

**Interim Condensed Consolidated
Financial Information and Review Report
Gulf North Africa Holding Company – KPSC
and Subsidiaries
Kuwait
30 June 2021 (Unaudited)**

Contents

	Page
Review report	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial information	7 to 13

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 2021 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 2021 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations, during the six month period ended 30 June 2021 that might have had material effect on the business of the Parent Company or on its financial position.



Rabea Saad Al-Muhanna
License No. 152 A
Crowe Al-Muhanna & Co

Kuwait
15 July 2021

Gulf North Africa Holding Company–KPSC and Subsidiaries
Interim Condensed Consolidated Statement of Financial Position as at 30 June 2021
(Unaudited)

	Notes	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment	5	8,380,987	8,537,087	8,828,758
Intangible assets		506,944	527,778	548,611
Investment properties	6	7,257,310	7,311,396	7,316,350
Financial assets at fair value through other comprehensive income		544,672	544,672	801,060
Investment in associates	7	8,978	10,149	833,590
Advance for purchase of investment property		315,153	315,153	365,153
Total non-current assets		17,014,044	17,246,235	18,693,522
Current assets				
Accounts receivable and other assets	8	421,806	1,388,691	435,933
Financial assets at fair value through profit or loss		-	2,988	2,988
Cash and cash equivalents	9	1,421,045	800,309	860,667
Total current assets		1,842,851	2,191,988	1,299,588
Total assets		18,856,895	19,438,223	19,993,110
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		1,493,753	1,530,221	1,488,401
Fair value reserve		(1,300,103)	(1,300,219)	(991,062)
Accumulated losses		(5,756,897)	(5,979,714)	(5,800,170)
Total equity attributable to the owners of the parent company		10,940,395	10,753,930	11,200,811
Non-controlling interests		6,008,239	5,912,352	6,224,453
Total equity		16,948,634	16,666,282	17,425,264
Liabilities				
Non-current liabilities				
Borrowings	10	385,000	577,000	845,000
Accounts payable and other liabilities – non current portion	11	323,250	334,714	408,190
Provision for employees' end of service benefits		130,265	98,544	78,425
Total non-current liabilities		838,515	1,010,258	1,331,615
Current liabilities				
Borrowings – current portion	10	451,000	638,643	518,000
Accounts payable and other liabilities	11	618,746	1,123,040	718,231
Total current liabilities		1,069,746	1,761,683	1,236,231
Total liabilities		1,908,261	2,771,941	2,567,846
Total equity and liabilities		18,856,895	19,438,223	19,993,110

Mishari Ayman Boodai
Chairman

Saleh Mohammad Alroomi
Vice Chairman & CEO

The notes set out on pages 7 to 13 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 2021 (Unaudited)

	Notes	Three months ended		Six months ended	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		KD	KD	KD	KD
Continuing operations					
Revenue					
Tuition fees and related income		810,484	473,116	1,475,150	927,378
Management fees		2,250	6,150	4,500	17,300
Realised gain on disposal of investments at fair value through profit or loss		-	-	273	-
Share of results of associate		(585)	(1,387)	(1,171)	5,394
Foreign exchange gain/(loss)		-	365	49	(2,139)
Lease rent concession		-	-	11,525	-
Other income		15,137	-	20,508	7,980
Gain on disposals of property, plant and equipment		90	-	90	-
		<u>827,376</u>	<u>478,244</u>	<u>1,510,924</u>	<u>955,913</u>
Expenses and other charges					
Direct cost of tuition fees and related income		(372,092)	(215,414)	(774,814)	(565,278)
General and administrative expenses		(48,935)	(52,724)	(122,818)	(156,645)
Depreciation		(108,694)	(117,648)	(215,034)	(235,542)
Amortisation of intangible assets		(10,417)	(10,417)	(20,834)	(20,834)
Finance costs		(16,689)	(23,660)	(36,776)	(52,211)
		<u>(556,827)</u>	<u>(419,863)</u>	<u>(1,170,276)</u>	<u>(1,030,510)</u>
Profit/(loss) for the period from continuing operations		270,549	58,381	340,648	(74,597)
Profit/(loss) from discontinued operation	4	-	(64,311)	35,484	(73,124)
Profit/loss before NLST and ZAKAT		270,549	(5,930)	376,132	(147,721)
Provision for NLST		(4,452)	-	(6,529)	-
Provision for Zakat		(1,781)	-	(2,612)	-
Profit/(loss) for the period		264,316	(5,930)	366,991	(147,721)
Attributable to:					
Owners of the parent company		158,248	(42,653)	220,294	(152,647)
Non-controlling interests		106,068	36,723	146,697	4,926
Profit/(loss) for the period		264,316	(5,930)	366,991	(147,721)
Basic and diluted earnings/(loss) per share attributable to the owners of the parent company	12	1.06 Fils	(0.28) Fils	1.47 Fils	(1.02) Fils

