

**Interim Condensed Consolidated
Financial Information and Review Report
Gulf North Africa Holding Company – KPSC
and Subsidiaries
Kuwait
30 June 2019 (Unaudited)**

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Report on review of interim condensed consolidated financial information

To the Board of Directors
Gulf North Africa Holding Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf North Africa Holding Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 30 June 2019 and the interim condensed consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review


We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the six month period ended 30 June 2019 that might have had a material effect on the business or financial position of the Parent Company.



Dr. Saad M. Al Muhanna
License No. 29 A
Crowe Al-Muhanna & Co.

Kuwait
8 August 2019

Gulf North Africa Holding Company–KPSC and Subsidiaries
Interim Condensed Consolidated Statement of Financial Position as at 30 June 2019
(Unaudited)

	Notes	30 June 2019 (Unaudited) KD	Restated 31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment	6	9,297,239	9,018,859	12,043
Intangible assets		590,278	611,111	-
Investment properties	7	5,652,131	5,564,307	7,107,990
Properties under development	8	1,760,671	2,806,428	9,237,995
Financial assets at fair value through other comprehensive income		1,113,231	1,715,267	3,044,662
Investment in associates	9	835,707	624,057	844,098
Advance for purchase of investment property		365,153	365,153	364,178
		<u>19,614,410</u>	<u>20,705,182</u>	<u>20,610,966</u>
Current assets				
Non-current assets held for sale	10	-	5,860,000	-
Accounts receivable and other assets	11	312,679	75,862	130,662
Financial assets at fair value through profit or loss		2,988	2,988	6,894
Cash and cash equivalents	12	1,603,235	648,452	913,118
		<u>1,918,902</u>	<u>6,587,302</u>	<u>1,050,674</u>
Total assets		<u>21,533,312</u>	<u>27,292,484</u>	<u>21,661,640</u>
Equity and liabilities				
Equity				
Share capital		15,000,000	15,000,000	15,000,000
Treasury shares		-	-	(337,694)
Statutory reserve		751,821	751,821	751,821
Voluntary reserve		751,821	751,821	751,821
Foreign currency translation reserve		1,423,287	1,430,734	1,424,982
Fair value reserve		(1,166,163)	(1,811,770)	(1,013,325)
Accumulated losses		(5,517,456)	(4,901,614)	(3,063,700)
Total equity attributable to the owners of the parent company		11,243,310	11,220,992	13,513,905
Non-controlling interests		6,212,899	8,129,741	4,228,396
Total equity		<u>17,456,209</u>	<u>19,350,733</u>	<u>17,742,301</u>
Liabilities				
Non-current liabilities				
Borrowings	13	1,166,500	1,425,250	-
Ijara financing		-	-	1,465,198
Lease liabilities		406,494	-	-
Provision for employees' end of service benefits		106,069	97,260	83,346
		<u>1,679,063</u>	<u>1,522,510</u>	<u>1,548,544</u>
Current liabilities				
Liabilities related to non-current assets held for sale	10	-	3,556,131	-
Borrowings – current portion	13	1,518,000	1,518,249	-
Current portion of ijara financing		-	-	2,135,814
Accounts payable and other liabilities	14	880,040	1,344,861	234,981
		<u>2,398,040</u>	<u>6,419,241</u>	<u>2,370,795</u>
Total liabilities		<u>4,077,103</u>	<u>7,941,751</u>	<u>3,919,339</u>
Total equity and liabilities		<u>21,533,312</u>	<u>27,292,484</u>	<u>21,661,640</u>



Saleh M KH Alroomi
Vice Chairman & CEO

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Gulf North Africa Holding Company–KPSC and Subsidiaries
Interim Condensed Consolidated Statement of Profit or Loss for the period ended
30 June 2019 (Unaudited)

