



الشركة الوطنية للتربية والتعليم
NATIONAL COMPANY FOR LEARNING & EDUCATION

Annual
Report
2019



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



His Royal Highness Prince
Mohammed Bin Salman
Bin Abdulaziz Al Saud
Crown Prince, Deputy Prime
Minister, Minister of Defence
May Allah save him



His Majesty
King Salman
Bin Abdulaziz Al Saud
Custodian Of The Two
Holy Mosques
May Allah save him



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Overview of the National Company for Learning and Education

The National Company for Learning and Education (NCLE) was established in 1958G. With its experience extending to sixty years, the company has been placed at the forefront of educational companies that provide services to students of public education. Till it became the first company in the public education sector in Saudi Arabia to be listed in the Saudi Capital Market in November 2018G. The company shares were offered to the public and the offering proceeds have been utilized to finance the company's expansion projects and activities.

Since its inception, the company has been keen to provide world class quality education within an educational framework that aims to achieve specific goals in the educational field. The most important goals are as follows:

- Developing students' self-potentials
- Developing students' personalities
- Preparing students to university education
- Developing educational competencies and scientific and practical skills of teachers

The company has been awarded several international certificates, such as the International Quality Management Certificate (ISO 9002), participation awards and medals and distinction shields such as the Distinction Award for Leadership and Management obtained for consecutive years. In addition, some of the company's students had been honored by representing the Kingdom in many regional and international competitions.

The company has now Several existing educational campuses in Riyadh and Al Qassim Regions, with the capacity to accommodate more than 17,000 students and distributed to all educational levels, kindergarten, elementary, intermediate, secondary in addition to the international education program. The work team in these campuses is comprised of around 1400 male and female personnel. The educational buildings were established in line with the highest standards, combining educational and cultural halls and scientific laboratories on the one hand, and entertainment and sports facilities on the other. The buildings were constructed on an area of more than half million square meters.

The work is also underway to build several integrated educational previously disclosed campuses, both in Riyadh and the Eastern Region. Moreover, the company has expansion plans through the acquisition of high-quality existing schools, contributing to geographical outreach in all regions, in line with the capacities and economic strategic studies.

Today is one of the pivotal points in the history of the company, as it has exceeded the starting point, reaching a new stage, in line with foundations and controls that have contributed to raising the level of performance. This in turn has ensured for the company that it follows the best standards, preserving the rights of its shareholders.



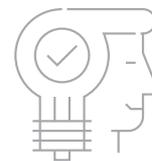
Developing students' self-potentials



Developing students' personalities

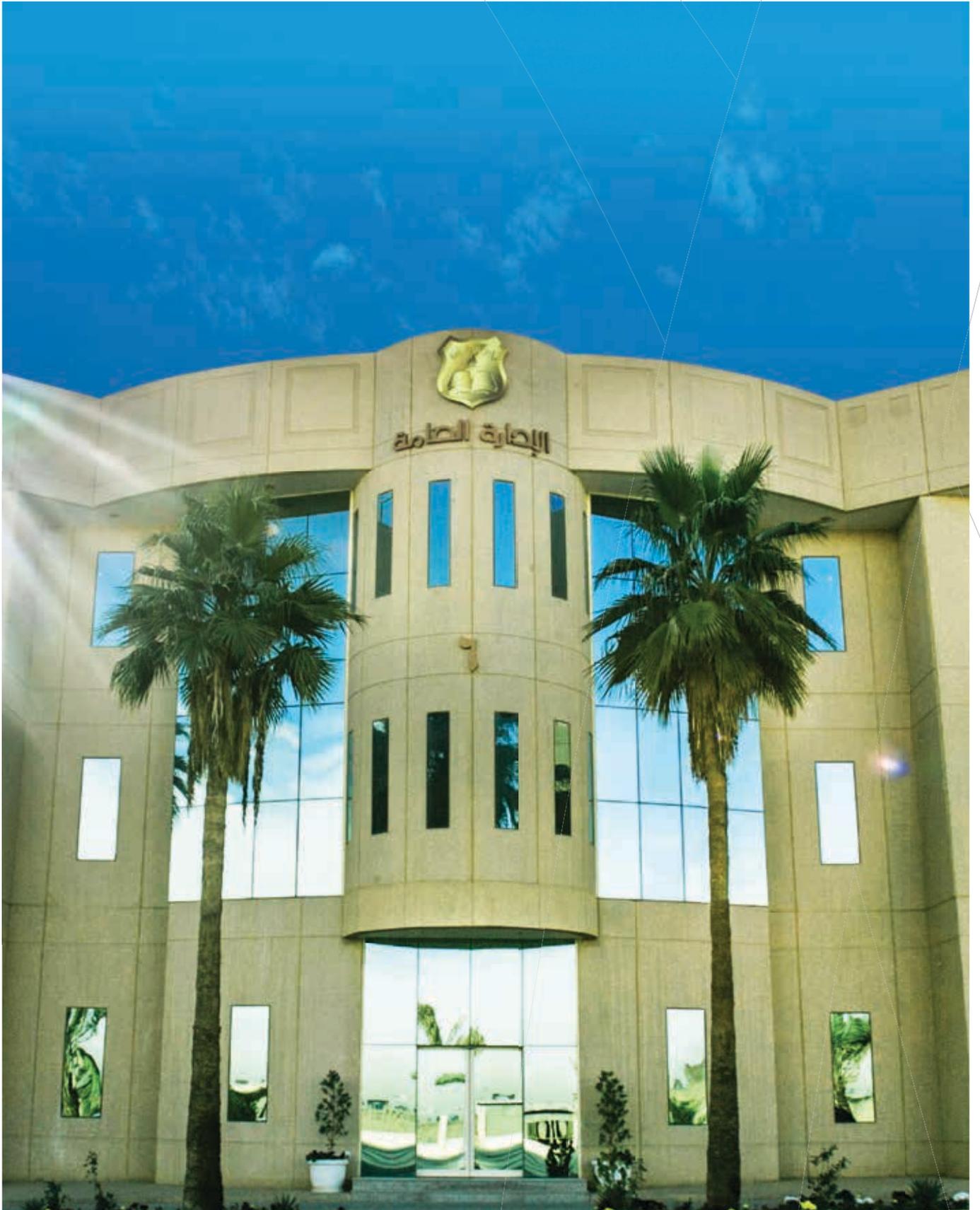


Preparing students to university education



Developing educational competencies and scientific and practical skills of teachers







Vision, Mission, Values

Vision

To become the first national reference in the operation of educational facilities through student-pivoted education.

Mission

Since 1958G, we have been investing in knowledge and educational facilities to provide education that aims at building student's personality around leadership, research and innovation.

Values

Sustainable Development

By developing cutting edge educational means and activities and continuing to improve our performance and efficiencies.

Credibility and Transparency

The credibility in dealing with transparency and clarity with all our Stakeholders, including investors, employees, students and parents, and safeguarding the rights of shareholders with honesty and truthfulness.

Adding Value

To go beyond expectations and add value to the educational sector.

Safety and Security

Commitment to apply the highest security and safety standards in our educational facilities.

Discipline

In the provision of educational services in an educational environment embarked by discipline and respect of laws and regulations.

Teamwork

Through enabling our employees to take decisions and achieve the goal in line with standard criteria, including innovation and creativity, through launching the ethos of initiatives, in order for us to move forward and instigate the culture of innovation.







Message of the Board Chairman



Today, the National Company for Learning and education has completed the first year of its journey as the first public company joining the Saudi Capital Market.

The company has laid out its strategy in parallel with vision 2030 through expansion in investment in the field of education and development of educational services provided to qualify students of the Kingdom.

The early expansion works was increase of the company's capital through the initial public offering of company's shares in order to finance company's projects. Although we are part of a sector and business characterized primarily by long term investment, with the grace of Allah, we are proud that we have made a number of achievements. Along with developing promises rendered in the prospectus, new program but not limited to advancing the operation of Buraidah Campus in Al Qassim Region for a whole academic year. The numbers of students accepted in the campus have significantly surpassed expectations.

The company is moving forward with its expansion activities while maintaining quality and applying the highest standards in the operation and management of educational campuses. The company is also working on expansion through acquisitions and purchase of existing high-quality educational campuses in Riyadh and all Regions Kingdom-wide to achieve the growth and returns to shareholders.

