

**Interim Condensed Consolidated  
Financial Information and Review Report  
Gulf North Africa Holding Company – KPSC  
and Subsidiaries  
Kuwait  
31 March 2020 (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 (Kuwait Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 31 March 2020 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 three 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*

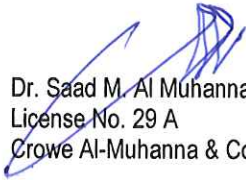
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 three month period ended 31 March 2020 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  
26 July 2020

**Gulf North Africa Holding Company–KPSC and Subsidiaries**  
**Interim Condensed Consolidated Statement of Financial Position as at**  
**31 March 2020 (Unaudited)**

	Notes	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	Restated 31 March 2019 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	8,945,837	9,061,380	8,965,714
Intangible assets		559,028	569,445	600,694
Investment properties	6	7,274,253	7,222,191	6,414,947
Properties under development	7	-	-	1,752,050
Financial assets at fair value through other comprehensive income		801,060	801,060	1,113,231
Investment in associates	8	834,977	828,196	840,878
Advance for purchase of investment property		365,153	365,153	365,153
<b>Total non-current assets</b>		<b>18,780,308</b>	<b>18,847,425</b>	<b>20,052,667</b>
<b>Current assets</b>				
Accounts receivable and other assets	9	540,458	261,522	769,222
Financial assets at fair value through profit or loss		2,988	2,988	2,988
Cash and cash equivalents	10	983,398	888,828	1,800,554
<b>Total current assets</b>		<b>1,526,844</b>	<b>1,153,338</b>	<b>2,572,764</b>
<b>Total assets</b>		<b>20,307,152</b>	<b>20,000,763</b>	<b>22,625,431</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		751,821	751,821	751,821
Voluntary reserve		751,821	751,821	751,821
Foreign currency translation reserve		1,475,517	1,409,674	1,435,522
Fair value reserve		(991,062)	(991,062)	(1,166,163)
Accumulated losses		(5,757,517)	(5,647,523)	(5,437,473)
Total equity attributable to the owners of the parent company		11,230,580	11,274,731	11,335,528
Non-controlling interests		6,162,896	6,200,914	7,225,942
<b>Total equity</b>		<b>17,393,476</b>	<b>17,475,645</b>	<b>18,561,470</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	11	845,000	907,500	1,295,750
Lease liabilities	12	402,583	396,605	-
Provision for employees' end of service benefits		76,528	78,341	105,593
<b>Total non-current liabilities</b>		<b>1,324,111</b>	<b>1,382,446</b>	<b>1,401,343</b>
<b>Current liabilities</b>				
Borrowings – current portion	11	518,000	518,000	1,518,250
Accounts payable and other liabilities	12	1,071,565	624,672	1,144,368
<b>Total current liabilities</b>		<b>1,589,565</b>	<b>1,142,672</b>	<b>2,662,618</b>
<b>Total liabilities</b>		<b>2,913,676</b>	<b>2,525,118</b>	<b>4,063,961</b>
<b>Total equity and liabilities</b>		<b>20,307,152</b>	<b>20,000,763</b>	<b>22,625,431</b>

Mishari Ayman Boodal  
Chairman

Saleh Mohammad Alroomi  
Vice Chairman & CEO

The notes set out on pages 7 to 14 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 31**  
**March 2020 (Unaudited)**