	Notes	Three months ended		Six months ended	
		30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD
Continuing operations					
Revenue					
Tuition fees and related income		396,914	-	828,682	-
Management fees		24,100	2,416	41,600	4,833
Change in fair value of investment properties		(379)	-	109,512	-
Loss on sale of financial assets at fair value through profit or loss		-	(10,293)	-	(6,212)
Change in fair value of financial assets at fair value through profit or loss		-	-	-	4,288
Share of results of associate		(5,171)	(58)	(7,807)	2,193
Dividend income		7,548	27,600	17,627	35,188
Foreign exchange (loss)/gain		(3,502)	9,537	(503)	3,606
Other income		34,426	170	43,188	563
		<u>453,936</u>	<u>29,372</u>	<u>1,032,299</u>	<u>44,459</u>
Expenses and other charges					
Staff costs – related to tuition fees and related income		(179,633)	-	(353,383)	-
General and administrative expenses		(224,176)	(87,671)	(358,865)	(180,472)
Depreciation		(127,729)	(1,093)	(239,460)	(2,222)
Amortisation of intangible assets		(10,417)	-	(20,834)	-
Finance costs		(51,619)	-	(86,242)	-
		<u>(593,574)</u>	<u>(88,764)</u>	<u>(1,058,784)</u>	<u>(182,694)</u>
Loss for the period continuing operation		<u>(139,638)</u>	<u>(59,392)</u>	<u>(26,485)</u>	<u>(138,235)</u>
(Loss)/profit from discontinued operation	10	-	54,394	(405)	105,011
Loss before ZAKAT		<u>(139,638)</u>	<u>(4,998)</u>	<u>(26,890)</u>	<u>(33,224)</u>
Reversal of provision for Zakat		841	-	-	-
Loss for the period		<u>(138,797)</u>	<u>(4,998)</u>	<u>(26,890)</u>	<u>(33,224)</u>
Attributable to:					
Owners of the parent company		(98,932)	(2,424)	(24,022)	(24,926)
Non-controlling interests		(39,865)	(2,574)	(2,868)	(8,298)
Loss for the period		<u>(138,797)</u>	<u>(4,998)</u>	<u>(26,890)</u>	<u>(33,224)</u>
Basic and diluted loss per share attributable to the owners of the parent company	15	<u>(0.66) Fils</u>	<u>(0.02) Fils</u>	<u>(0.16) Fils</u>	<u>(0.17) Fils</u>

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Gulf North Africa Holding Company–KPSC and Subsidiaries
Interim Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the period ended 30 June 2019 (Unaudited)

	Three months ended		Six months ended	
	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD
Loss for the period	(138,797)	(4,998)	(26,890)	(33,224)
Other comprehensive loss:				
Items that will be reclassified subsequently to statement of profit or loss:				
Exchange differences arising on translation of foreign operations	(14,399)	(22,030)	(11,612)	(13,118)
Total other comprehensive loss for the period	(14,399)	(22,030)	(11,612)	(13,118)
Total comprehensive loss for the period	(153,196)	(27,028)	(38,502)	(46,342)
Total comprehensive loss attributable to:				
Owners of the parent company	(111,167)	5,657	(31,469)	(24,637)
Non-controlling interests	(42,029)	(32,685)	(7,033)	(21,705)
Total comprehensive loss for the period	(153,196)	(27,028)	(38,502)	(46,342)

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Gulf North Africa Holding Company – KPSC and Subsidiaries
Interim Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2019 (Unaudited)