We, in the National Company for Education and Learning, confirm that we are part of the vital sectors that are closely linked to the society and strongly connected to enhancing the national economy. Education is contributing to the transformation of the economy from a single source of income to an economy that relies on highly skilful minds and creative and productive human potentials. This shoulders us with more responsibility in providing outstanding educational products and services in order to build a globally competitive knowledgeable society that promotes creativity and innovation.

In conclusion, I extend my sincere thanks and appreciation for your confidence in the management of the National Company for Learning and Education. I would also like to thank the Board of Directors for their continued guidance and efforts in laying out the company's strategies. Many thanks to the colleagues in the executive management and all employees of the departments of the company for their sincere efforts.

Looking forward to more successes and achievements, we remain.

Khalid Bin Mohammed Al Khudair

Board Chairman,
National Company for Learning and Education







Strategic Goals and Strengths

Strategic Goals of the Company



To provide quality world class education within a pedagogical framework.



To develop students' self-potentials and personalities.



To contribute to improving pre-university education outputs.



To develop investment in the national education field.



To create more jobs in the national education sector.



To contribute to achieving the suitable profits & margins to ensure investor's continuity.



To develop educational competencies and the scientific and practical skills of teachers.



To take part in building, advancing and developing the society in all aspects of life.



To provide free educational environments that encourage the ethos of initiative and innovation in the field of education.



Strengths and Competitive Advantages

- Governance: Internal by-laws and regulations are in place to ensure development of sound administrative structures guiding how decisions are taken; distributing responsibilities, authorities and duties and explaining the relation between related parties including board of directors, the management, shareholders and stakeholders. This shall be in a manner that causes no conflict of interests between these parties and results in achieving investors' interests, ensuring continuous growth of the company and supporting its competitive edge. Governance also helps in providing financing and generating profits. The most important governance mechanisms applied are accounting standards, quality measurement and information production control mechanisms.
- Future expansion vision, strategic direction, identifying company business field and those who benefit from its services, clarity of organizational structure and policies and philosophical frameworks that govern decision taking to reach for continuous performance that excels.
- The long and deep experience of the company for nearly 60 years in private education qualifies it to be one of the biggest companies specialized in the development and management of national educational projects in the Kingdom of Saudi Arabia and a credible and trusted pioneer reference in the transfer of knowledge and education.
- The unique school model due to the available distinct infrastructure, modern buildings, furnishings, facilities, technological support and all requirements to achieve the educational process goals.
- Human Resources are the most important assets of the company. The company always seeks to recruit the best talents and trained, national, Arab and international educational and administrative experiences supplied with academic and professional qualifications in line with the best standards. Such resources are distinguished by their cumulative and deep experience and ideal practices, which qualify the company to achieve its vision and goals in light of performance indicators identified in the successive strategic plans.
- The company is keen to build partnerships with the best national and international houses on the one hand and with the beneficiaries and stakeholders on the other hand. It works closely with them to achieve the joint goals.
- The company has achieved continuous profits during its march, which provided the company with the required financial resources, liquidity and flexibility sufficient for the expansion and development processes through relying heavily on self-financing. These profits have also enabled the company to warrant achieving its vision and future goals.

Overview of Company Business

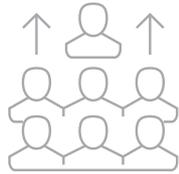


Company Business and Operations:

The business of the National Company for Learning and Education includes possession, construction and management of general educational schools (pre-university), investment in sports, recreation and sports clubs. The combined capacity of the five existing campuses for the fiscal year 2019G/2020G stands at around 17,500 male and female students, including part of the capacity of Buraidah schools' campus. However, the real number of students stands close

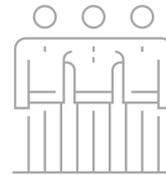
to 11,700 students, and the number of educational and administrative personnel is more than 1,400 employees. The combined area of the current school campuses is more than 235,000 square meters. The company provides its educational services for both Genders, males and females, in line with the Saudi National Curriculum as well as the International American Curriculum.





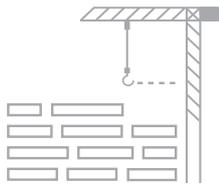
11,718

Number of students in 2019G
an increase of 123 students
compared to 2018G



17,500

Total capacity of existing
educational campuses



5

Existing educational
campuses and 4 campuses
under construction



67%

Occupancy rate including
in part Buraidah campus,
which has been opened recently



88%

Male and female students
in the National curriculum



12%

Male and female students
in the International curricula

The company runs its main activities through five educational campuses:

1. Al Tarbiyah Namouthajiyah Schools Campus – Al Rayyan:

The campus is located in Al Rayyan District, Prince Majed Bin Abdulaziz Street, in the city of Riyadh. It is constructed on a land area of 59,927 square meters with a built-up area of 92,887 square meters. The campus was opened in 1980G.

The educational campus provides private education services in line with the national curriculum for kindergarten, elementary, intermediate and secondary levels. It has a maximum capacity of 6,000 male and female students.

2. Al Tarbiya Al Namouthajiyah Schools Campus – Al Rawabi:

The campus is located in Al Rawabi District, Al Waha Street in the city of Riyadh. It is constructed on a land area of 35,785 square meters with a built-up area of 55,3030 square meters.

It is worth mentioning that the company has acquired Al Hadarah Schools in 2006G, which was Transformed to Al Tarbiyah Al Namouthajiyah Schools Campus – Al Rawabi, after construction in 2009G.

The educational campus provides private educational services in line with the national curriculum and the international American Curriculum for kindergarten, elementary, intermediate and secondary levels. The maximum capacity of the campus is 5,000 male and female students.

3. Al Tarbiya Al Namouthajiyah Schools Campus – Al Nuzha:

The campus is located in Al Nuzha District, Prince Megren Bin Abdulaziz Road, in the city of Riyadh. It is constructed on an area of 29,250 square meters and a built-up area of 53,246 square meters. The campus was opened in 2013G.

The educational campus provides private education services in line with the national curriculum for kindergarten, elementary, intermediate and secondary levels and in line with the International American Curriculum added during the academic year 2019G - 2020G, for kindergarten, elementary, intermediate and secondary levels. It has a capacity of 5,000 male and female students.

4. Al Tarbiya Al Namouthajiyah Schools Campus – Qurtobah:

The campus is located in Qurtobah District, Al Saleh Road, in the city of Riyadh. It is constructed on an area of 5,416 square meters and a built-up area of 10,500 square meters. The campus was opened and operated in the beginning of the academic year 2017G - 2018G.

The educational campus provides private educational service in line with the national curriculum for the kindergarten and elementary levels (from grade one to grade three). It also provides educational services in line with the International American Curriculum, which was added for the kindergarten and elementary levels in the academic year 2019G - 2020G. The campus has a capacity of 1,200 male and female students.

5. Al Tarbiya Al Namouthajiyah Schools Campus – Buraidah:

The campus is located north of the city of Buraidah and is constructed on a land area of 12,661 square meters with a total built-up area of 24,500 square meters. The campus was opened and operated in part in the beginning of the of the academic year 2019G - 2020G. The construction of the campus was financed from the offering proceeds.

The educational campus provides private education service in line with the national curriculum for kindergarten, elementary, intermediate and secondary levels. It has a maximum capacity of 3,000 male and female students.



The company is now working on the construction of four new educational campuses for boys and girls, with a total capacity of 14,750 male and female students, as follows:

1. Al Tarbiya Al Namouthajiyah Schools Campus – Al Qairawan:

The project is located in Al-Qairawan District, Saud Bin Abdullah Bin Jalawi Road in the city of Riyadh. It is constructed on a land area of 29,000 square meters with a built-up area of 46,500 square meters. The campus capacity is 5,200 male and female students. The campus will provide private education services in line with the national curriculum and the International American Curriculum for kindergarten, elementary, intermediate and secondary levels.