The notes set out on pages 7 to 13 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 2021 (Unaudited)

	Three months ended		Six months ended	
	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD
Profit/(loss) for the period	264,316	(5,930)	366,991	(147,721)
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>				
Changes in fair value of investments at fair value through other comprehensive income (FVOCI)	157	-	157	-
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(7,076)	37,718	(54,002)	97,340
Exchange difference arising on translation of foreign operation transferred to profit & loss	-	-	(19,782)	-
Total other comprehensive (loss)/income for the period	(6,919)	37,718	(73,627)	97,340
Total comprehensive income/(loss) for the period	257,397	31,788	293,364	(50,381)
Total comprehensive income/(loss) attributable to:				
Owners of the parent company	165,855	(29,769)	183,912	(73,920)
Non-controlling interests	91,542	61,557	109,452	23,539
Total comprehensive income/(loss) for the period	257,397	31,788	293,364	(50,381)

The notes set out on pages 7 to 13 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 2021 (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 KD	Total KD
				KD	USD					
Balance at 1 January 2021	15,000,000	751,821	751,821	1,530,221	(1,300,219)	(5,979,714)	10,753,930	5,912,352	16,666,282	
Profit for the period	-	-	-	-	-	220,294	220,294	146,697	366,991	
Other comprehensive (loss)/income	-	-	-	(36,468)	86	-	(36,382)	(37,245)	(73,627)	
Total comprehensive (loss)/income for the period	-	-	-	(36,468)	86	220,294	183,912	109,452	293,364	
Acquisition of minority interest from existing subsidiaries	-	-	-	-	-	2,553	2,553	(13,565)	(11,012)	
Transfer upon de-recognition of FVOCI investments	-	-	-	-	30	(30)	-	-	-	
Balance at 30 June 2021	15,000,000	751,821	751,821	1,493,753	(1,300,103)	(5,756,897)	10,940,395	6,008,239	16,948,634	
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	

The notes set out on pages 7 to 13 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 2021 (Unaudited)

	Note	Six months ended 30 June 2021 (Unaudited) KD	Six months ended 30 June 2020 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) for the period		366,991	(147,721)
Adjustments for:			
Depreciation		215,034	235,542
Amortisation of intangible assets		20,834	20,834
Realised gain on disposal of investment at fair value through profit or loss		(273)	-
Gain on disposals of property, plant and equipment		(90)	-
Share of results of associate		1,171	(5,394)
Finance costs		36,776	52,211
Provision for employees' end of service benefits		33,012	22,856
		<u>673,455</u>	<u>178,328</u>
Changes in operating assets and liabilities:			
Accounts receivable and other assets		966,885	(174,411)
Accounts payable and other liabilities		(516,256)	105,144
Cash from operations		<u>1,124,084</u>	<u>109,061</u>
Employees' end of service benefits paid		(1,291)	(22,772)
Net cash from operating activities		<u>1,122,793</u>	<u>86,289</u>
INVESTING ACTIVITIES			
Proceeds from disposal of investment at fair value through profit or loss		3,261	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		157	-
Purchase of property, plant and equipment		(58,934)	(2,920)
Proceeds from disposals of property, plant and equipment		90	-
Payment for acquisition of minority interest		(11,012)	-
Net cash used in investing activities		<u>(66,438)</u>	<u>(2,920)</u>
FINANCING ACTIVITIES			
Repayment of borrowings		(379,643)	(62,500)
Finance costs paid		(36,278)	(52,211)
Net cash used in financing activities		<u>(415,921)</u>	<u>(114,711)</u>
Net impact of foreign currency translation adjustments		(19,698)	3,181
Increase/(decrease) in cash and cash equivalents		620,736	(28,161)
Cash and cash equivalents at the beginning of the period		800,309	888,828
Cash and cash equivalents at the end of the period	9	<u>1,421,045</u>	<u>860,667</u>

The notes set out on pages 7 to 13 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 2021 (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 2021 was authorised for issue by the parent company's board of directors on 15 July 2021.

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 2020.

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 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2020.

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 2021 (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 2020.