	Notes	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
<b>Continuing operations</b>			
<b>Revenue</b>			
Tuition fees and related income		454,262	431,768
Management fees		11,150	3,750
Change in fair value of investment properties		-	109,891
Share of results of associate		6,781	(2,636)
Dividend income		-	10,079
Foreign exchange (loss)/gain		(2,504)	2,999
Other income		7,980	8,762
		<u>477,669</u>	<u>564,613</u>
<b>Expenses and other charges</b>			
Direct cost of tuition fees and related income		(349,864)	(211,832)
General and administrative expenses		(112,734)	(82,857)
Depreciation		(117,894)	(111,731)
Amortisation of intangible assets		(10,417)	(10,417)
Finance costs		(28,551)	(34,623)
		<u>(619,460)</u>	<u>(451,460)</u>
<b>(Loss)/profit for the year continuing operation</b>		<u>(141,791)</u>	<u>113,153</u>
Loss from discontinued operation		-	(405)
<b>(Loss)/profit before ZAKAT</b>		<u>(141,791)</u>	<u>112,748</u>
Provision for Zakat		-	(841)
<b>(Loss)/profit for the period</b>		<u>(141,791)</u>	<u>111,907</u>
<b>Attributable to :</b>			
Owners of the parent company		(109,994)	74,910
Non-controlling interests		(31,797)	36,997
<b>(Loss)/profit for the period</b>		<u>(141,791)</u>	<u>111,907</u>
<b>Basic and diluted (loss)/earnings per share attributable to the owners of the parent company</b>	13	<u>(0.73) Fils</u>	<u>0.50 Fils</u>

The notes set out on pages 7 to 14 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 31 March 2020 (Unaudited)**

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
<b>(Loss)/profit for the period</b>	<b>(141,791)</b>	<b>111,907</b>
<b>Other comprehensive income:</b>		
<b>Items that will be reclassified subsequently to statement of profit or loss:</b>		
Exchange differences arising on translation of foreign operations	59,622	2,787
Total other comprehensive income for the period	59,622	2,787
<b>Total comprehensive (loss)/income for the period</b>	<b>(82,169)</b>	<b>114,694</b>
Total comprehensive (loss)/income attributable to:		
Owners of the parent company	(44,151)	79,698
Non-controlling interests	(38,018)	34,996
<b>Total comprehensive (loss)/income for the period</b>	<b>(82,169)</b>	<b>114,694</b>

The notes set out on pages 7 to 14 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 31 March 2020 (Unaudited)**

	Equity attributable to the owners of the Parent Company									
	Share capital KD	Statutory reserves KD	Voluntary reserves KD	Foreign currency translation reserves KD		Fair value reserves KD	Accumulated losses KD	Sub- total KD	Non- controlling interests KD	Total KD
Balance at 1 January 2020	15,000,000	751,821	751,821	1,409,674	(991,062)	(5,647,523)	11,274,731	6,200,914	17,475,645	
Loss for the period	-	-	-	-	-	(109,994)	(109,994)	(31,797)	(141,791)	
Other comprehensive income/(loss):	-	-	-	65,843	-	-	65,843	(6,221)	59,622	
Total comprehensive income/(loss) for the period	-	-	-	65,843	-	(109,994)	(44,151)	(38,018)	(82,169)	
<b>Balance at 31 March 2020</b>	<b>15,000,000</b>	<b>751,821</b>	<b>751,821</b>	<b>1,475,517</b>	<b>(991,062)</b>	<b>(5,757,517)</b>	<b>11,230,580</b>	<b>6,162,896</b>	<b>17,393,476</b>	
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	-	-	-	-	-	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	
Profit for the period	-	-	-	4,788	-	74,910	74,910	36,997	111,907	
Other comprehensive income/(loss):	-	-	-	4,788	-	-	4,788	(2,001)	2,787	
Total comprehensive income for the period	-	-	-	4,788	-	74,910	79,698	34,996	114,694	
Transfer upon de-recognition of FVOCI investments	-	-	-	-	645,607	(645,607)	-	-	-	
Acquisition of minority interest	-	-	-	-	-	34,838	34,838	(938,795)	(903,957)	
Balance at 31 March 2019	15,000,000	751,821	751,821	1,435,522	(1,166,163)	(5,437,473)	11,335,528	7,225,942	18,561,470	

The notes set out on pages 7 to 14 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 Flows for the period ended**  
**31 March 2020 (Unaudited)**