3. Al Tarbiya Al Namouthajiyah Schools Campus – Al Qasr 1:

The project comprises the construction of an educational campus in the city of Al-Khobar in Al-Qasr District on a land area of 11,802 square meters, and a total built-up area of 20,500 square meters and a capacity of 2,650 female students distributed at all educational levels. The campus will be allocated to girls only and will serve all pre-university education levels from kindergarten to high school. The educational campus will provide the Ministry of Education Curricula as well as international curricula.

2. Al Tarbiya Al Namouthajiyah Schools Campus – Tilal Al Doha (Al-Taraji Project):

The project comprises the construction of an educational campus in Tilal Al Doha District in Dhahran in the Eastern Region on a total land area of 9,875 square meters, and a built-up area of 20,500 square meters and a capacity of 3,000 students distributed at all educational levels (save as kindergarten level). The campus will be allocated to boys only and will serve educational levels from kindergarten to high school. The educational campus will provide the Ministry of Education Curricula as well as international curricula.

4. Al Tarbiya Al Namouthajiyah Schools Campus – Al Qasr 2:

The project comprises the construction of an educational campus in the city of Al-Khobar in Al-Qasr District on a land area of 14,892 square meters, and a total built-up area of 24,500 square meters and a capacity of 3,900 Male students distributed at all educational levels (save as kindergarten level). The campus will be allocated to boys only and will serve education levels from kindergarten to high school. The educational campus will provide the Ministry of Education Curricula as well as international curricula.



Most Important Events and Development in Company History

1958

The school was established and approved by the Ministry of Education under No. 15494, dated 14/07/1378H.

1959

The name of the school was changed to "Al-Tarbya Al-Namouthajjiya School".

1980

The first educational campus was established and opened in Al-Rayan District in the city of Riyadh.

1986

A license was issued by the General Presidency for Girls' Education was issued to open Al-Tarbya Al-Namouthajjiya Schools.

2002

The company was converted to a closed joint stock company keeping its name "Al-Tarbya Al-Namouthajjiya Schools", with a capital of one hundred and twenty-two million and seven hundred and eighty thousand Saudi Riyals (SAR122.780.000). The subscription in the company was limited to founding shareholders.

2004

The name of the company was changed from "Al-Tarbya Al-Namouthajjiya Schools" to the National Company for Learning and Education, under the partners' resolution issued in the extraordinary general assembly meeting of the company.

2006

- Al Hadara Schools in the city of Riyadh, currently representing the educational campus in Al-Rawabi District in the city of Riyadh was acquired.
- The company capital was increased from one hundred and twenty-two million and seven hundred and eighty thousand Saudi Riyals (SAR 122.780.000) to two hundred million Saudi Riyals (SAR200.000.000) via capitalization of retained earnings and cash injection.

2009

The second educational campus was constructed and opened in Al-Rawabi District in the city of Riyadh.

2013

The third educational campus was established and opened in Al-Nuzha District in the city of Riyadh.

2016

The company capital was increased from two hundred million 200.000.000 Saudi Riyals to three hundred million 300.000.000 Saudi Riyals via capitalization of retained earnings and statutory reserve.

2017

The fourth educational campus was opened in Qurtobqh District in the city of Riyadh.

2018

The company capital was increased from three hundred million 300.000.00 Saudi Riyals to four hundred and thirty million 430.000.000 Saudi Riyals through the public offering of around 13 million shares in the Saudi Capital Market.

2019

The fourth educational campus was opened in the city of Buraidah in Al-Qassim Region and was financed from the offering proceeds.



Board of Directors' Report

1. Provisions of the Companies' Governance Regulations that have been applied and those that have not been applied and causes of non-application

Article/paragraph No.	Article Text	Causes of Non-Application
11 paragraph 7	Issuing or approving purchase of excellent shares or converting ordinary shares to excellent shares or converting excellent shares to ordinary shares, based on a text in the company articles of incorporation and line with the controls and regulatory measures issued in implementation of the Companies' Law with respect to joint stock listed companies	This article is not mandatory in the company article of incorporation and the company has no current plans to apply it
20 paragraph c item 10	Must have spent more than nine consecutive or separate years as member of the board	This will be observed in the next board session, as this paragraph is mandatory from the date of the session of the board of the listed company which will be after 01/01/2019G
32 paragraph b	The board of directors shall hold four meetings each year at least with no less than one meeting every 3 months	This article has not been applied as it serves as a guide
70-71-72	Articles for the formation of the risk management committee, and identifying its jurisdictions and meetings	This article has not been applied as it serves as a guide
85	(Motivation of Employees) the company sets programs to develop and motivate company employees' participation and performance. These programs include the following in particular: <ol style="list-style-type: none"> 1. Forming committees or holding specialized workshops to listen to opinions of company employees and discuss with them issues and subjects related to important decisions 2. Programs for granting employees stocks in the company or shares from profits achieved, pension programs and establishing an independent fund for spending on these programs 3. Establishing social institutions for employees of the company 	This article has not been applied as it serves as a guide
87	Developing a policy that ensures balance between company goals and the those aspired to be achieved by the society for the purpose of developing the social and economic conditions of the society	This article has not been applied as it serves as a guide
95	Forming the Companies Governance Committee	This article has not been applied as it serves as a guide

2. Names of Board Members, Committee Members, Executive Management, Current and Previous Posts, Qualifications and Experiences

a. Board Members

Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
1	Mohammed Bin Ibrahim Al Khudair	<ul style="list-style-type: none"> Board Chairman, National Company for Learning and Education Board Chairman, Aaj Real Estate Investment Company Board Chairman, Aja Trading and Contracting Company Owner of Waqf Mohammed Ibrahim Al Khudair Establishment Partner in Mohammed Bin Ibrahim Al Kjudair Holding Group Company 	<ul style="list-style-type: none"> Director General, Administrative Affairs, University of Riyadh Teacher and Translator in Saudi Arabian Oil Company (ARAMCO) 	High School	<ul style="list-style-type: none"> Board Chairman of the National Company for Education and Learning from 2002G, to date Director General of Administrative Affairs in the University of Riyadh from 1967G to 1971G. Teacher and Translator in the Saudi Arabian Oil Company (ARAMCO) from 1949G to 1954G

Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
2	Khalid Bin Mohammed Al Khudair	<ul style="list-style-type: none"> Deputy Chairman and Managing Director, National Company for Learning and Education Deputy Chairman, Aja Real Estate Investment Company Deputy Chairman, Aja Trading and Contracting Company General Manager, Revan Operation and Maintenance Company Ltd. Board Chairman, Yamami Holding Company General Manager, Mohammed Bin Ibrahim Al Khudair Holding Group Company Chairman of the Board of Trustees, Al Yamamah National University Company Ltd. Director of Waqf, Mohammed Ibrahim Al Khudair Establishment 	NA	Bachelor of Media, Imam Mohammed Bin Saudi Islamic University, 1985G, Riyadh, Kingdom of Saudi Arabia	<ul style="list-style-type: none"> Deputy Board Chairman and Managing Director, National Company for Learning and Education from 2002G to September 2019G General Manager, Revan Operation and Maintenance Company General Manager, Yamami Holding Company Director of Waqf Mohammed Ibrahim Al Khudair Establishment General Manager, Mohammed Ibrahim Al Khudair Holding Group since 2015G until the date of this report Chairman of the Board of Trustees, Al Yamamah National University since 2003G until the date of this report
3	Abdulaziz Bin Mohammed Al Suwailem	<ul style="list-style-type: none"> Board Member, and Audit Committee Member, National Company for Education and Learning Managing Director, Mohammed Al Ali Al Suwailem Investment Company Board Member, Mohammed Al Ali Al Suwailem Trading Company Member of the Board of Trustees, Mohammed Ali Al Suwailem Establishment 	NA	<ul style="list-style-type: none"> Master of Business Administration, Colorado University of Technology, 1999G, Denver, United States of America Bachelor of Economics, Imam Mohammed Bin Saudi Islamic University, 1990G, Riyadh, Kingdom of Saudi Arabia 	<ul style="list-style-type: none"> Board Member, National Company for Learning and Education since 2002G General Manager, Middle East Metal and Plastic Moulds Company since 2010G General Manager, Golden Hotels Company since a year General Manager, Spring Refrigeration and Flexible Packaging Factory since 2008G



Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
4	Abdulaziz Homoud Ibrahim Al-Thiab	<ul style="list-style-type: none"> Board Member, National Company for Learning and Education, and member of the Nominations and Remuneration Committee Partner and General Manager, Abdulaziz Al-Thiab and Brothers Company Partner and Chairman of the Board of Directors, Millennium Communications Company Partner and Deputy Board Chairman, Hana Food Industries Partner and Director, Rowad Al Watan Real Estate Investment Company Ltd. 	NA	General High School Certificate, Al-Tarb-ya Al-Namouthajjiya Schools, 1994G, Riyadh, Kingdom of Saudi Arabia.	<ul style="list-style-type: none"> Board member, National Company for Learning and Education A director in Rowad Al Watan Real Estate Development Company since 2004G General Manager, Abdulaziz Al-Thiab and Brothers Company since 2001G Board Chairman, Millennium Communications Company since 2008G
5	Ibrahim Bin Ali Al Oboudi	<ul style="list-style-type: none"> Board Member and member of the Nomination and Remuneration Committee, National Company for Learning and Education since 2002G to date Partner and General Manager, Al Oboudi Company for Reconstruction and Development Partner and General Manager, Arabian Products Factory for Medical Disinfectants Owner and General Manager, Ibrahim Al Oboudi Foundation for Charity Housing 	NA	General Secondary School Certificate, Al Mothannab High School, Al Qassim Region, Kingdom of Saudi Arabia	<ul style="list-style-type: none"> Board Member, National Company for Learning and Education General Manager, Al Oboudi Company for Reconstruction and Development General Manager, Arabian Products Factory for Medical Disinfectants General Manager, Ibrahim Al Oboudi Foundation for Charity Housing

b. Committee Members

1. Audit Committee

Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
1	Saad Saleh Al Sabti	<ul style="list-style-type: none"> Chairman of Audit Committee, National Company for Learning and Education Executive Partner, Protivet Internal Audit & Risk Company 	<ul style="list-style-type: none"> Managing Partner Al Sabti and Banga Office. Member of RSM International Group 	<ul style="list-style-type: none"> American Certified Public Accountants (CPA) in 1990G American Institute of American Certified Public Accountants (AICPA) in 1990G American Institute of Internal Auditors (IIA) in 1990G Member of the Saudi Organization for Certified Public Accountants (SOCPA) in 1990G Master of Accounting from Walsh College of Accounting and Business in 1986G, Michigan, USA. Bachelor of Accounting, King Saud University in 1978G, Riyadh, Kingdom of Saudi Arabia. 	<ul style="list-style-type: none"> Executive Partner, Protivet Internal Audit & Risk Company since 2010G until the date of this report. Managing Partner, Al Sabti and Banga Office, member of RSM International Group, in Riyadh and the Eastern Region since 2010G until 2013G
2	Mohammed Farhan Al Nader	<ul style="list-style-type: none"> Member of the Audit Committee, National Company for Learning and Education Executive Partner of the United Accountants, member of (RSM) Group 	Chief Financial Officer of Awqaf Sulaiman Al-Rajhi Holding Company	<ul style="list-style-type: none"> Member of the Saudi Organization for Certified Public Accountants (SOCPA), 2010G Fellowship of American Certified Public Accountant, 2007G Master of Business Administration and Finance, Heriot-Watt University, 2004G, State of Michigan, United Kingdom. Bachelor of Accounting, King Saud University, 2001G, Kingdom of Saudi Arabia 	<ul style="list-style-type: none"> Executive Partner of the United Accountants, member of (RSM) Group since 2015G until the date of this report Chief Financial Officer of Awqaf Sulaiman Al-Rajhi Holding Company since 2012G until 2014G



Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
3	Abdulaziz Mohammed Al Suwailem	<ul style="list-style-type: none"> Member of the Audit Committee, National Company for Learning and Education Managing Director,, Mohammed Al Ali Al Sowailem Company for Investment Board Member, Mohammed Al Ali Al Sowailem Trading Company Member of the Board of Trustees, Mohammed Al Ali Al Sowailem Foundation 	NA	<ul style="list-style-type: none"> Master of Business Administration, Colorado University of Technology, 1999G, Denver, USA. Bachelor of Economics, Imam Mohammad Bin Saud University, 1990G., Riyadh, Kingdom of Saudi Arabia. 	<ul style="list-style-type: none"> Board Member, National Company for Learning and Education General Manager of Spring Refrigeration and Flexible Packaging Factory General Manager, Golden Hotels Company since 2008G

2. Nomination and Remuneration Committee

Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
1	Abdulazziz Houmoud Al-Thiab	<ul style="list-style-type: none"> Member of the board and member of the Nomination and Remuneration Committee, National Company for Learning and Education Partner and General Manager, Abdulaziz Al-Thiab and Brothers Company Partner and Board Chairman, Millennium Telecommunications Company Partner and Deputy Chairman, Hana Food Industries Company Partner and a Director, Rowad Al Watan Real Estate Investment Company Ltd 	NA	High School Certificate, Al Tarbya Al Namouthajiya Schools, 1994G, Riyadh, Kingdom of Saudi Arabia	<ul style="list-style-type: none"> Board Member, National Company for Learning and Education Director, Rowad Al Watan Real Estate Investments Company since 2004G General Manager, Abdulaziz Al-Thiab and Brothers Company since 2001G Board Chairman, Millennium Communications Company since 2008G
2	Ibrahim Bin Ali Al Oboudi	<ul style="list-style-type: none"> Board Member and member of the Nomination and Remuneration Committee, National Company for Learning and Education, since 2002G to date. Partner and General Manager, Al Oboudi Company for Reconstruction and Development Partner and General Manager, Arabian Products Factory for Medical Disinfectants General Manager, Al Aboudi Foundation for Charity Housing 	NA	<ul style="list-style-type: none"> High School Certificate, Al Muthannab High School Certificate 1387H, Al Qassim, Kingdom of Saudi Arabia 	<ul style="list-style-type: none"> Board Member, National Company for Learning and Education General Manager, Al Aboudi Company for Reconstruction and Development General Manager, Arabian Products Factory for Medical Disinfectants General Manager, Al Aboudi Foundation for Charity Housing



Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
3	Mohammed Bin Ibrahim Al Khudair	<ul style="list-style-type: none"> Chairman, and Nomination and Remuneration Committee Member, National Company for Learning and Education Chairman, Aaj Real Estate Investment Company Chairman, Aja Trading and Contracting Company Owner, Mohammed Ibrhaim Al Khudair Establishment Partner, Mohammed Ibrahim Al Khudiar Holding Group 	<ul style="list-style-type: none"> Director General, Administrative Affairs, University of Riyadh Teacher and Translator in Saudi Arabian Oil Company (ARAMCO) 	High School	<ul style="list-style-type: none"> Chairman, National Company for National Education and Learning since 2002G to date Director General, Administrative Affairs, University of Riyadh, from 1967G to 1971G Teacher and Translator in Saudi Arabian Oil Company (ARAMCO) from 1949G until 1954G

c. Executive Management

Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
1	Khalid Bin Mohammed Al Khudair	<ul style="list-style-type: none"> Deputy Chairman, National Company for Learning and Education Deputy Chairman, Aaj Real Estate Investment Company Deputy Chairman, Aja Trading and Contracting Company General Manager, Revan Operation and Maintenance Company Chairman, Yamami Holding Company General Manager of Mohamed Ibrahim Al-Khudair Holding Group Chairman of the Board of Trustees, Al Yamamah National University Company Ltd Director of Waqf Mohammed Bin Ibrahim Al Khudair Establishment General Manager, Mohammed Bin Ibrahim Al Khudair Real Estate Development and Investment Company 	Managing Director National Company for Learning and Education	Bachelor of Media, Imam Mohammed Bin Saud Islamic University, 1985G, Riyadh, Kingdom of Saudi Arabia	<ul style="list-style-type: none"> Deputy Chairman and Managing Director, National Company for Learning and Education since 2002G until September 2019G. General Manager, Revan Operation and Maintenance Company Ltd General Manager, Yamami Holding Company Director, Waqf Mohammed Ibrahim Al Khudair Establishment General Manager of Mohamed Ibrahim Al-Khudair Holding Group from 2015G until the date of this report Chairman of the Board of Trustees, Al Yamamah National University since 2003G until the date of this report
2	Mohammed Bin Khalid Al Khudair	Executive President	<ul style="list-style-type: none"> Assistant Executive President Manager for offering of the company for public subscription in the Capital Market General Manager, Strategy and Business Development, Al Ymamah University Senior Analyst, McKinsey and Company Worked in IBM in San Francisco, State of California 	Mohammed Al Khudair holds a bachelor degree of Financial Administration, University of Al Yamamah and a master's degree in international administration, Hult International Business School, San Fransisco, and a master degree in Business Administration, Washington State University	Manager for offering of the company for public subscription in the Capital Market, which took place in November 2018G, during which month he became the Assistant Executive President. Before joining the National Company for Learning and Education, he worked in Al Yamamah University as a General Manager of Strategy and Business Development. He also worked in McKinsey and Company as Senior Analyst, where he participated in a number of investment projects for both the private and public sectors. This is in addition to his work in IBM in San Francisco in the State of California.

