

**Interim Condensed Consolidated
Financial Information and Review Report
Gulf North Africa Holding Company – KPSC
and Subsidiaries
Kuwait
30 June 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 (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 30 June 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 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

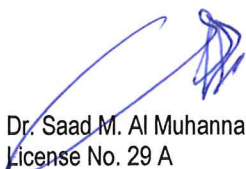
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 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 30 June 2020
(Unaudited)

	Notes	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment	5	8,828,758	9,061,380	9,297,239
Intangible assets		548,611	569,445	590,278
Investment properties	6	7,316,350	7,222,191	5,652,131
Properties under development	7	-	-	1,760,671
Financial assets at fair value through other comprehensive income		801,060	801,060	1,113,231
Investment in associates	8	833,590	828,196	835,707
Advance for purchase of investment property		365,153	365,153	365,153
Total non-current assets		18,693,522	18,847,425	19,614,410
Current assets				
Accounts receivable and other assets	9	435,933	261,522	312,679
Financial assets at fair value through profit or loss		2,988	2,988	2,988
Cash and cash equivalents	10	860,667	888,828	1,603,235
Total current assets		1,299,588	1,153,338	1,918,902
Total assets		19,993,110	20,000,763	21,533,312
Equity and liabilities				
Equity				
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		1,488,401	1,409,674	1,423,287
Fair value reserve		(991,062)	(991,062)	(1,166,163)
Accumulated losses		(5,800,170)	(5,647,523)	(5,517,456)
Total equity attributable to the owners of the parent company		11,200,811	11,274,731	11,243,310
Non-controlling interests		6,224,453	6,200,914	6,212,899
Total equity		17,425,264	17,475,645	17,456,209
Liabilities				
Non-current liabilities				
Borrowings	11	845,000	907,500	1,166,500
Lease liabilities	12	408,190	396,605	384,998
Provision for employees' end of service benefits		78,425	78,341	106,069
Total non-current liabilities		1,331,615	1,382,446	1,657,567
Current liabilities				
Borrowings – current portion	11	518,000	518,000	1,518,000
Accounts payable and other liabilities	12	718,231	624,672	901,536
Total current liabilities		1,236,231	1,142,672	2,419,536
Total liabilities		2,567,846	2,525,118	4,077,103
Total equity and liabilities		19,993,110	20,000,763	21,533,312

Mishari Ayman Boodai
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
30 June 2020 (Unaudited)

	Note	Three months ended		Six months ended	
		30 June	30 June	30 June	30 June
		2020	2019	2020	2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		KD	KD	KD	KD
Continuing operations					
Revenue					
Tuition fees and related income		473,116	396,914	927,378	828,682
Management fees		6,150	10,350	17,300	14,100
Change in fair value of investment properties		-	(379)	-	109,512
Share of results of associate		(1,387)	(5,171)	5,394	(7,807)
Dividend income		-	7,548	-	17,627
Foreign exchange gain/(loss)		365	(3,502)	(2,139)	(503)
Other income		-	34,426	7,980	43,188
		<u>478,244</u>	<u>440,186</u>	<u>955,913</u>	<u>1,004,799</u>
Expenses and other charges					
Direct cost of tuition fees and related income		(215,414)	(314,956)	(565,278)	(524,163)
General and administrative expenses		(117,035)	(75,103)	(229,769)	(160,585)
Depreciation		(117,648)	(127,729)	(235,542)	(239,460)
Amortisation of intangible assets		(10,417)	(10,417)	(20,834)	(20,834)
Finance costs		(23,660)	(51,619)	(52,211)	(86,242)
		<u>(484,174)</u>	<u>(579,824)</u>	<u>(1,103,634)</u>	<u>(1,031,284)</u>
Loss for the period continuing operation		(5,930)	(139,638)	(147,721)	(26,485)
Loss from discontinued operation		-	-	-	(405)
Loss before ZAKAT		(5,930)	(139,638)	(147,721)	(26,890)
Reversal of provision for Zakat		-	841	-	-
Loss for the period		(5,930)	(138,797)	(147,721)	(26,890)
Attributable to:					
Owners of the parent company		(42,653)	(98,932)	(152,647)	(24,022)
Non-controlling interests		36,723	(39,865)	4,926	(2,868)
Loss for the period		(5,930)	(138,797)	(147,721)	(26,890)
Basic and diluted loss per share attributable to the owners of the parent company	13	(0.28) Fils	(0.66) Fils	(1.02) Fils	(0.16) Fils

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 30 June 2020 (Unaudited)

	Three months ended		Six months ended	
	30 June 2020 (Unaudited) KD	30 June 2019 (Unaudited) KD	30 June 2020 (Unaudited) KD	30 June 2019 (Unaudited) KD
Loss for the period	(5,930)	(138,797)	(147,721)	(26,890)
Other comprehensive loss:				
Items that will be reclassified subsequently to statement of profit or loss:				
Exchange differences arising on translation of foreign operations	37,718	(14,399)	97,340	(11,612)
Total other comprehensive income/(loss) for the period	37,718	(14,399)	97,340	(11,612)
Total comprehensive income/(loss) for the period	31,788	(153,196)	(50,381)	(38,502)
Total comprehensive income/(loss) attributable to:				
Owners of the parent company	(29,769)	(111,167)	(73,920)	(31,469)
Non-controlling interests	61,557	(42,029)	23,539	(7,033)
Total comprehensive income/(loss) for the period	31,788	(153,196)	(50,381)	(38,502)