	Equity attributable to the owners of the Parent Company											
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve		Fair value reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests KD	Total KD	
					KD							
Balance at 1 January 2019 (as previously reported)	15,000,000	-	751,821	751,821	1,430,734	(1,811,770)	(5,845,874)	10,276,732	6,109,851	16,386,583		
Purchase price allocation adjustments (note 21)	-	-	-	-	-	-	944,260	944,260	2,019,890	2,964,150		
Balance at 1 January 2019 (restated)	15,000,000	-	751,821	751,821	1,430,734	(1,811,770)	(4,901,614)	11,220,992	8,129,741	19,350,733		
Loss for the period	-	-	-	-	(7,447)	-	(24,022)	(24,022)	(2,868)	(26,890)		
Other comprehensive loss:	-	-	-	-	(7,447)	-	-	(7,447)	(4,165)	(11,612)		
Total comprehensive loss for the period	-	-	-	-	(7,447)	-	(24,022)	(31,469)	(7,033)	(38,502)		
Transfer upon de-recognition of FVOCI investments	-	-	-	-	-	645,607	(645,607)	-	-	-		
Acquisition of minority interest (note 5)	-	-	-	-	-	-	53,787	53,787	(1,909,809)	(1,856,022)		
Balance at 30 June 2019	15,000,000	-	751,821	751,821	1,423,287	(1,166,163)	(5,517,456)	11,243,310	6,212,899	17,456,209		
Balance at 1 January 2018	15,000,000	(337,694)	751,821	751,821	1,424,693	(285,417)	(3,766,682)	13,538,542	4,250,101	17,788,643		
Impact of adopting IFRS 9	-	-	-	-	-	(727,908)	727,908	-	-	-		
Balance at 1 January 2018 (Restated)	15,000,000	(337,694)	751,821	751,821	1,424,693	(1,013,325)	(3,038,774)	13,538,542	4,250,101	17,788,643		
Loss for the year	-	-	-	-	-	-	(24,926)	(24,926)	(8,298)	(33,224)		
Other comprehensive income/(loss):	-	-	-	-	289	-	-	289	289	(13,407)		
Total comprehensive income/(loss) for the period	-	-	-	-	289	-	(24,926)	(24,637)	(21,705)	(46,342)		
Balance at 30 June 2018	15,000,000	(337,694)	751,821	751,821	1,424,982	(1,013,325)	(3,063,700)	13,513,905	4,228,396	17,742,301		

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information

Gulf North Africa Holding Company – KPSC and Subsidiaries
Interim Condensed Consolidated Statement of Cash Flow for the period ended
30 June 2019 (Unaudited)

	Note	Six months ended 30 June 2019 (Unaudited) KD	Six months ended 30 June 2018 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period		(26,890)	(33,224)
Adjustments for:			
Depreciation		223,304	2,222
Amortisation of intangible assets		20,833	-
Loss on sale of financial assets at fair value through profit or loss		-	6,212
Change in fair value of financial assets at fair value through profit or loss		-	(4,288)
Change in fair value of investment properties		(109,512)	-
Share of results of associate		7,807	(2,193)
Dividend income		(17,627)	(35,188)
Finance costs		120,679	103,334
Provision for employees' end of service benefits		25,773	9,066
		<u>244,367</u>	<u>45,941</u>
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(271,392)	(6,788)
Accounts payable and other liabilities		(152,947)	14,436
Cash from operations		(179,972)	53,589
Employees' end of service benefits paid		(16,964)	(183)
Net cash (used in)/from operating activities		<u>(196,936)</u>	<u>53,406</u>
INVESTING ACTIVITIES			
Proceeds from sale of non-current assets held for sale		5,381,000	-
Payment for investment properties		(32,398)	-
Proceeds from sale of investment properties		789,637	-
Net purchase of financial assets at fair value through profit or loss		-	439,792
Addition to properties under development		-	(51,337)
Return of advance for purchase of investment property		-	9,399
Purchase of equipment		(60,615)	-
Payment for business combination		(161,873)	-
Dividend income received		17,627	35,188
Purchase of investment in associate		-	(7,760)
Investment in associate- return of capital		-	79,812
Payment for acquisition of minority interest		(952,065)	-
Net cash from investing activities		<u>4,981,313</u>	<u>505,094</u>
FINANCING ACTIVITIES			
Movement in Ijara financing		-	(45,639)
Repayment of borrowings		(259,000)	-
Settlement of liabilities related to non-current assets held for sale		(3,556,131)	-
Finance costs paid		(120,679)	(103,334)
Net cash used in financing activities		<u>(3,935,810)</u>	<u>(148,973)</u>
Net impact of foreign currency translation adjustments		106,216	(3,196)
Increase in cash and cash equivalents		954,783	406,331
Cash and cash equivalents at the beginning of the period		648,452	506,787
Cash and cash equivalents at the end of the period	12	<u>1,603,235</u>	<u>913,118</u>

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Gulf North Africa Holding Company – KPSC and Subsidiaries
Note to the Interim Condensed Consolidated Financial Information for the period ended 30 June 2019 (Unaudited)

1 Incorporation and activities

Gulf North Africa Holding Co. – KPSC (the Parent Company) was incorporated on 3 December 2005 as a Kuwaiti Public Shareholding Company. The General Assembly meeting for establishment of the Parent Company was held at the Ministry of Commerce and Industry on 14 December 2005. The Parent Company's shares were listed on the Kuwait Stock Exchange on 23 March 2010.