	Note	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
(Loss)/profit for the period		(141,791)	111,907
Adjustments for:			
Depreciation		117,894	111,731
Amortisation of intangible assets		10,417	10,417
Change in fair value of investment properties		-	(109,891)
Share of results of associate		(6,781)	2,636
Dividend income		-	(10,079)
Finance costs		28,551	69,060
Provision for employees' end of service benefits		13,053	15,744
		<u>21,343</u>	<u>201,525</u>
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(278,936)	(683,281)
Accounts payable and other liabilities		452,871	111,380
Cash from/(used in) operations		<u>195,278</u>	<u>(370,376)</u>
Employees' end of service benefits paid		(14,866)	(7,411)
<b>Net cash from/(used in) operating activities</b>		<u>180,412</u>	<u>(377,787)</u>
<b>INVESTING ACTIVITIES</b>			
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		-	158,395
Purchase of equipment		(2,351)	(58,586)
Payment for business combination		-	(161,873)
<b>Net cash (used in)/from investing activities</b>		<u>(2,351)</u>	<u>5,286,538</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings		(62,500)	(129,499)
Settlement of liabilities related to non-current assets held for sale		-	(3,556,131)
Finance costs paid		(28,551)	(69,060)
<b>Net cash used in financing activities</b>		<u>(91,051)</u>	<u>(3,754,690)</u>
Net impact of foreign currency translation adjustments		7,560	(1,959)
Increase in cash and cash equivalents		94,570	1,152,102
Cash and cash equivalents at the beginning of the period		888,828	648,452
<b>Cash and cash equivalents at the end of the period</b>	10	<u>983,398</u>	<u>1,800,554</u>

The notes set out on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.



**Gulf North Africa Holding Company – KPSC and Subsidiaries**  
**Notes to the Interim Condensed Consolidated Financial Information for the period ended 31 March 2020 (Unaudited)**

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**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 31 March 2020 was authorised for issue by the parent company's board of directors on 26 July 2020.

**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 2019.

*New standards, interpretations and amendments*

The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed consolidated interim financial statements.

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 three months ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2019.

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

**Gulf North Africa Holding Company – KPSC and Subsidiaries**  
**Notes to the Interim Condensed Consolidated Financial Information for the period ended 31 March 2020 (Unaudited)**

**3 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 expenses. 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 2019.

**4 Subsidiaries**

*Composition of the Group*

Set out below details of the subsidiaries held by the Group:

	Country of incorporation	Voting capital held			Activities
		31 March 2020	31 Dec. 2019	31 March 2019	
Morocco Mediterranean General Trading WLL	Kuwait	-	-	99%	Real estate
Al-Janzour Real Estate Company WLL	Kuwait	100%	100%	100%	Real estate
Gulf Morocco Co. W.L.L.	Saudi Arabia	100%	100%	100%	Real estate
Casablanca Real Estate Co. Ltd	Cayman Islands	48.29%	48.29%	48.29%	Real estate
Dream Real Estate Co. Ltd	Cayman Islands	47.09%	47.09%	47.09%	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	57.94%	57.94%	42.29%	Education

**5 Property, plant and equipment**

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	Restated 31 March 2019 (Unaudited) KD
At 1 January	9,061,380	9,018,859	9,018,859
Additions	2,351	513,832	58,586
Depreciation	(117,894)	(468,917)	(111,731)
Disposals	-	(2,394)	-
	<u>8,945,837</u>	<u>9,061,380</u>	<u>8,965,714</u>

**6 Investment properties**

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
At 1 January	7,222,191	5,564,307	5,564,307
Transfer from properties under development	-	2,806,428	1,040,000
Additions	-	17,875	32,398
Disposals	-	(1,374,190)	(350,675)
Change in fair value	-	207,771	109,891
Foreign currency translation change	52,062	-	19,026
	<u>7,274,253</u>	<u>7,222,191</u>	<u>6,414,947</u>

**Gulf North Africa Holding Company – KPSC and Subsidiaries**  
**Notes to the Interim Condensed Consolidated Financial Information for the period**  
**ended 31 March 2020 (Unaudited)**

**7 Properties under development**

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Properties in Morocco	-	-	1,752,050
	-	-	1,752,050

The movements in properties under development are as follows:

At 1 January	-	2,806,428	2,806,428
Foreign currency translation change	-	-	(14,378)
Transfer to investment properties	-	(2,806,428)	(1,040,000)
	-	-	1,752,050

**8 Investment in associate**

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
At 1 January	828,196	624,057	624,057
Additions	-	218,637	219,457
Share of results of associates	6,781	(14,498)	(2,636)
	834,977	828,196	840,878

**9 Accounts receivables and other assets**

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Accounts receivable	471,434	224,084	643,606
Accrued revenue	-	8,000	10,079
Prepaid expenses	12,784	1,102	88,214
Other receivables	56,240	28,336	27,323
	540,458	261,522	769,222

**10 Cash and cash equivalents**

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

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Saving accounts	9,049	6,049	7,779
Cash in hand	4,497	5,409	7,723
Bank balances	958,009	865,490	483,116
Bank deposits	-	-	1,300,000
Balance in investment portfolio account	11,843	11,880	1,936
	983,398	888,828	1,800,554

**Gulf North Africa Holding Company – KPSC and Subsidiaries**  
**Notes to the Interim Condensed Consolidated Financial Information for the period**  
**ended 31 March 2020 (Unaudited)**

**11 Borrowings**

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Murabaha and wakala facilities	1,363,000	1,425,500	2,814,000
Less: current portion	(518,000)	(518,000)	(1,518,250)
Murabaha and wakala facilities – non-current portion	<u>845,000</u>	<u>907,500</u>	<u>1,295,750</u>

**12 Accounts payable and other liabilities**

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Accounts payable and accruals	854,363	384,022	894,988
Lease liabilities	425,066	418,754	-
Due to related parties (note : 14)	173,700	180,425	196,007
Staff leave provision	12,169	29,226	44,423
Dividend payable	8,850	8,850	8,950
	<u>1,474,148</u>	<u>1,021,277</u>	<u>1,144,368</u>
Lease liabilities due after one year	<u>(402,583)</u>	<u>(396,605)</u>	<u>-</u>
	<u>1,071,565</u>	<u>624,672</u>	<u>1,144,368</u>

**13 Basic and diluted (loss)/earnings per share**

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

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
(Loss)/profit for the period attributable to the owners of the parent company (KD)	<u>(109,994)</u>	74,910
Weighted average number of shares	<u>150,000,000</u>	150,000,000
Basic and diluted (loss)/earnings per share	<u>(0.73) Fils</u>	<u>0.50 Fils</u>

**14 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:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
<b>Included in the interim condensed consolidated financial position:</b>			
<b>Due to related parties (note 12)</b>			
Due to associate	67,474	71,269	87,117
Due to minority shareholder of a subsidiary	106,226	109,156	108,890
	<u>173,700</u>	<u>180,425</u>	<u>196,007</u>

**Gulf North Africa Holding Company – KPSC and Subsidiaries**  
**Notes to the Interim Condensed Consolidated Financial Information for the period**  
**ended 31 March 2020 (Unaudited)**

**14 Related party transactions (continued)**

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
<b>Transaction included in the interim condensed consolidated statement of profit or loss:</b>		
Management fees	6,150	3,750
<b>Key management compensation:</b>		
Salaries and other short term benefits	11,124	7,500
End of service benefits	510	967
	<u>11,634</u>	<u>8,467</u>

**15 Segmental analysis**

	Local KD	International KD	Total KD
<b>Three months ended 31 March 2020 (Unaudited)</b>			
Revenue	480,173	-	480,173
Segment loss	(120,142)	(19,145)	(139,287)
Foreign exchange loss			(2,504)
Loss for the period			(141,791)
Total assets	11,888,627	8,418,525	20,307,152
Total liabilities	2,800,057	113,619	2,913,676
<b>Three months ended 31 March 2019 (Unaudited)</b>			
Revenue	464,102	97,512	561,614
Segment profit	15,670	93,238	108,908
Foreign exchange gain			2,999
Profit for the period			111,907
Total assets	12,861,441	9,763,990	22,625,431
Total liabilities	3,935,673	128,288	4,063,961

**16 General assembly**

The Annual General Assembly of shareholders held on 3 June 2020, approved the consolidated financial statements for the year ended 31 December 2019 and the directors' proposal not to distribute any dividends for the year then ended.