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 30 June 2020 (Unaudited)

	Equity attributable to the owners of the Parent Company										
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve		Fair value reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests		Total KD
				KD	KD				KD	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	-	-	-	-	-	(152,647)	(152,647)	4,926	(147,721)		
Other comprehensive income	-	-	-	78,727	-	-	78,727	18,613	97,340		
Total comprehensive income/(loss) for the period	-	-	-	78,727	-	(152,647)	(73,920)	23,539	(50,381)		
Balance at 30 June 2020	15,000,000	751,821	751,821	1,488,401	(991,062)	(5,800,170)	11,200,811	6,224,453	17,425,264		
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		
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	-	-	-	-	-	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		

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
30 June 2020 (Unaudited)

	Note	Six months ended 30 June 2020 (Unaudited) KD	Six months ended 30 June 2019 (Unaudited) KD
OPERATING ACTIVITIES			
Loss for the period		(147,721)	(26,890)
Adjustments for:			
Depreciation		235,542	239,460
Amortisation of intangible assets		20,834	20,833
Change in fair value of investment properties		-	(109,512)
Share of results of associate		(5,394)	7,807
Dividend income		-	(17,627)
Finance costs		52,211	120,679
Provision for employees' end of service benefits		22,856	25,773
		<u>178,328</u>	<u>260,523</u>
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(174,411)	(271,392)
Accounts payable and other liabilities		105,144	(169,103)
Cash from/(used in) operations		<u>109,061</u>	<u>(179,972)</u>
Employees' end of service benefits paid		(22,772)	(16,964)
Net cash from/(used in) operating activities		<u>86,289</u>	<u>(196,936)</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
Purchase of property, plant and equipment		(2,920)	(60,615)
Payment for business combination		-	(161,873)
Dividend income received		-	17,627
Payment for acquisition of minority interest		-	(952,065)
Net cash (used in)/from investing activities		<u>(2,920)</u>	<u>4,981,313</u>
FINANCING ACTIVITIES			
Repayment of borrowings		(62,500)	(259,000)
Settlement of liabilities related to non-current assets held for sale		-	(3,556,131)
Finance costs paid		(52,211)	(120,679)
Net cash used in financing activities		<u>(114,711)</u>	<u>(3,935,810)</u>
Net impact of foreign currency translation adjustments		3,181	106,216
(Decrease)/increase in cash and cash equivalents		(28,161)	954,783
Cash and cash equivalents at the beginning of the period		888,828	648,452
Cash and cash equivalents at the end of the period	10	<u>860,667</u>	<u>1,603,235</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 30 June 2020 (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 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 six months ended 30 June 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 30 June 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 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 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
		30 June 2020	31 Dec. 2019	30 June 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%	54.98%	Education

5 Property, plant and equipment

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
At the beginning of the year	9,061,380	9,018,859	9,018,859
Additions	2,920	513,832	517,840
Depreciation	(235,542)	(468,917)	(239,460)
Disposals	-	(2,394)	-
	<u>8,828,758</u>	<u>9,061,380</u>	<u>9,297,239</u>

6 Investment properties

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
At the beginning of the year	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)	(981,917)
Change in fair value	-	207,771	109,512
Foreign currency translation change	94,159	-	(112,169)
	<u>7,316,350</u>	<u>7,222,191</u>	<u>5,652,131</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2020 (Unaudited)

7 Properties under development

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Properties in Morocco	-	-	1,760,671
	-	-	1,760,671

The movements in properties under development are as follows:

At the beginning of the year	-	2,806,428	2,806,428
Foreign currency translation change	-	-	(5,757)
Transfer to investment properties	-	(2,806,428)	(1,040,000)
	-	-	1,760,671

8 Investment in associate

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
At the beginning of the year	828,196	624,057	624,057
Additions	-	218,637	219,457
Share of results	5,394	(14,498)	(7,807)
	833,590	828,196	835,707

9 Accounts receivable and other assets

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Accounts receivable	380,981	224,084	269,391
Accrued revenue	-	8,000	-
Prepaid expenses	7,228	1,102	30,474
Other receivables	47,724	28,336	12,814
	435,933	261,522	312,679

10 Cash and cash equivalents

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

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Saving accounts	9,054	6,049	6,150
Cash in hand	2,973	5,409	4,443
Bank balances	836,796	865,490	1,588,443
Balance in investment portfolio account	11,844	11,880	4,199
	860,667	888,828	1,603,235

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2020 (Unaudited)

11 Borrowings

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Murabaha and wakala facilities	1,363,000	1,425,500	2,684,500
Less: current portion	(518,000)	(518,000)	(1,518,000)
Murabaha and wakala facilities – non-current portion	<u>845,000</u>	<u>907,500</u>	<u>1,166,500</u>