The main objectives of the parent company are as follows:

- Extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trade marks or royalties and any other property related thereto, and renting such properties to the others whether inside Kuwait or abroad.
- Acquisition of properties and buildings necessary to carry out the business activities as allowable by the law.
- Ownership of shares in Kuwaiti and foreign shareholding companies in addition to ownership of shares in Kuwaiti and foreign limited liability companies and the participation in the share capital of both types of companies including management, lending and guaranteeing against third parties.
- Utilizing excess funds through investing in financial portfolios managed by specialized companies and institutions.

The parent company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The parent company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The parent company has the right to establish, participate in or acquire such institutions.

The parent company's shares are listed on Kuwait Stock Exchange. The group comprises the parent company and its subsidiaries.

In all cases, the Parent Company is governed in all its activities by Islamic Sharia'a and all activities which are in compliance of Islamic Sharia'a board are obligatory to the Parent Company.

The address of the Parent Company's registered office is PO Box 4425, Safat 13045, State of Kuwait.

The interim condensed consolidated financial information of the group for the period ended 30 June 2019 was authorised for issue by the parent company's board of directors on 8 August 2019.

2 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018 except for the changes described below arising from the adoption of IFRS 16 'Leases' effective from 1 January 2019.

This interim condensed consolidated financial information does not include all information and disclosures required to complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six months ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2018.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the parent company.

3 Changes in accounting policies and disclosures

IFRS 16 Leases

IFRS 16 was effective for annual periods beginning on or after 1 January 2019. IFRS 16 does not significantly change the accounting for leases for lessors. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Group, as a lessee, has adopted the following accounting policy in respect of its leases:

At inception of a contract, the Group assesses whether the contract is a lease. A contract is 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. If the contract is identified as a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. The adoption of IFRS 16 did not have any material impact on the Group's interim condensed consolidated financial information.

4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2018.

5 Subsidiaries

During the period the Group acquired additional ownership interest in Casablanca Real Estate Co. Ltd, Dream Real Estate Co. Ltd and Al-Siraj Group Holding Company – KSCC. Set out below details of the subsidiaries held by the Group:

	Country of incorporation	Voting capital held			Activities
		30 June 2019	31 Dec. 2018	30 June 2018	
Morocco Mediterranean General Trading WLL	Kuwait	99%	99%	99%	Real estate
Al-Janzour Real Estate Company WLL	Kuwait	99%	99%	99%	Real estate
Gulf Morocco Co. W.L.L.	Saudi Arabia	100%	100%	100%	Real estate
Casablanca Real Estate Co. Ltd	Cayman Islands	48.29%	26.98%	26.98%	Real estate
Dream Real Estate Co. Ltd	Cayman Islands	47.29%	30.81%	30.81%	Real estate
SARL EL Awras El Khalijia Promotion Immo	Algeria	100%	100%	100%	Real estate
Morocco North Africa Holding Company Ltd.	Morocco	100%	100%	100%	Real estate
Al-Siraj Group Holding Company – KSCC	Kuwait	54.98%	42.29%	-	Education

6 Property, plant and equipment

	30 June 2019 (Unaudited) KD	Restated 31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
At the beginning of the year	9,018,859	14,265	14,265
Additions arising on acquisition	-	9,008,894	-
Additions	517,840	150	-
Depreciation	(239,460)	(4,450)	(2,222)
	<u>9,297,239</u>	<u>9,018,859</u>	<u>12,043</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Note to the Interim Condensed Consolidated Financial Information for the period ended
30 June 2019 (Unaudited)

7 Investment properties

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
At the beginning of the year	5,564,307	7,107,990	7,107,990
Transfer to non-current assets held for sale	-	(6,890,000)	-
Transfer from properties under development	1,040,000	4,346,978	-
Additions	32,398	-	-
Disposals	(981,917)	-	-
Change in fair value	109,512	999,339	-
Foreign currency translation change	(112,169)	-	-
	<u>5,652,131</u>	<u>5,564,307</u>	<u>7,107,990</u>

