-month period ended 30 November 2019**  
(Amounts in Saudi Arabian Riyals)

	<b>30 November 2019</b>	30 November 2018
<b>Cash flows from operating activities</b>		
Profit for the period before Zakat	<b>12,322,440</b>	11,832,702
<b>Adjustments for:</b>		
Amortization and depreciation	<b>3,058,324</b>	2,989,990
Employees' benefits	<b>994,000</b>	1,054,995
Realized revenue from government grants	<b>(285,701)</b>	(375,957)
Short-term Islamic deposits' returns	<b>(878,833)</b>	--
Gains on sale of property, plant and equipment	<b>(125,714)</b>	--
Finance cost	<b>1,240,990</b>	1,606,281
Impairment loss on accounts receivable	<b>470,000</b>	
	<b>16,795,506</b>	17,739,863
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	<b>(15,841,693)</b>	(13,572,535)
Inventories	<b>(163,741)</b>	1,097,650
Prepayments and other receivables	<b>(18,834,051)</b>	(2,291,928)
Trade payable	<b>864,846</b>	1,963,612
Accrued expenses and other liabilities	<b>1,334,506</b>	1,822,819
Advanced revenue	<b>4,279,373</b>	15,239,206
Employees' benefits paid	<b>(1,716,600)</b>	(452,995)
<b>Net cash (used in) / from operating activities</b>	<b>(13,281,854)</b>	21,545,692
<b>Cash flows from investing activities</b>		
Aquisition of property, plant, equipment and capital work in progress	<b>(18,903,384)</b>	(6,992,893)
Proceeds from sale of property, plan and equipment	<b>125,714</b>	--
Proceeds from short-term Islamic deposits' returns	<b>878,833</b>	--
<b>Net cash used in investing activities</b>	<b>(17,898,837)</b>	(6,992,893)
<b>Cash flows from financing activities</b>		
Proceeds from issuance share capital	--	130,000,000
Proceeds from share premium	--	100,985,697
Repayment of Islamic Murabaha and Ministry of Finance loans	<b>(10,696,605)</b>	(8,196,605)
<b>Net cash (used in) / generated from financing activities</b>	<b>(10,696,605)</b>	222,789,092
<b>Net change in cash and cash equivalents</b>	<b>(41,877,296)</b>	237,341,891
Cash and cash equivalents at beginning of the period	<b>240,045,569</b>	37,280,096
<b>Cash and cash equivalents at end of the period</b>	<b>198,168,273</b>	274,621,987
<b><u>Non-cash transactions during the period</u></b>		
Actuarial gains on re-measurement of employees' benefits	<b>3,662,100</b>	955,000
Intreset capitalized on capital work in progress	<b>18,046</b>	35,928
Transferred from projects in progress	<b>10,735,542</b>	--

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.








**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**

**1. ORGANIZATION AND ACTIVITIES**

National Company for Learning and Education, (“the Company”) a Saudi joint stock company registered under Commercial Registration No. 1010178851 issued in Riyadh dated 4 Jumada I 1423H corresponding to 14 July 2002.

The Company is engaged in ownership, establishment and management of private schools for general education (pre-university) in addition to investment in sport and entertainment along with sport clubs for school students.

The Company operates through its branches mentioned below:

Branch of Tarbyah Namouthajiyah Schools/Al-Rayan District under CR no. 1010205885 dated 12 Muharram 1426H corresponding to 21 February 2005.

Branch of Tarbyah Namouthajiyah Schools/Al-Rawabi District under CR no. 1010226993 dated 24 Dhu Al Hijjah 1427 H corresponding to 14 January 2007.

Branch of Tarbyah Namouthajiyah Schools/Al-Nuzha District under CR no. 1010284328 dated 4 Rabi II 1431 H corresponding to 20 March 2010.

Branch of Tarbyah Namouthajiyah Schools/Qurtoba District under CR no. 1010466961 dated 5 Rabi II 1438 H corresponding to 4 January 2017.

Branch of Tarbyah Namouthajiyah Schools/Beradaa District under CR no. 1131300125 dated 16 Ramdan 1440 H corresponding to 21 May 2019.

On 10 Rabi I 1440H (corresponding to 18 November 2018), the Company's shares were listed and started trading on Saudi Stock Exchange (Tadawul) under the code (4291). The Company's share capital after the IPO became SR 430 million divided into 43 million shares through issuing 13 million shares at a par value of SAR 10 per share in addition to share premium of SR 100.98 million (note 9).