12 Accounts payable and other liabilities

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Accounts payable and accruals	495,205	384,022	633,951
Lease liabilities	431,012	418,754	406,494
Due to related parties (note : 14)	173,408	180,425	188,345
Staff leave provision	17,946	29,226	48,794
Dividend payable	8,850	8,850	8,950
	<u>1,126,421</u>	<u>1,021,277</u>	<u>1,286,534</u>
Lease liabilities due after one year	<u>(408,190)</u>	<u>(396,605)</u>	<u>(384,998)</u>
	<u>718,231</u>	<u>624,672</u>	<u>901,536</u>

13 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 2020 (Unaudited)	30 June 2019 (Unaudited)	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Loss for the period attributable to the owners of the parent company (KD)	(42,653)	(98,932)	(152,647)	(24,022)
Weighted average number of shares (excluding treasury shares)	150,000,000	150,000,000	150,000,000	150,000,000
Basic and diluted loss per share	<u>(0.28) Fils</u>	<u>(0.66) Fils</u>	<u>(1.02) Fils</u>	<u>(0.16) 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:

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Due to related parties (note :12)			
Due to associate	63,724	71,269	78,919
Due to minority shareholder of a subsidiary	109,684	109,156	109,426
	<u>173,408</u>	<u>180,425</u>	<u>188,345</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2020 (Unaudited)

14 Related party transactions (continued)

	Three months ended		Six months ended	
	30 June 2020 (Unaudited) KD	30 June 2019 (Unaudited) KD	30 June 2020 (Unaudited) KD	30 June 2019 (Unaudited) KD
Transaction included in the interim condensed consolidated statement of profit or loss				
Management fees	6,150	5,350	12,300	9,100
Key management compensation:				
Salaries and other short term benefits	10,363	9,065	21,487	16,565
End of service benefits	510	508	1,020	1,475
Total	10,873	9,573	22,507	18,040

15 Segmental analysis

	Local KD	International KD	Total KD
Three months ended 30 June 2020 (Unaudited)			
Revenue	477,879	-	477,879
Segment profit/(loss)	62,746	(69,041)	(6,295)
Foreign exchange gain			365
Loss for the period			(5,930)
	Local KD	International KD	Total KD
Three months ended 30 June 2019 (Unaudited)			
Revenue	444,067	(379)	443,688
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
Six months ended 30 June 2020 (Unaudited)			
Revenue	958,052	-	958,052
Segment loss	(57,396)	(88,186)	(145,582)
Foreign exchange loss			(2,139)
Loss for the period			(147,721)
Total assets	11,532,394	8,460,716	19,993,110
Total liabilities	2,451,773	116,073	2,567,846
	Local KD	International KD	Total KD
Six months ended 30 June 2019 (Unaudited)			
Revenue	894,419	110,883	1,005,302
Segment (loss)/profit	(96,100)	69,713	(26,387)
Foreign exchange loss			(503)
Loss for the period			(26,890)
Total assets	11,777,011	9,756,301	21,533,312
Total liabilities	3,948,293	128,810	4,077,103

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.

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2020 (Unaudited)

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).

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:

	30 June 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	30 June 2019 (Unaudited) KD
Financial assets:			
Amortised cost:			
Cash and cash equivalents	860,667	888,828	1,603,235
Accounts receivable and other assets	428,705	260,420	282,205
Fair value through profit or loss:			
Financial assets at fair value through profit or loss	2,988	2,988	2,988
Fair value through other comprehensive income:			
Financial assets at fair value through other comprehensive income	801,060	801,060	1,113,231
	<u>2,093,420</u>	<u>1,953,296</u>	<u>3,001,659</u>
Financial liabilities:			
Financial liabilities at amortised cost:			
Accounts payable and other liabilities	695,409	602,523	880,040
Borrowings	1,363,000	1,425,500	2,684,500
Lease liabilities	431,012	418,754	406,494
	<u>2,489,421</u>	<u>2,446,777</u>	<u>3,971,034</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 2020 (Unaudited)				
Financial assets at FVTPL				
Local Managed funds (b)	-	2,988	-	2,988
Financial assets at FVOCI				
Unquoted securities (c)	-	-	801,060	801,060
	<u>-</u>	<u>2,988</u>	<u>801,060</u>	<u>804,048</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2020 (Unaudited)

17 Fair value measurement (continued)

17.2 Fair value measurement of financial instruments (continued)

31 December 2019 (Audited)					
Financial assets at FVTPL					
Local managed funds	(b)	-	2,988	-	2,988
Financial assets at FVOCI					
Unquoted securities	(c)	-	-	801,060	801,060
		<u>-</u>	<u>2,988</u>	<u>801,060</u>	<u>804,048</u>
30 June 2019 (Unaudited)					
Local Managed funds					
Financial assets at FVOCI	(b)	-	2,988	-	2,988
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>

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 2020 KD	31 Dec. 2019 KD	30 June 2019 KD
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 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%.

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

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.