Serial	Name	Current Posts	Previous Posts	Qualifications	Experiences
3	Ibrahim Abdel Rahman Sulaiman Al Dirie	Executive Vice President, Manager of Projects Department	<ul style="list-style-type: none"> General Manager of Campuses, National Company for Learning and Education since 2015G Deputy General Manager, Al Tarbya Al Namouthajjiya Schools, National Company for Learning and Education, since 2000G Education Supervisor, Ministry of Education, since 1999G until 2000G Principal of Elementary School Stage, Al Tarbya Al Namouthajjiya Schools (Al Rayan Branch from 1997G until 1999G Principal of Al Shams National Schools, from 1993G to 1996G. Principal of Prince Bin Nayef Bin Abdulaziz Schools from 1989G to 1996G Deputy in Governmental Schools for the year 198G Teacher in the governmental schools from 1984G until 1987G 	Bachelor of Literature and Education at King Saud University	<ul style="list-style-type: none"> General Manager of Campuses, National Company for Learning and Education since 2015G Deputy General Manager, Al Tarbya Al Namouthajjiya Schools, National Company for Learning and Education, since 2000G Education Supervisor, Ministry of Education, since 1999G until 2000G Principal of Elementary School Stage, Al Tarbya Al Namouthajjiya Schools (Al Rayan Branch from 1997G until 1999G Principal of Al Shams National Schools, from 1993G to 1996G. Principal of Prince Bin Nayef Bin Abdulaziz Schools from 1989G to 1996G Deputy in Governmental Schools for the year 198G Teacher in the governmental schools from 1984G until 1987G

3. Names of companies inside and outside the Kingdom, in which a company board member is a member in their current or previous boards or one of their managers

Name of Member	Names of companies in which a company board member is a member in their current board or one of their managers	Inside/ outside the Kingdom	Legal Entity
Mohammed Bin Ibrahim Al Khudair	• Partner and Chairman of Aaj Real Estate Investment Company (currently)	Inside the Kingdom	Closed joint stock
	• Partner and chairman of Aja Trading and Contracting Company (currently)		Closed joint stock
	• Owner of Waqf Mohammed Ibrahim Al Khudair Establishment		Establishment
	• Partner in Mohammed Ibrahim Al Khudair Holding Group Company (currently)		Limited liability
Khalid Bin Mohammed Al Khudair	• Partner and Managing Director, Aaj Real Estate Investment Company (currently)	Inside the Kingdom	Closed joint stock
	• Partner and Managing Director, Aja Trading and Contracting Company (currently)		Closed joint stock
	• Partner and Managing Director Revan Operation and Maintenance Company Ltd. (currently)		Limited liability
	• Chairman of the Yamami Holding Company (currently)		Limited liability
	• Director of Waqf Mohammed Ibrahim Al Khudair Establishment (currently)		Limited liability
	• Partner and General Manager, Mohammed Ibrahim Al Khudair Holding Group Company (currently)		Limited liability
	• Partner and Chairman of the Board of Trustees, Al Yamamah National University Company Ltd. (currently)		Limited liability
Abdulaziz Bin Mohammed Al Suwailem	• Managing Director, Mohammed Ali Al Suwailem Investment Company (currently)	Inside the Kingdom	Closed joint stock
	• Member of the Board of Mohammed Al Ali Trading Company (currently)		Closed joint stock
	• Member of the Board of Trustees, Mohammed Al Ali Al Suwailem Establishment (currently)		Charity Establishment
Abdulaziz Bin Homoud Al-Thiab	• Partner and General Manager, Abdulaziz Al-Thiab and Brothers Company (currently)	Inside the Kingdom	Limited liability
	• Partner and Board Chairman, Millennium Communications Company (currently)		Limited liability
	• Partner and Board Chairman, Hana Food Industries Company (currently)		Closed joint stock
	• Rowad Al Watan Real Estate Investments Company Ltd. (currently)		Limited liability
Ibrahim Bin Ali Al Oboudi	• Partner and General Manager, AL Oboudi Company for Reconstruction and Development (currently)	Inside the Kingdom	Limited liability
	• Partner and General Manager, Arabian Products Factory for Medical Disinfectants (currently)		Limited liability
	• Owner and General Manager, Ibrahim Al Oboudi Foundation for Charity Housing (currently)		Limited liability

4. Formation of the board of directors and classification of its members as follows:

Mohammed Bin Ibrahim Al Khudair

Chairmen – Non-Executive

Khalid Bin Mohammed Al Khudair

Deputy Chairman – Executive

Abdulaziz Bin Mohammed Al Suwailem

Member – Independent

Abdulaziz Bin Homoud Al-Thiab

Member – Independent

Ibrahim Bin Ali Al Oboudi

Member - Independent

5. Measures taken by the board to inform its members of the suggestions and comments of shareholders with respect to the company and its performance.

The Investor Relations Department has been formed as the contact point between the Board and Investors.

Shareholders may contact Investor Relations via the email: investor.relations@edu.com.sa

6. A brief description of company committees and Their Tasks:

First: Audit Committee:

1. Audit Committee Members:

Under the resolution of the general assembly held on 1439/06/12H corresponding to 2018/02/28G, the Audit Committee in the National Company for Learning and Education, was formed from the following persons:

- 1- **Mr./Saad Bin Saleh Al Sabti**
Chairman
- 2- **Mr./Mohammed Bin Farhan Al Nader**
Member
- 3- **Mr./Abdulaziz Bin Mohammed Al Suwailem**
Member

2. Audit Committee Tasks:

The Audit Committee shall oversee company business and verify the safety and integrity of financial reports and statements as well as internal control systems of the company. In particular, the committee tasks include the following:



a. Financial Reports: The Audit Committee shall:

1. Examine interim and annual financial statements of the company before submission to the board and expressing opinion and recommendation thereon to ensure its integrity, fairness and transparency.
2. Express technical opinion – based on request of the board – if the board's report and company financial statements are fair, balanced, understood and include information that allow shareholders and investors to assess the company financial position, its performance, business model and strategy.
3. Review any important or unfamiliar matters included in the financial reports.
4. Examine thoroughly any matters raised by the Financial Officer of the Company, whoever takes his office, the compliance officer of the company or the auditor.
5. Verify accounting estimates in the material matters included in the financial reports.
6. Examine the accounting policies applied in the company and expressing opinion and recommendation thereon to the board.

b. Internal Audit: The Audit Committee shall

1. Study and review the company's internal control, financial and risks management systems.
2. Examine internal control reports and follow-up implementation of corrective measures of the comments included therein.
3. Control and oversee the performance and activities of the internal auditor and the Internal Audit Department – if any. This is to verify availability and efficacy of required resources in performing its works and tasks. If the company does not have an internal auditor, the committee shall recommend to the board the need for the appointment of the auditor.
4. Recommend to the board the appointment of internal audit unit or department manager or internal auditor and suggest his remunerations.



c. Internal Auditor: The Audit Committee shall

1. Recommend to the board the nomination of internal auditors, their dismissal, determining their fees, and evaluating their performance, after verifying their independence, reviewing their scope of work and conditions for contracting with them.
2. Verify the independency, subjectivity and fairness of the internal auditor and the extent of efficacy of audit works, taking into consideration relative rules and criteria.
3. Review the plan and works of the company internal auditor, verify that he is not submitting technical or administrative works beyond internal audit scope and express remarks thereon.
4. Answer inquiries of the internal auditor of the company.
5. Examine the internal auditor report and the remarks on the financial statements and follow-up what has been taken regarding them.

d. Compliance Warrantee: The Audit Committee shall

1. Review the results of regulatory authorities reports and verify that the company has taken the required measures thereon.
2. Verify the company's compliance with the related laws, regulations, polices and instructions.
3. Review contracts and transactions proposed for the company to conduct with related parties and express remarks thereon to the board.
4. Submit to the board any matters that it deems necessary for action thereon and express recommendations with respect to the measures that should be taken.