The head office of the Company is located in Riyadh.  
P.O.Box.41980 Riyadh 11531  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

**Statement of compliance**

The accompanying condensed interim financial statements have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization of Certified Public Accountants (SOCPA).

These condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 August 2019. These financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance from the previous year financial statements.

**Basis of measurement**

These condensed interim financial statements have been prepared on a historical cost basis, except for employees’ benefits obligations which are measured using the projected credit unit, the accrual basis of accounting and the going concern concept.

**Functional and presentation currency**

These condensed interim financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Company.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1- Fair value measurement**

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

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

For assets and liabilities that are recognized in the condensed interim financial statements at fair value on a recurring basis, the Company 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 Company has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

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

**2- Recognition of revenue**

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

Step 1: Identify the contract with 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 render a service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company 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: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Company recognizes revenue when (or as) it satisfies a performance obligation by transferring promised goods or performing services to the customer under the contract.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**

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

**2. Recognition of revenue (continued)**

**Education services**

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

**3- Financial instruments**

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

On initial recognition, a financial asset is classified as measured at: amortized 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 fair value through profit or loss.

- 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 instrument is measured at FVOCI only 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 Company 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 amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as 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.

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 recognized in profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized in OCI and are never reclassified to profit or loss.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**

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

**2- Financial instruments (continued)**

**Impairment of financial assets**

The financial assets at amortized cost consist of trade receivables, cash and cash equivalents.

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

The Company measures loss provisions 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 ECL, the Company 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 Company’s historical experience and informed credit assessment and including forward-looking information.

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

**Measurement of ECL**

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

For receivables, the Company applies the simplified approach to estimate ECLs.

**Impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is 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 provisions for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the statement of profit or loss as a separate item.

**Financial liabilities:**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**

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

**Derecognition**

**Financial assets**

A financial asset (or part of a Group of similar financial assets) is disposed mainly (i.e. disposed from the Company's statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired;
- The Company has transferred its rights to receive or incurred cash flows from the asset, or an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; and (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Company has neither transferred nor retained substantially the risks and rewards of the asset.

**Financial liabilities**

The Company derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expired. The Company also derecognizes financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the statement of profit or loss.

**3- Share premium**

The share premium is the difference between the value of the share and its par value at the date of issuance, after deducting the subscription expenses as set out in the published prospectus and may not be distributed as dividends to the shareholders.

**4. CHANGES IN ACCOUNTING POLICIES**

**IFRS 16 'Leases'**

- IFRS 16 'Leases' replaces the following standard and interpretations:
- IAS 17 'Leases.'
- IFRIC 4 'Determining whether an Arrangement contains a lease.'
- IFRIC 15 "Operating leases - incentives.'
- SIC 27 'Evaluating the substance of transactions involving the legal form of a lease.'

The standard determines the principles of recognition, measurement, presentation and disclosure of leases and requires lessees to recognize leases in accordance with an accounting framework in the statement of financial position.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for specific consideration. To assess whether a contract conveys the right to control the use of an identified asset.

**As a lessee**

At the commencement date, the Company shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether, throughout the period of use, the customer has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**

**4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

The Company shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability.

The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Company shall discount lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be easily determined, the Company should use the incremental borrowing rate .

After the commencement date, a lessee shall measure the lease liability by:

- (a) increasing the carrying amount to reflect interest rate on the lease liability;
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Company's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Company changed its assessment whether if it will choose the purchase, extension or termination.

Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the condensed interim statement of income if the carrying amount of the related asset is Zero.

**Short-term leases**

The Company elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less. The Company recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

**Extension options**

In case of leases that provide extension options, the Company assesses whether it is reasonably certain, at commencement date, that the extension options will be exercised. The Company reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

**As a lessor**

When the Company is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Company perform overall assessment whether lease transfers all substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers specific indicators such as whether the lease term is for the major part of the economic life of the underlying asset.

The initial measurement in case of finance leases: the lessor shall use the interest rate implicit in the lease to measure the net investment in the lease .

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**

**4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date :

- (a) fixed payments;
- (b) variable lease payments that depend on an index or a rate;
- (c) any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, a lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Company is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset .

If the head lease is a short-term lease, the Company applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Company shall allocate the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

The Company recognizes lease payments received under operating leases as revenue on a straight-line basis over the lease term as part of "other income."

The Company has studied the existing leases until 30 November 2019 and has concluded that all leases until 30 November 2019 are short-term contracts with a 12-month term or less. Accordingly, the Company has recognized payments of these contracts as expenses on a straight-line basis over the term of the lease.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**  
(Amounts in Saudi Arabian Riyals)

**5. PROPERTY, PLANT AND EQUIPMENT**

	<u>Lands (*)</u>	<u>Buildings and improvements on owned buildings</u>	<u>Furniture and Fixtures</u>	<u>Computers and related equipment</u>	<u>Vehicles</u>	<u>Capital work in progress (**)</u>	<u>Total</u>
<b>Cost</b>							
As at 1 September 2018	101,308,775	222,973,661	28,574,302	49,423,661	7,279,204	110,673,926	520,233,529
Additions during the year	--	136,716	321,773	401,432	--	62,175,877	63,035,798
Disposals during the year	--	--	--	(891,600)	--	--	(891,600)
<b>As at 31 August 2019</b>	<b>101,308,775</b>	<b>223,110,377</b>	<b>28,896,075</b>	<b>48,933,493</b>	<b>7,279,204</b>	<b>172,849,803</b>	<b>582,377,727</b>
Additions during the period	--	905,500	1,518,594	1,629,667	--	15,263,669	18,921,430
Disposals during the period	--	--	--	--	(1,160,640)	--	(1,160,640)
Transfer form capital work in progress	--	9,155,975	208,776	1,370,791	--	(10,735,542)	--
<b>As at 30 November 2019</b>	<b>101,308,775</b>	<b>232,775,852</b>	<b>30,623,445</b>	<b>51,933,951</b>	<b>6,118,564</b>	<b>177,377,930</b>	<b>600,138,517</b>
<b>Accumulated depreciation</b>							
As at 1 September 2018	--	59,600,346	23,199,608	40,566,408	7,256,929	--	130,623,291
Charges for the year	--	6,970,946	2,037,383	2,434,963	7,000	--	11,450,292
Disposals for the year	--	--	--	(636,239)	--	--	(636,239)
<b>As at 31 August 2019</b>	<b>--</b>	<b>66,571,292</b>	<b>25,236,991</b>	<b>42,365,132</b>	<b>7,263,929</b>	<b>--</b>	<b>141,437,344</b>
Charges for the period	--	1,824,613	521,405	638,738	1,777	--	2,986,533
Disposals for the period	--	--	--	--	(1,160,640)	--	(1,160,640)
<b>As at 30 November 2019</b>	<b>--</b>	<b>68,395,905</b>	<b>25,758,396</b>	<b>43,003,870</b>	<b>6,105,066</b>	<b>--</b>	<b>143,263,237</b>
<b>Net book value</b>							
As at 30 November 2019	<b>101,308,775</b>	<b>164,379,947</b>	<b>4,865,049</b>	<b>8,930,081</b>	<b>13,498</b>	<b>177,377,930</b>	<b>456,875,280</b>
As at 31 August 2019	101,308,775	156,539,085	3,659,084	6,568,361	15,275	172,849,803	440,940,383

(\*) Land item includes mortgaged lands to the Ministry of Finance represented in the land of Taribyah Namouthajiyah Schools- Al-Rawabi District amounting to SR 19,681,750 and the land of Taribyah Namouthajiyah Schools- Al-Nuzha District amounted to SR 16,658,500 as at 30 November 2019. In addition, Buildings item includes a mortgaged building to the Ministry of Finance represented in the branch of Tarbyah Namouthajiyah Schools - Al-Rawabi District with net carrying amount of SR 46,958,073 as at 30 November 2019 to secure both loans from the Ministry of Finance (Note 6.1 & 6.2).

(\*\*) The capital work in progress includes School project in Al-Qairawan District represents mainly the value of a plot of land to establish schools in Al-Qairawan District in the amount of SR 44,587,500 mortgaged to a local bank provided that release of mortgage shall be carried out subsequent to paying the last installment on 8 March 2022 (Note 6.4).