**17 Fair value measurement**

**17.1 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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**17 Fair value measurement (continued)**

**17.2 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:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
<b>Financial assets:</b>			
<b>Amortised cost:</b>			
Cash and cash equivalents	983,398	888,828	1,800,554
Accounts receivable and other assets	527,674	260,420	681,008
<b>Fair value through profit or loss:</b>			
Financial assets at fair value through profit or loss	2,988	2,988	2,988
<b>Fair value through other comprehensive income:</b>			
Financial assets at fair value through other comprehensive income	801,060	801,060	1,113,231
	<u>2,315,120</u>	<u>1,953,296</u>	<u>3,597,781</u>
<b>Financial liabilities:</b>			
<b>Financial liabilities at amortised cost:</b>			
Accounts payable and other liabilities	1,049,082	602,523	1,144,368
Borrowings	1,363,000	1,425,500	2,814,000
Lease liabilities	425,066	418,754	-
	<u>2,837,148</u>	<u>2,446,777</u>	<u>3,958,368</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
<b>31 March 2020 (Unaudited)</b>				
<b>Financial assets at FVTPL</b>				
Local Managed funds (b)	-	2,988	-	2,988
<b>Financial assets at FVOCI</b>				
Unquoted securities (c)	-	-	801,060	801,060
	-	2,988	801,060	<u>804,048</u>
<b>31 December 2019 (Audited)</b>				
<b>Financial assets at FVTPL</b>				
Local managed funds (b)	-	2,988	-	2,988
<b>Financial assets at FVOCI</b>				
Unquoted securities (c)	-	-	801,060	801,060
	-	2,988	801,060	<u>804,048</u>
<b>31 March 2019 (Unaudited)</b>				
<b>Financial assets at FVTPL</b>				
Local Managed funds (b)	-	2,988	-	2,988
<b>Financial assets at FVOCI</b>				
Unquoted securities (c)	-	-	1,113,231	1,113,231
	-	2,988	1,113,231	<u>1,116,219</u>

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**17 Fair value measurement (continued)**

**17.2 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:

	<b>Unquoted Equity investments at FVOCI</b>		
	<b>31 March 2020 KD</b>	<b>31 Dec. 2019 KD</b>	<b>31 March 2019 KD</b>
Opening balances	801,060	1,715,267	1,715,267
Disposals	-	(818,504)	(602,036)
Losses recognised in:			
- Other comprehensive loss	-	(95,703)	-
Closing balance	<u>801,060</u>	<u>801,060</u>	<u>1,113,231</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 comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

**18 Impact of Covid-19**

The outbreak of the novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. The Group is continually monitoring its impact to manage the potential disruption of the Covid-19 outbreak. The Group's main revenue generating activity is providing education services. In response to the current situation the Group has used online learning (or e-learning) facilities to reach learners remotely and limit the disruption of education services. The Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed consolidated interim financial information. Below are the key assumptions about the future and other key source of estimation that may have a significant risk of causing material adjustment to the condensed consolidated interim financial information:

Impairment of non-financial assets including fair valuation of investment properties

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**18 Impact of Covid-19 (continued)**

The Group has considered any impairment indicators arising due to the above situation and any significant uncertainties around its property, plant and equipment, intangible assets, other non-financial assets and fair valuation of investment properties arising due to disruption to business and concluded that there is no material impact due to Covid-19.

**Impairment of financial assets**

The Group has assessed its financial assets for any indicators of impairment and concluded there is no material impact on account of Covid-19.

**Commitments and contingent liabilities**

The Group has assessed the impact of any operational disruptions with a view of potential increase in contingent liabilities and commitments and no major impact was identified.

**Going concern**

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The Group has concluded that it has enough resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, this condensed consolidated interim financial information has been prepared on a going concern basis.