3. Statement of Internal Audit Meetings and Attendees:

Committee Members	18/09/2018	18/11/2018	01/01/2019	01/04/2019	08/07/2019	Total
Saad Bin Saleh Al Sabti	attended	attended	attended	attended	attended	5
Mohammed Bin Farhan Al Nader	attended	attended	attended	attended	attended	5
Abdulaziz Bin Mohammed Al Suwailem	attended	attended	attended	attended	attended	5

Second: Nomination and Remuneration Committee:

1. Nomination and Remuneration Members:

Under the resolution of the general assembly held on 1439/06/12H corresponding to 2018/02/28G, the Nomination and Remuneration Committee in the National Company for Learning and Education was formed from the following persons:

Name	Post
Abdulaziz Homoud Al-Thiab	Chairman
Mohammed Ibrahim Al Khudair	Member
Ibrahim Ali Al Oboudi	Member

2. Tasks of the Nomination and Remuneration Committee:

The tasks and responsibilities of the committee are as follows:

1. Recommending board membership to the board of directors, in line with the approved policies and criteria while observing non-nomination of any person previously convicted of a crime affecting honesty and integrity.
2. Annually reviewing the required needs of skills suitable to board membership and preparing a description of capabilities and qualifications required for board membership, including determining the time that the member needs to devote to board business.
3. Reviewing board structure and submit recommendation with respect to the changes that can be made.
4. Identifying weaknesses and strengths of the board and suggesting addressing them as to achieve company interests.



5. Ensuring on annual basis the independence of independent members.
6. Ensuring that there is no conflict of interests if the member is a director of the board of another company.
7. Developing clear policies for the compensations and remunerations of board members and senior executives. Applying performance related criteria shall be observed upon development of such policies.
8. Approving the criteria and bases for granting remunerations to senior executives at the company level.
9. Reviewing the goals and objectives of general and incentive remunerations, and the option plans to grant company shares to its employees.
10. Developing criteria to nominate board members.

3. Statement of the Nomination and Remuneration Committee Meetings and Attendees:

Committee Members	04/04/2019	09/08/2019	Total
Abdulaziz Homoud Al-Thiab	Attended	Attended	2
Mohammed Bin Ibrahim Al Khudair	-	-	-
Ibrahim Bin Ali Al Oboudi	Attended	Attended	2



7. The means relied on by the board in the evaluation of its performance and the performance of its committees, members and the external party who conducted the evaluation and his relationship with the company.

The board evaluates the general performance of the board and its committees through a survey submitted to the Nomination and Remuneration Committee.

The company will appoint an external party to assume future evaluation tasks, whenever required.

8. Remunerations of board members and the executive management

The board of directors shall comply with the following:

1. Disclosing the remunerations policy and how the remunerations of board members and executive management of the company are determined.*
2. Disclosing in its report, with accuracy, transparency and in details, the remunerations granted directly or indirectly, to board members and the executive management, without concealment or deception, whether such remunerations are amounts of money or benefits, irrespective of its nature and name. If such benefits are shares in the company, the value entered for the shares shall be the market value at the date of maturity.
3. Clarifying the relationship between granted remunerations and the applicable remunerations policy and clarifying any material deviation from this policy.
4. Clarifying the required details with respect to remunerations and compensations paid to each of the following persons on an individual basis:
 - a. Board members
 - b. Five of the senior executives who received the highest remunerations from the company, including the Executive President and the Finance Officer.
 - c. Committees' members.



First: Board and Committees' Members Remunerations Policy:

Introduction:

Having reviewed the company articles of incorporation and the Companies' Law, the Nomination and Remuneration Committee has recommended to the board to adopt the policy in line with the following:

The general principles and conditions for the entitlement of board members and its committee's members to remuneration:

1. The remuneration shall be due to the board member at the end of the year as from the date of the assembly's decision to appoint him. The remuneration shall be paid to the member in proportion to his membership period in a year.
2. The remuneration of the member of the subcommittee shall be due at the end of one year as from the date of the resolution of the board of directors or the resolution of the committee concerned with the member's appointment. The remuneration shall be paid to the member in proportion to his membership period in a year.
3. The remuneration shall be withheld from any subcommittee member who did not attend more than 50% of the committee's meetings in a year.
4. A travel allowance shall be paid to non-executive members of the board or company's personnel from outside the city of Riyadh at a maximum of SAR 1,500, (one thousand and five hundred) Riyals for each session.
5. An annual basic remuneration shall be paid to the Chairman of the Audit Committee in the amount of 60,000 Riyals (sixty thousand Riyals). An annual basic remuneration shall be paid to the other members of the Audit Committee in the amount of 50,000 (fifty thousand) Riyals.
6. An annual basic remuneration shall be paid to subcommittees non-executive members (other than the Audit Committee) or

employees of the company in the amount of SAR 25,000 (twenty-five thousand) Riyal. An allowance of SAR1,000 (one thousand) Riyals shall also be paid to them against attendance of each session.

7. The maximum remuneration of the member in the year shall be (200.000) riyals, (excluding allowances).
8. If the company has not distributed dividends to the shareholders, the board shall not be entitled to remuneration in that year.
9. The remuneration shall be paid to the board members against each fiscal year after the company has achieved a net operational profit as follows:

Serial	Net operational profit achieved during the year	Annual remuneration due to the member
1	(50) million and less	(25) thousand Riyals
2	(More than 50 to 100) million Riyals	(50) thousand Riyals
3	(More than 100 to 150) million Riyals	(100) thousand Riyals
4	(More than 150 to 200) million Riyals	(150) thousand Riyals
5	More than 200 to 250) million Riyals	(175) thousand Riyals
6	(More than 200) million Riyals	(200) thousand Riyals

10. The board of directors or any of his members may waive this remuneration in favour of the company if not willing to receive it.

Second: Remunerations of the Board:

Statement of the amounts received by board members in their capacity as employees or administrators, or the amounts received by them against technical, administrative or advisory works.

Members	Specific amount	Fixed Remunerations					Total
		Board meetings attendance allowance	Sum of committees' meetings attendance allowance	Privileges in-kind	Statement of what has been received by board members as employees or administrators or amounts received by them against technical, administrative or advisory works	Remuneration of the chairman, the managing director or board secretary if a member	
First: Independent Members							
Abdulaziz Bin Mohammed Al Suwailem	75.000	-	-	-	-	-	75.000
Abdulaziz Bin Homoud Al-Thiab	50.000	-	2.000	-	-	-	52.000
Ibrahim Bin Ali Al Aboudi	50.000	-	2.000	-	-	-	52.000
Total	175.000	-	4.000	-	-	-	179.000
Second: Non-Executive Members							
Mohammed Bin Ibrahim Al Khudair	25.000	-	-	-	-	-	25.000
Total	25.000	-	-	-	-	-	25.000
Third: Executive Members							
Khalid Bin Mohammed Al Khduair	25.000	-	-	-	1.860.000	-	1.885.000
Total	25.000	-	-	-	1.860.000	-	1.885.000
Grand Total							
Total	225.000	-	4.000	-	1.860.000	-	2.089.000



Changeable Remunerations

Percentage from profits	Periodic remuneration	Short term incentive plans	Long term incentive plans	Value of granted shares	Total	End of service award	Grand total
-	-	-	-	-	-	-	75.000
-	-	-	-	-	-	-	52.000
-	-	-	-	-	-	-	52.000
-	-	-	-	-	-	-	179.000
-	-	-	-	-	-	-	25.000
-	-	-	-	-	-	-	25.000
-	-	-	-	-	-	-	1.885.000
-	-	-	-	-	-	-	1.885.000
-	-	-	-	-	-	-	2.089.000

Third: The relationship between granted remunerations, the applicable remunerations policy and any material deviation from this policy:

The remunerations of board members and committee members have been granted in line with the applicable policies.