8 Properties under development

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Properties in Saudi Arabia	-	1,040,000	1,413,935
Properties in Syria	-	-	4,339,811
Properties in Morocco	1,760,671	1,766,428	3,484,249
	<u>1,760,671</u>	<u>2,806,428</u>	<u>9,237,995</u>

The movements in properties under development are as follows:

At the beginning of the year	2,806,428	9,196,580	9,196,580
Additions/foreign currency translation change	(5,757)	81,451	51,337
Impairment of property under development	-	(2,124,625)	-
Transfer to investment properties	(1,040,000)	(4,346,978)	(9,922)
	<u>1,760,671</u>	<u>2,806,428</u>	<u>9,237,995</u>

9 Investment in associate

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
At the beginning of the year	624,057	913,957	913,957
Additions	219,457	7,759	7,760
Amount received on reduction of capital	-	(79,812)	(79,812)
Share of results of associates	(7,807)	(72,484)	2,193
Impairment loss on investment in associates	-	(145,363)	-
	<u>835,707</u>	<u>624,057</u>	<u>844,098</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Note to the Interim Condensed Consolidated Financial Information for the period ended
30 June 2019 (Unaudited)

10 Non-current assets held for sale

Non-current assets held for sale consisted of four properties inside the State of Kuwait for which the sale was completed and the liabilities related to these properties were settled during the period.

Discontinued operation

The Group considers the above non-current assets held for sale as a component of the Group which comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. The following are the analysis of revenue, expenses, other related details and net cash flows of discontinued operation:

	Six months ended 30 June 2019 (Unaudited) KD	Six months ended 30 June 2018 (Unaudited) KD
Rental income-net	34,032	208,345
Finance costs	<u>(34,437)</u>	<u>(103,334)</u>
(Loss)/profit from discontinued operation	<u>(405)</u>	<u>105,011</u>
Cash flows from operating activities	34,032	208,345
Cash flows used in financing activities	<u>(34,437)</u>	<u>(103,334)</u>
Net cash (outflows)/inflows from discontinued operation	<u>(405)</u>	<u>105,011</u>

11 Accounts receivable and other assets

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Accounts receivable	269,391	48,715	-
Accrued revenue	-	-	12,000
Prepaid expenses	30,474	14,993	23,042
Other receivables	<u>12,814</u>	<u>12,154</u>	<u>95,620</u>
	<u>312,679</u>	<u>75,862</u>	<u>130,662</u>

12 Cash and cash equivalents

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows comprise of the following:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Saving accounts	6,150	7,780	12,370
Cash in hand	4,443	1,356	874
Bank balances	1,588,443	638,790	899,874
Balance in investment portfolio account	<u>4,199</u>	<u>526</u>	<u>-</u>
	<u>1,603,235</u>	<u>648,452</u>	<u>913,118</u>

13 Borrowings

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Murabaha and wakala facilities	2,684,500	2,943,499	-
Less: current portion	<u>(1,518,000)</u>	<u>(1,518,249)</u>	<u>-</u>
Murabaha and wakala facilities – non-current portion	<u>1,166,500</u>	<u>1,425,250</u>	<u>-</u>

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14 Accounts payable and other liabilities

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Accounts payable and accruals	633,951	784,160	69,482
Advance received for sale of non-current assets held for sale	-	150,000	-
Payable for business combination	-	161,873	-
Due to related parties (note : 16)	188,345	200,650	109,643
Staff leave provision	48,794	39,228	46,906
Dividend payable	8,950	8,950	8,950
	<u>880,040</u>	<u>1,344,861</u>	<u>234,981</u>

15 Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the loss for the period by the weighted average number of shares in issue excluding treasury shares.