(\*\*) The capital work in progress includes Khobar Al Qasr scheme project represents mainly the value of two plots of land to establish schools in Al Qasr scheme in Khobar in a total amount of SR 18,185,377 mortgaged to a local bank by registering this land by the name of a subsidiary of the lending bank provided that the ownership of the land shall be transferred to the Company subsequent to paying the last installment on 18 May 2023 (Note 6.5).



**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**  
(Amounts in Saudi Arabian Riyals)

**6. ISLAMIC MURABAHA AND MINISTRY OF FINANCE LOANS**

Term Islamic Murabaha and Ministry of Finance loans are presented as follows:

Loans from the Ministry of Finance without financial charges

- 6.1 Loan from the Ministry of Finance under loan contract no. 42 to finance the establishment of an educational compound on 1 March 2009 corresponding to 4 Rabi I 1430H. There is an agreement with the Ministry of Finance to obtain the amount of SR 25,000,000 to finance the project of Tarbyah Namouthajiyah - Al Rawabi District (previously Al Hadara School in Riyadh). The payment must be in ten annually equal installments. The first installment started after four years from the date of contract. This loan does not carry any finance charges. Eight installments have been paid amounting to SR 20 million. Outstanding balance of the loan as at 30 November 2019 is SR 5 million. This loan is secured by mortgaging title deed and ownership of real estate including the mortgage of the project land and any constructions thereon whether in the past or in future in favour of the Ministry of Finance.
- 6.2 Loan from the Ministry of Finance under loan contract no. 49 to finance the establishment of an educational compound on 5 January 2010 corresponding to 19 Muharram 1431H. There is an agreement with the Ministry of Finance to obtain the amount of SR 25,000,000 to finance the project of Tarbyah Namouthajiyah - Al Nuzha District. Loan of SR 25,000,000 is to be paid in ten equal annual amount installments. The first installment started after four years from the date of contract. This loan does not carry any finance charges. Seven installments have been paid amounting to SR 17.5 million. Outstanding balance of the loan as at 30 November 2019 is SR 7.5 million. This loan is secured by mortgaging title deed and ownership of a property that includes mortgaging the land of the project in favour of the Ministry of Finance.

Movement in loans obtained from the Ministry of Finance during the period / year is as follows:

	<b>30 November 2019</b>	31 August 2019
Balance at beginning of the period / year	<b>17,500,000</b>	22,500,000
Paid during the period / year	<b>(5,000,000)</b>	(5,000,000)
Balance at end of period / year	<b>12,500,000</b>	17,500,000

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

Total loans at end of the period / year	<b>12,500,000</b>	17,500,000
<u>Less: deferred finance charges</u>		
Balance at beginning of the period / year	<b>(1,993,285)</b>	(3,233,122)
Finance charges for the period / year	<b>285,701</b>	1,239,837
Balance at end of period / year	<b>(1,707,584)</b>	(1,993,285)
Present value of loans at end of the period / year	<b>10,792,416</b>	15,506,715

- 6.3 Deferred revenue "government grants" have been recognized by the difference between the current value of government loans and their nominal value granted by the Ministry of Finance to the Company (notes 6.1 and 6.2).

	<b>30 November 2019</b>	31 August 2019
Balance at the beginning of the period / year	<b>1,993,285</b>	3,233,122
Amortization during the period / year	<b>(285,701)</b>	(1,239,837)
Deferred revenue of government grants at the end of the period / year	<b>1,707,584</b>	1,993,285
Current portion of deferred revenue of government grants	<b>883,724</b>	1,035,650
Non-current portion of deferred revenue of government grants	<b>823,860</b>	957,635
Deferred revenue of government grants at the end of the period / year	<b>1,707,584</b>	1,993,285

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**  
(Amounts in Saudi Arabian Riyals)