Fourth: Remunerations of Senior Executives

Total fixed and changeable remunerations for senior executive Including CFO	Total remunerations for executives in the board	Grand total
3.874.200	25000	3.899.200

Fifth: Remunerations of Committees' Members

	Fixed remunerations except meetings attendance allowance	Meeting attendance allowance	Total
Audit Committee Members			
• Saad Bin Saleh Al Sabti	60.000	0	60.000
• Mohammed Bin Farhan Al Nader	50.000	0	50.000
• Abdulaziz Bin Mohammed Al Suwailem	50.000	0	50.000
Total	160.000	0	160.000
Remuneration Committee Members			
• Abdulaziz Homoud Al-Thiab	25.000	2.000	27.000
• Mohammed Ibrahim Al Khudair	0	0	0
• Ibrahim Ali Al Oboudi	25.000	2.000	27.000
Total	50.000	4.000	54.000

Sixth: Description of what has been received by board members as employees or administrators:

Name	Capacity	Annual Salary
Khalid Mohammed Al Khudair	Executive President	1.860.000



9. Results of annual review of the efficiency of the company's internal control measures

The internal audit is a subjective and independent confirmatory and advisory activity. It assists the company in achieving its objectives by providing a regular base to assess and improve control efficacy and the processes included in the control performance of the company.

In line with the year 2019G annual audit plan adopted by the Audit Committee, the Internal Audit Department, in addition to contributing to the audit of interim and annual financial statements, carried out several audits to verify objectively and independently, the adequacy and effectiveness of governance, risk management and internal control systems, enabling the company to achieve its objectives and protect its assets. This in addition to contributing to the audit of the interim and annual financial statements.

To date, the internal audit reports have not shown any material gaps that should be disclosed that may affect the appropriateness and efficacy of the control systems of the company. However, there are some aspects that need follow-up and further development to ensure more effectiveness.

10. Recommendation of the Audit Committee in regards the need to appoint an internal auditor in the company

The company had an appointed auditor until the middle of the financial year 2018G- 2019G. The Committee recommended the appointment of a substitute auditor.

11. Details of social contributions of the company

Partnership in sponsoring the Early Admission and Registration Program with Riyadh Education Department and its role and educating the society about registration mechanisms and benefits of early childhood programs.

12. Dates of shareholders' general assembly meetings held during the last fiscal year and names of board members who attended these meetings

Serial	Name	Ordinary Assembly Meeting on 28/01/2019G
1	Mohammed Bin Ibrahim Al Khudair	-
2	Khalid Mohammed Al Khudair	Attended
3	Abdulaziz Al Suwailim	Attended
4	Abdulaziz Al-Thiab	Attended
5	Ibrahim Al Oboudi	Attended

13. Key Activities of the Company

The company provides educational services to male and female students in all educational levels, including kindergarten, elementary, intermediate and secondary levels. The company has two key programs: The national education program and international education program.

The company provides sports clubs in each of its educational campuses, aiming at achieving the integrated curriculum mission aspired by the company, and the educational role that harmonizes with its originality and traditions. The company also provides transportation services to its students in a number of campuses.

Statement	2019G	Relative Weight
Tuition fees	193,337.312	98%
Transportation fees	2,621.750	1%
Sports Clubs Revenues	1,983.724	1%
Total	197,942.786	100%

14. Company's expansion plans and strategy and re-structuring resolutions:

The company intends to continue expansion of its business through establishment of educational campuses and acquisition of existing schools. The company is currently constructing several educational campuses, as declared in the prospectus. These campuses are distributed as follows:

- Al Qasr (1) educational campus project: It is located in the Eastern Region in the city of Al Khobar, Al Qasr District.
- Al Qasr (2) educational campus project: It is located in the Eastern Region in the city of Al Khobar, Al Qasr District.
- Tital Al Doha educational campus project (Al Taraji Project): It is located in the Eastern Region in the city of Dammam, Al Taraji District.
- Al Qairawan educational campus project: It is located in the city of Riyadh, Al Qairawan District.

The company hereby confirms that it has no intention to make any material changes to its current activity. The company further confirms that it has no commercial activity or assets outside the Kingdom. The company is not part of any group and has no subsidiaries.

15. Risks encountered by the company

Management of financial instruments risks

The company is exposed to the following risks as result of the use of financial instruments:

- Market risks
- Credit risks
- Liquidity risks

Risks are managed by the senior management in line with the policies adopted by the board. The senior management identifies and evaluates financial risks when appropriate, through close cooperation with the operational units of the company.

a. Market Risks

Market risks means that changes in market prices, such as foreign exchange prices, profit rates and share prices affect company's income or the value of its assets from financial instruments. The purpose of market risks management is to manage and monitor

exposure to market risks within acceptable limits, while improving returns.

Currency Risks

Currency risks mean the risks of change in the value of financial instruments due to changes in foreign exchange prices. Most transactions of the company are in Saudi Riyal.

The management monitors fluctuations in currency prices closely and continuously. Based on its experience, and market reactions, the management is no belief that coverage against foreign currencies risks is necessary. Most foreign currency risks are relatively limited on the medium range.

Currency Prices Risks (Interests)

The risks of fair value and cash flows of interest rates mean exposure to the various risks associated with the impact of fluctuations in the prevailing interest rates on the financial position of the company and its cash flows. The company is mainly exposed to interest rate risks as a result of Murabaha from commercial banks. The company manages its financing costs by improving available liquidity and reducing lending.

The potential reasonable change of 1000 base points for interest rates as at the date of financial reports would have increased (decreased) equities, profits or losses by SAR 343.363.

b. Credit Risks

Credit risks mean the inability of the counterparty of a financial instrument to fulfil his contractual obligations. The company is exposed to credit risks that are mainly cash and its equivalent, accounts receivable. The book value of financial assets represents the maximum limit of credit risks.

Cash and Cash Equivalent

The cash and its equivalent are deposited in banks with high credit rating. The company updates its cash flows regularly.

Accounts Receivable

The creditworthiness of financial assets that are not past due collection or include low probability of collection is assessed through measuring the financial capacity and credit history of customers, taking into account balances of customers whose all dues were received in the past irrespective of delayed immaterial repayment.

Companies realize allocations through measuring possible collection of money from clients. This is if the collection probability is low, taking into consideration writing off due debts. Credit and collection processes provides periodic indicators on the age of financial assets.

c. Liquidity Risks

Liquidity risks mean that the company encounters difficulties in fulfilling its obligations related to liabilities that are settled through delivery of cash or other financial assets. The company approach in managing liquidity is to ensure as much as possible that enough liquidity is available to fulfil obligations when due without incurring unacceptable losses or putting the reputation of the company at risk.

The management monitors liquidity risks closely and continuously through regularly verifying that enough liquidity is available for current and future obligations as well as operational and capital expenditures. In addition, the company monitors actual cash flows and seeks to match its maturity dates with its financial assets and liabilities. The company also seeks to adhere continuously to its legal commitments, including any commitments related to financing agreements.

d. Measuring the fair value of financial instruments

The fair value means the value that will be received against selling an asset or payment of such value against a commitment within a regular transaction between market participants as at the date of measurement. Since the attached financial statements are prepared on the basis of historical cost, differences may arise between the book values and the fair values. In the opinion of the management, there is no significant difference between the fair values and the book values of the company assets and liabilities.

e. Management of Capital Risks

The company policy is to keep a robust capital base in order to maintain the trust of investors, creditors and the market and to maintain future development of the business. The company monitors its capital base using net debt ratio to equities. The net debt is realizable as Murabaha less cash and its equivalent.