	Three months ended		Six months ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	(98,932)	(2,424)	(24,022)	(24,926)
Weighted average number of shares (excluding treasury shares)	150,000,000	145,413,548	150,000,000	145,413,548
Basic and diluted loss per share	(0.66) Fils	(0.02) Fils	(0.16) Fils	(0.17) Fils

16 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) entered into by the group in the ordinary course of business and key management compensation. Details of significant related party transactions and balances are as follows:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Included in the interim condensed consolidated financial position:			
Due from related parties			
Due from associate	-	-	2,464
Due to related parties (note :14)			
Due to associate	78,919	90,867	-
Due to minority shareholder of a subsidiary	109,426	109,783	109,643
	<u>188,345</u>	<u>200,650</u>	<u>109,643</u>

	Three months ended		Six months ended	
	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD	30 June 2019 (Unaudited) KD	30 June 2018 (Unaudited) KD
Transaction included in the interim condensed consolidated statement of profit or loss				
Management fees	24,100	2,416	41,600	4,833
Key management compensation:				
Salaries and other short term benefits	9,065	35,106	16,565	73,144
End of service benefits	508	3,284	1,475	6,532
Total	<u>9,573</u>	<u>38,390</u>	<u>18,040</u>	<u>79,676</u>

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17 Segmental analysis

	Local KD	International KD	Total KD
Three months ended 30 June 2019 (Unaudited)			
Revenue	457,817	(379)	457,438
Segment loss	(111,770)	(23,525)	(135,295)
Foreign exchange loss			(3,502)
Loss for the period			(138,797)
	Local KD	International KD	Total KD
Three months ended 30 June 2018 (Unaudited)			
Revenue	19,365	470	19,835
Segment loss	(11,154)	(3,381)	(14,535)
Foreign exchange gain			9,537
Loss for the period			(4,998)
	Local KD	International KD	Total KD
Six months ended 30 June 2019 (Unaudited)			
Revenue	921,919	110,883	1,032,802
Segment loss	(96,100)	69,713	(26,387)
Foreign exchange loss			(503)
Loss for the period			(26,890)
Total assets	11,777,009	9,756,301	21,533,310
Total liabilities	3,948,293	128,810	4,077,103
	Local KD	International KD	Total KD
Six months ended 30 June 2018 (Unaudited)			
Revenue	32,795	8,058	40,853
Segment loss	(31,816)	(5,014)	(36,830)
Foreign exchange profit			3,606
Loss for the period			(33,224)
Total assets	9,072,364	12,589,276	21,661,640
Total liabilities	3,792,015	127,324	3,919,339

18 General assembly

The Annual General Assembly of shareholders held on 20 May 2019, approved the consolidated financial statements for the year ended 31 December 2018 and the directors' proposal not to distribute any dividends for the year then ended.

19 Fair value measurement

19.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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30 June 2019 (Unaudited)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments

The carrying amounts of the group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position are as follows:

	30 June 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	30 June 2018 (Unaudited) KD
Financial assets:			
Amortised cost:			
Cash and cash equivalents	1,603,235	648,452	913,118
Accounts receivable and other assets	282,205	60,869	107,620
Fair value through profit or loss:			
Financial assets at fair value through profit or loss	2,988	2,988	6,894
Fair value through other comprehensive income:			
Financial assets at fair value through other comprehensive income	1,113,231	1,715,267	3,044,662
	<u>3,001,659</u>	<u>2,427,576</u>	<u>4,072,294</u>
Financial liabilities:			
Financial liabilities at amortised cost:			
Accounts payable and other liabilities	880,040	1,194,861	234,981
Liabilities related to non-current assets held for sale/ljara financing	-	3,556,131	3,601,012
Borrowings	2,684,500	2,943,499	-
Lease liabilities	406,494	-	-
	<u>3,971,034</u>	<u>7,694,491</u>	<u>3,835,993</u>

Management considers that the carrying amounts of the financial assets and all financial liabilities, which are stated at amortised cost, approximate their fair values. The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
30 June 2019 (Unaudited)				
Financial assets at FVTPL				
Local Managed funds (b)	-	2,988	-	2,988
Financial assets at FVOCI				
Unquoted securities (c)	-	-	1,113,231	1,113,231
	<u>-</u>	<u>2,988</u>	<u>1,113,231</u>	<u>1,116,219</u>
31 December 2018 (Audited)				
Financial assets at FVTPL				
Local managed funds (b)	-	2,988	-	2,988
Financial assets at FVOCI				
Unquoted securities (c)	-	-	1,715,267	1,715,267
	<u>-</u>	<u>2,988</u>	<u>1,715,267</u>	<u>1,718,255</u>
30 June 2018 (Unaudited)				
Local Managed funds				
(b)	-	6,894	-	6,894
Financial assets at FVOCI				
Unquoted securities (c)	-	-	3,044,662	3,044,662
	<u>-</u>	<u>6,894</u>	<u>3,044,662</u>	<u>3,051,556</u>