**6. ISLAMIC MURABAHA AND MINISTRY OF FINANCE (CONTINUED)**

Commercial banks' Islamic Murabaha

- 6.4 Murabaha from a commercial bank to finance acquisition of a plot of land in Al-Qairawan District in Riyadh on 7 March 2016 corresponding to 27 Jumada I 1437 H. Murabaha has been obtained amounting to SR 40,697,967 including returns of SR 9,721,973 at a profit return rate of 7.5% provided that Murabaha shall be repaid in ten equal semi-annual installments of SR 4,069,797 each. The first installment was repaid on 10 September 2017. Murabaha has been obtained through mortgaging this land in the name of a subsidiary of the said bank as a collateral, provided that release of mortgage shall be carried out subsequent to the repayment of the last installment on 8 March 2022. Outstanding balance of Murabaha as at 30 November 2019 is SR 20,348,983.
- 6.5 Murabaha from a commercial bank to finance acquisition a plot of land in Khobar on 18 May 2017 corresponding to 21 Sha'ban 1438 H. Murabaha has been obtained amounting to SR 16,975,695 including returns of SR 4,341,174 at profit return rate of 8.25% to purchase two plots of land to build schools in Khobar provided that Murabaha shall be repaid in ten equal semi-annual installments of SR 1,626,808 each. The first installment was repaid on 18 November 2018. Murabaha has been obtained by mortgaging these lands in the name of a subsidiary of the said bank provided that the release of mortgage shall be carried out subsequent to the repayment of the last installment on 18 May 2023. Outstanding balance of Murabaha as at 30 November 2019 is SR11,387,655.
- 6.6 Murabaha from a commercial bank to finance a school complex in Al-Qairawan District in Riyadh and a school complex in Khobar on 15 August 2017 corresponding to 23 Dhu Al-Qa'dah 1438H. The facility agreement has been approved by the General Assembly in its meeting held on 8 January 2018 corresponding to 21 Rabi II 1439H as a facility with a limit of SR 150 million has been obtained for a period of 7 years including returns at profit return rate at SIBOR +2% provided that the facility shall be repaid in semi-annual installments. The facility has been obtained through mortgaging real estates of the facility in addition to a promissory note with the maximum limit of the amount or outstanding thereof and amerceable bail and performing by the Chairman and the Managing Director at the date of obtaining Murabaha. An amount of SR 1,269,585 has been utilized including returns of SR 360,495. The first installment will be repaid on 13 January 2019. Outstanding balance of Murabaha as at 30 November 2019 is SR 1,218,085.

Movement in commercial banks' Islamic Murabaha during the period / year is as follows:

	<b>30 November 2019</b>	<b>31 August 2019</b>
	<u>                    </u>	<u>                    </u>
Balance at beginning of the period / year	<b>38,651,328</b>	50,096,036
Repayment during the period / year	<b>(5,696,605)</b>	(11,444,708)
Balance at the end of the period / year	<b><u>32,954,723</u></b>	<b><u>38,651,328</u></b>
The present value of Islamic Murabaha obtained from commercial banks is as follows:	<b>30 November 2019</b>	<b>31 August 2019</b>
	<u>                    </u>	<u>                    </u>
Total Murabaha at the end of the year	<b>32,954,723</b>	38,651,328
<u>Less: deferred financial charges</u>		
Balance at beginning of the period / year	<b>(4,315,068)</b>	(7,134,644)
Financial charges for the period / year	<b>592,335</b>	2,819,576
Balance at the end of the period / year	<b><u>(3,722,733)</u></b>	<b><u>(4,315,068)</u></b>
Present value at the end of the period / year	<b><u>29,231,990</u></b>	<b><u>34,336,260</u></b>

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**  
(Amounts in Saudi Arabian Riyals)

**6. ISLAMIC MURABAHA AND MINISTRY OF FINANCE (CONTINUED)**

6-7 Movement in total Islamic Murabaha and Ministry of Finance loans during the period / year is as follows:

	<b>30 November 2019</b>	31 August 2019
Balance at beginning of the period/year	<b>56,151,328</b>	72,596,036
Repayment during the period / year	<b>(10,696,605)</b>	(16,444,708)
<b>Balance at end of the period / year</b>	<b>45,454,723</b>	56,151,328
<b>Less: deferred finance charges</b>		
Balance at beginning of the period / year	<b>(6,308,353)</b>	(10,367,766)
Finance charges during the period / year	<b>878,036</b>	4,059,413
Balance at end of the period / year	<b>(5,430,317)</b>	(6,308,353)
<b>Present value of Islamic Murabaha and Ministry of Finance loans at end of the period / year</b>	<b>40,024,406</b>	49,842,975
Current portion of of long-term Islamic Murabaha and Ministry of Finance loans	<b>16,444,708</b>	15,409,058
Non-current portion of long-term Islamic Murabaha and Ministry of Finance loans	<b>23,579,698</b>	34,433,917
<b>Present value of Islamic Murabaha and Ministry of Finance loans at end of the period / year</b>	<b>40,024,406</b>	49,842,975

**7. ADVANCED REVENUE**

Advanced revenue represents education fees collected in advance for educational services for the remaining period of current academic year.