16. Company assets, liabilities and its results of operations in the last five financial years

Comparison of operational results or company assets and liabilities in the form of a table:

thousand SAR						
Statement	2015	2016	2017	2018	2019	Change between 2018G-2019G
Current Assets	95.968	65.622	93.459	87.490	288.852	230.15%
Non-current Assets	329.047	385.037	391.252	401.741	452.847	12.72%
Total Assets	425.015	450.659	484.711	489.231	741.699	51.61%
Current Liabilities	68.735	35.623	38.564	55.087	58.531	6.25%
Non-current liabilities	55.766	92.062	107.056	91.407	77.629	-15.07%
Total liabilities	124.500	127.685	145.620	146.494	136.160	-7.05%

Comparison of operational results in the form of a table:

thousand SAR						
Statement	2015	2016	2017	2018	2019	Change between 2018G-2-1019G
Revenues	201.607	211.077	236.723	219.957	207.339	-5.74%
Revenues Costs	(112.666)	(114.433)	(135.560)	(137.618)	(120.011)	-12.79%
Total Profit	88.941	96.643	101.163	82.339	87.328	6.06%
Net Profit	63.548	66.508	67.893	48.874	50.392	3.11%

17. Geographical analysis of the total revenues of the company

The company works and revenues concentrated in Riyadh Region. The company is in the process of expanding outside the Riyadh Region through the projects that have been announced and which are located in Qassim Region and the Eastern Region.

18. The differences in the operational results are material compared to the results of the previous year or any forecasts declared by the company

Statement	2018	2019	Changes	Change Percentage
Revenues	204.271	197.943	(6.328)	-3.10%
Governmental Grants and Subsidies	15.686	9.396	(6.290)	-40.10%
Costs of Revenues	(137.618)	(120.011)	17.607	-12.79%
Total Profit	82.339	87.328	4.989	6.06%
Advertising Expenses	(817)	(1.718)	(901)	110.28%
General and Administrative Expenses	(26.814)	(31.856)	(5.042)	18.80%
Impairment of Receivables	-	(4.611)	(4.611)	100.00%
Other Revenues	2.134	4.856	2.722	127.55%
Operational Profit	56.843	53.998	(2.845)	-5.01%
Net Profit	48.874	50.392	1.518	3.11%

- The net profit balance of the National Company for Learning and Education increased by 3.1% to reach SAR50.392 million for the fiscal year ended 31/8/2019G despite decrease in revenues by 3.10% - and the reduction of governmental grants and subsidies by 40%. This is in addition to the adverse effect of the application of International Financial Reporting Standard No. 9 for the provision for the losses of impairment of receivables.
The increase in net profit is due to:
 - Improved profitability margin due to the decrease in cost of revenues compared to the previous year.
 - Increase in other revenues during the year, which resulted from reimbursement of the value of the combined invoice from the Ministry of Labor and Social Development office in the amount of SAR2.5 million with the support of the Private Sector Incentivization Office.
 - Decrease in financing costs during the year, which resulted from the revenue achieved from Islamic Marabaha.



19. Description of company policy for distribution of dividends

Dividend Distributions

Dividend distribution is recorded in the financial statements in the period in which distributions are approved by company shareholders

The dividend distribution policy is based the following criteria:

Set aside (10%) of the net profit to form the statutory reserve of the company. The ordinary general assembly may cease such set aside when the said reserve has reached (30%) of the paid-up capital.

The ordinary general assembly, upon a suggestion by the board, may set aside (5%) of net profits to form a consensus reserve allocated for a special purpose or purposes. The assembly may decide upon the formation of other reserves to the extent that achieves the company interest or guarantees distribution of fixed profits to shareholders as much as possible. The said assembly may also deduct from the net profits, amounts to establish social institutions for company's employees or to assist such existing institutions.

A percentage of the balance shall then be distributed to shareholders at (5%) at least and not exceeding (20%) of the company's paid-up capital, without prejudice to the provisions stipulated in Article (20) of the company articles of incorporation and Article 76 of the Companies' Law. After the foregoing, a percentage not to exceed (3%) of the remaining amount shall be allocated as a remuneration of the board. Entitlement to this remuneration shall be proportional to the number of sessions attended by the member. For the purpose of organizing and completing the distribution of profits, the company may seek the assistance of a third party represented in one of the banks.

Dividend distribution table

	% from net profits	Profits suggested for distribution at the end of the year	Net Profits
Total	68.26%	34.400.000	50.392.486



20. Loans and Murabahat

thousand SAR							
Serial	Name of Lender	Original loan amount	Loan term	Repayments of loans during the year	Remaining amount of the loan	Total indebtedness of the company and its subsidiaries	Remarks
1	Ministry of Finance	25.000	10 years	2.500	7.500	7.500	Financing Al Rawabi Campus construction project
2	Ministry of Finance	25.000	10 years	2.500	10.000	10.000	Financing Al Nuzha Campus Construction Project
3	Al Rajhi Bank	40.932	6 years	8.140	24.418	24.418	Financing the Purchase of Al Qairawan Campus Land
4	Al Rajhi Bank	17.071	6 years	3.253	13.014	13.014	Financing Purchase of Al Qasr 1&2 Campuses Land
5	Al Rajhi Bank	1.274	6 years	51	1.218	1.218	Credit facilities – Al Qairawan Campus Project
Total	0	109.278		16.445	56.151	56.151	

21. Board meetings held during the last fiscal year

Board members	08/04/2019G	09/01/2019G	29/11/2018G	Total
Mohammed Ibrahim Al Kudiar	-	-	-	0
Khalid Bin Mohammed Al Khudair	Attended	Attended	Attended	3
Abdulaziz Bin Mohammed Al Swailem	Attended	Attended	Attended	3
Abdulaziz Bin Homoud Al-Thiab	Attended	Attended	Attended	3
Ibrahim Bin Ali Al Oboudi	Attended	Attended	Attended	3

22. Number of requests made by the company for the shareholders' register

Request Number	Dare of Properties File	Reason of Request
1	24/02/2019	Profits file
2	20/02/2019	General assembly
3	31/07/2019	Others - to verify the public shares ratios
4	30/06/2019	Others - to verify the public shares ratios
5	30/04/2019	Others - to verify the public shares ratios
6	31/03/2019	Others - to verify the public shares ratios
7	28/02/2019	Others - to verify the public shares ratios
8	30/01/2019	General assembly
9	30/12/2018	Company measures
10	27/11/2018	Others - to verify the public shares ratios



23. Information of businesses or contracts with related parties and in which the company is a party

Related Parties	Nature of work or contract	Contract Amount	Contract Period	Name of member/senior executive or related party
Aja Trading and Contracting Co.	Construction of additional classrooms for Al Tarbiya Al Namuthajya Schools, Al Rayan Campus	6,870.259	2018G until 2019G	Mohammed Bin Ibrahim Al Khudair Khalid Bin Mohammed Al Khudair
Aja Trading and Contracting Co.	Implementing and constructing Tital Al Doha Educational Campus (Al Taraji Project)	25,367.843	One-year renewable	Mohammed Bin Ibrahim Al Khudair Khalid Bin Mohammed Al Khudair
Revan Operation and Maintenance Co.	Labour lease contracts for maintenance and cleaning	Changeable	One-year renewable	Mohammed Bin Ibrahim Al Khudair Khalid Bin Mohammed Al Khudair
Revan Operation and Maintenance Co.	Contracts for the management and operation Of company projects	Changeable	One-year renewable	Mohammed Bin Ibrahim Al Khudair Khalid Bin Mohammed Al Khudair

24. Legal Payments to Governmental Authorities

Statement	thousand SAR		Brief Description
	Repaid	Due until the end of the annual fiscal period and not repaid	
Zakat	1.549	1.863	Represents Zakat payable for the fiscal year ended 31 December 2019G
Value added tax	-	(4.003)	Represents the variance between the tax collected from parents and tax deducted from procurements. In line with the Royal Decree, the state shoulders tax amounts on behalf of Saudis against tuition fees. Therefore, the balance is shown as due to the company
General Organization for Social Insurances	9.101	736	GOSI fees due for the month of August 2019G
Visas and passports costs	402	-	
Labor Office Fees	3.427	-	
Total	14.479	(1.404)	

25. Declarations:

- The company declares that accounts records have been prepared properly.
- The company declares that the internal audit system has been prepared on sound basis and implemented effectively.
- The company declares that there is no doubt about the company's ability to continue its business.

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