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19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Local managed funds

The underlying investments in local managed funds primarily comprise of local quoted securities whose fair values has been determined by reference to their quoted bid prices at the reporting date.

c) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates.

d) Financial liabilities

The group does not have any financial liabilities at fair value.

Level 3 fair value measurements

The group's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Unquoted Equity investments at FVOCI		
	30 June 2019 KD	31 Dec. 2018 KD	30 June 2018 KD
Opening balances	1,715,267	-	-
Equity investments at FVOCI recognised under IFRS 9 on initial application	-	3,033,712	3,033,712
Disposals	(602,036)	(39,984)	-
Additions	-	-	10,950
Losses recognised in:			
- Other comprehensive income	-	(1,278,461)	-
Closing balance	<u>1,113,231</u>	<u>1,715,267</u>	<u>3,044,662</u>

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The impact on interim condensed consolidated statement profit or loss and consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

20 Capital commitments

At 30 June 2019 the group was committed to purchase investments amounting to KD Nil (31 December 2018: KD Nil and 30 June 2018: KD50,837).

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21 Restatement of consolidated financial statements for purchase price allocation of subsidiary acquired

During December 2018, the Parent Company acquired 42.29% effective equity interest of Al-Siraj Group Holding Company-KSC (Closed) ("Al-Siraj"), a Kuwaiti Shareholding Company, which fully owns Kuwait Technical College –SPC, Kuwait with principal activity of establishment and management of private universities and colleges. On 31 December 2018 Al-Siraj's financial statements was consolidated using the provisional values of assets acquired and liabilities assumed.

During the period, the Group performed a purchase price allocation exercise on acquisition of Al Siraj resulting gain on bargain purchase from business combination of KD 944,260 instead of provisional goodwill recorded previously on 31 December 2018. As a result, comparative figures for the year ended 31 December 2018 were adjusted.

The purchase price allocation is as follows:

	Carrying values	Fair values	Adjustment from purchase price allocation
Assets			
Property, plant and equipment	5,508,894	9,008,894	3,500,000
Intangible assets	611,111	611,111	-
Accounts receivable and other assets	44,365	44,365	-
Due from a related company	1,205	1,205	-
Cash and bank balances	484,155	484,155	-
Liabilities			
Borrowings	(1,943,499)	(1,943,499)	-
Provision for employees' end of service benefits	(85,640)	(85,640)	-
Accounts payable and other liabilities	(500,720)	(500,720)	-
	4,119,871	7,619,871	3,500,000
Non-controlling interests	(2,377,624)	(4,397,514)	(2,019,890)
Net identifiable assets acquired	1,742,247	3,222,357	1,480,110
Consideration for acquisition	2,278,097	2,278,097	-
Goodwill/(gain on bargain purchase from business combination)	535,850	(944,260)	(1,480,110)

The consolidated financial statements for the year ended 31 December 2018 were adjusted as follows:

Consolidated statement of financial position 31 December 2018

	As previously stated	Effect of adjustment	After adjustment
Property, plant and equipment	5,518,859	3,500,000	9,018,859
Goodwill	535,850	(535,850)	-
Total equity attributable to the owners of the parent company	10,276,732	944,260	11,220,992
Non-controlling interests	6,109,850	2,019,890	8,129,740

Consolidated statement of profit or loss for the year ended 31 December 2018

	As previously stated	Effect of adjustment	After adjustment
Gain on bargain purchase from business combination	-	944,260	944,260
Loss for the year	(2,716,705)	944,260	(1,772,445)
Attributable to:			
Owners of the Parent Company	(2,205,879)	944,260	(1,261,619)

The above adjustments did not affect consolidated statement of cash flows previously reported. Also, these adjustments did not affect the opening balances of comparative year as at 1 January 2018.