**8. FINANCIAL ASSETS AND LIABILITIES**

**8.1 Financial assets**

	<b>30 November 2019</b>	31 August 2019
Financial assets at amortized cost:		
Accounts receivable	<b>46,848,722</b>	31,007,029
Prepayments and other receivables	<b>35,489,738</b>	16,655,687
Cash and cash equivalents	<b>198,168,273</b>	240,045,569
<b>Total financial assets at amortized cost</b>	<b>280,036,733</b>	287,708,285

**8.2 Financial liabilities**

	<b>30 November 2019</b>	31 August 2019
Financial liabilities at amortized cost:		
Islamic Murabaha and Ministry of Finance loans	<b>40,024,406</b>	49,842,975
Trade payable	<b>2,165,491</b>	1,300,645
Accrued expenses and other liabilities	<b>8,454,783</b>	7,120,277
<b>Total financial liabilities at amortized cost</b>	<b>50,644,680</b>	58,263,897
Current portion of financial liabilities	<b>27,064,982</b>	23,829,980
Non-current portion of financial liabilities	<b>23,579,698</b>	34,433,917
<b>Total financial liabilities</b>	<b>50,644,680</b>	58,263,897

The carrying amount of financial assets and financial liabilities are not significantly different from their fair values.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**  
(Amounts in Saudi Arabian Riyals)

**9. SHARE CAPITAL**

On 10 Rabi I 1440H (corresponding to 18 November 2018), the company's shares were listed and started trading on Saudi Stock Exchange (Tadawul) under the code (4291). The Company's share capital after the IPO was SR 430 million divided into 43 million shares through issuing 13 million shares at a par value of SAR 10 per share. The share price on the issue date was SR 19 and the share premium was SR 117 million. The IPO expenses reduced the share premium amount by SR 16 million so the share premium balance at 30 November 2019 became SR 100.98 million.

**10. COMMITMENTS**

	<b>30 November 2019</b>	31 August 2019
Contractual obligations for suppliers	<b>1,803,856</b>	951,645
Capital commitments – Capital work in progress	<b>69,626,173</b>	79,651,300
	<b>71,430,029</b>	80,602,945

**11. RELATED PARTIES**

The Company's transactions with related parties are in ordinary course of business. These transactions are carried out at mutually agreed terms, and are approved by Company's management. Following are the details of major transactions with related parties:

	Nature of transaction	<b>30 November 2019</b>	31 August 2019
Aja Trading and Contracting Company – affiliate	Contraction contract	--	7,064,739
Rivan Operation and Maintenance Company – affiliate	Man power and supervision on projects in progress	<b>1,759,169</b>	7,337,260
		<b>30 November 2019</b>	31 August 2019
<b>Due from related parties (within prepayments and other receivables)</b>			
Aja Trading and Contracting Company		<b>196,956</b>	196,956
		<b>196,956</b>	196,956
<b>Due to related parties (within accrued expenses and other payables)</b>			
Aaj Real Estate Company		<b>104,002</b>	104,002
Revan Operation and Maintenance Company		<b>489,767</b>	700,961
		<b>593,769</b>	804,963
<b>Key management personnel compensation</b>			
		<b>30 November 2019</b>	30 November 2018
Salaries and other short-term benefits		<b>831,585</b>	925,033

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**  
(Amounts in Saudi Arabian Riyals)

**12. SEGMENT REPORTING**

The Company operates in the ownership and management of private schools for public education. Information related to operating segments if the Company mentioned below are regularly submitted to Operating Decision Makers in the Company.

- The Company's principal activities are related to the following main business segments:

- Al-Rayyan schools
- Al-Rawabi schools
- Al-Nuzha schools
- Qurtoba schools
- Beridaa schools

**For the three-month period ended 30 November 2019**

	<u>Al-Rayyan Schools</u>	<u>Al-Rawabi Schools</u>	<u>Al-Nuzha Schools</u>	<u>Qurtoba Schools</u>	<u>Beridaa Schools (*)</u>	<u>Capital work in progress</u>	<u>Total</u>
Revenue	17,325,921	18,460,189	12,799,605	1,566,477	436,525	--	50,588,717
Government grants and subsidies	352,500	462,007	621,194	72,500	--	--	1,508,201
Cost of revenue	<u>(10,130,315)</u>	<u>(12,033,313)</u>	<u>(7,912,576)</u>	<u>(1,341,818)</u>	<u>(453,591)</u>	--	<u>(31,871,613)</u>
<b>Gross profit</b>	<u>7,548,106</u>	<u>6,888,883</u>	<u>5,508,223</u>	<u>297,159</u>	<u>(17,066)</u>	--	<u>20,225,305</u>
Property, plant and equipment	<u>83,794,382</u>	<u>69,567,192</u>	<u>81,331,454</u>	<u>33,156,370</u>	<u>11,647,952</u>	<u>177,377,930</u>	<u>456,875,280</u>
Depreciation	<u>664,660</u>	<u>753,248</u>	<u>1,098,153</u>	<u>3,07,332</u>	<u>163,140</u>	--	<u>2,986,533</u>

**For the three-month period ended 30 November 2018**

	<u>Al-Rayyan schools</u>	<u>Al-Rawabi schools</u>	<u>Al-Nuzha schools</u>	<u>Qurtoba schools</u>	<u>Beridaa Schools</u>	<u>Capital work in progress</u>	<u>Total</u>
Revenue	17,996,288	16,998,892	14,193,322	689,381	--	--	49,877,883
Government grants and subsidies	625,000	861,923	1,074,034	92,500	--	--	2,653,457
Cost of revenue	<u>(10,768,863)</u>	<u>(11,366,215)</u>	<u>(8,561,709)</u>	<u>(759,099)</u>	--	--	<u>(31,455,886)</u>
<b>Gross profit</b>	<u>7,852,425</u>	<u>6,494,600</u>	<u>6,705,647</u>	<u>22,782</u>	--	--	<u>21,075,454</u>
Property, plant and equipment	<u>85,355,028</u>	<u>71,579,193</u>	<u>85,220,109</u>	<u>33,699,975</u>	--	<u>117,827,836</u>	<u>393,682,141</u>
Depreciation	<u>717,212</u>	<u>786,702</u>	<u>1,050,538</u>	<u>366,038</u>	--	--	<u>2,920,490</u>

As the Company's activities and the way of its management, it is not practical to distribute the remaining assets and liabilities in accordance with different sectors.

(\*) Beridaa Shools generated gross loss as it is the first-year operation.

**NATIONAL COMPANY FOR LEARNING AND EDUCATION**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**30 November 2019**  
(Amounts in Saudi Arabian Riyals)

**12. SEGMENT REPORTING (CONTINUED)**

Information about reportable segments with profit for the company

	<b>30 November 2019</b>	30 November 2018
Gross profit from sectors	<b>20,225,305</b>	21,075,454
Undistributed amount		
Marketing and advertising expenses	<b>(176,265)</b>	(90,173)
General and administrative expenses	<b>(7,236,528)</b>	(7,490,031)
Other income	<b>342,085</b>	575,585
Impairment losses of account receivables	<b>(470,000)</b>	(631,852)
Finance costs, net	<b>(362,157)</b>	(1,606,281)
Total undistributed amount	<b>(7,902,865)</b>	(9,242,752)
Profit before Zakat	<b>12,322,440</b>	11,832,702

**13. FINANCE COST, NET**

	<b>30 November 2019</b>	30 November 2018
Finance charges for Islamic Murabaha (note 6.6)	<b>574,289</b>	819,324
Finance charges for government grants (note 6.2)	<b>285,701</b>	375,957
Interest cost of end of service benefits	<b>381,000</b>	411,000
Short-term islamic deposits' returns	<b>(878,833)</b>	--
	<b>362,157</b>	1,606,281

**14. BASIC AND DILUTED EARNINGS PER SHARE**

Earnings per share from operating profit and net profit is calculated by dividing profit for the period attributable to the Company's ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is the same as basic earnings per share as the Company has no potential diluted instruments.

	<b>30 November 2019</b>	30 November 2018
Profit for the period	<b>11,638,626</b>	11,475,227
Weighted average number of shares	<b>43,000,000</b>	31,857,143
	<b>0.27</b>	0.36

**15. APPROVAL OF THE FINANCIAL STATEMENTS**

The condensed interim financial statements were approved for issuance by the board of directors on 12 Jumada I 1441H (corresponding to 7 January 2020 G).