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 2021	31 Dec. 2020	30 June 2020	
Al-Janzour Real Estate Company S.P.C.	Kuwait	100%	100%	100%	Real estate
Gulf Morocco Co. S.P.C.*	Saudi Arabia	-	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	63.45%	63.28%	57.94%	Education
Rawaj Holding Company K.S.C.(Closed)	Kuwait	54.49%	54.49%	-	Real estate

***Discontinued operation**

Gulf Morocco Co. S.P.C. was liquidated during the period and its liquidation did not have any significant impact on the interim condensed consolidated statement of financial position. Profit from discontinued operation during the period mainly consisted of exchange difference arising on translation of foreign operation transferred to profit & loss and certain tax refund received.

5 Property, plant and equipment

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
At the beginning of the year	8,537,087	9,061,380	9,061,380
Additions	58,934	32,646	2,920
Depreciation	(215,034)	(456,939)	(235,542)
Impairment loss	-	(100,000)	-
	<u>8,380,987</u>	<u>8,537,087</u>	<u>8,828,758</u>

6 Investment properties

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
At the beginning of the year	7,311,396	7,222,191	7,222,191
Disposals	-	(52,221)	-
Change in fair value	-	(2,056)	-
Foreign currency translation change	(54,086)	143,482	94,159
	<u>7,257,310</u>	<u>7,311,396</u>	<u>7,316,350</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2021 (Unaudited)

7 Investment in associates

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
At the beginning of the year	10,149	828,196	828,196
Share of results of associates	(1,171)	(32,234)	5,394
Return of capital from an associate	-	(550,119)	-
Loss on derecognition on transfer to investment in subsidiary	-	(16,462)	-
Transfer to investment in subsidiary	-	(219,232)	-
	<u>8,978</u>	<u>10,149</u>	<u>833,590</u>

8 Accounts receivable and other assets

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Accounts receivable	289,529	1,335,211	380,981
Prepaid expenses	11,605	2,098	7,228
Other receivables	120,672	51,382	47,724
	<u>421,806</u>	<u>1,388,691</u>	<u>435,933</u>

9 Cash and cash equivalents

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

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Saving accounts	8,426	8,526	9,054
Cash in hand	2,864	1,382	2,973
Bank balances	1,409,340	782,914	836,796
Balance in investment portfolio account	415	7,487	11,844
	<u>1,421,045</u>	<u>800,309</u>	<u>860,667</u>

10 Borrowings

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Murabaha and wakala facilities	836,000	1,215,643	1,363,000
Less: current portion	(451,000)	(638,643)	(518,000)
Murabaha and wakala facilities – non-current portion	<u>385,000</u>	<u>577,000</u>	<u>845,000</u>

11 Accounts payable and other liabilities

	30 June 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Accounts payable and accruals	348,815	891,393	495,205
Lease liabilities	408,190	408,129	431,012
Due to related parties (note : 13)	116,880	117,818	173,408
Staff leave provision	59,561	31,764	17,946
Dividend payable	8,550	8,650	8,850
	<u>941,996</u>	<u>1,457,754</u>	<u>1,126,421</u>
Amount due after one year	<u>(323,250)</u>	<u>(334,714)</u>	<u>(408,190)</u>
	<u>618,746</u>	<u>1,123,040</u>	<u>718,231</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2021 (Unaudited)

12 Basic and diluted earnings/(loss) per share

Basic and diluted earnings/(loss) 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		Six months ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Profit/(loss) for the period attributable to the owners of the parent company (KD)	158,248	(42,653)	220,294	(152,647)
Weighted average number of shares	150,000,000	150,000,000	150,000,000	150,000,000
Basic and diluted earnings/(loss) per share	1.06 Fils	(0.28) Fils	1.47 Fils	(1.02) Fils

13 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 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Included in the interim condensed consolidated financial position:			
Due to related parties (note :11)			
Due to associate	-	-	63,724
Due to minority shareholder of a subsidiary	116,880	117,818	109,684
	<u>116,880</u>	<u>117,818</u>	<u>173,408</u>

	Three months ended		Six months ended	
	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD	30 June 2021 (Unaudited) KD	30 June 2020 (Unaudited) KD
Transaction included in the interim condensed consolidated statement of profit or loss				
Management fees	2,250	6,150	4,500	12,300
Key management compensation:				
Salaries and other short term benefits	10,364	10,363	30,892	21,487
End of service benefits	510	510	1,014	1,020
Total	<u>10,874</u>	<u>10,873</u>	<u>31,906</u>	<u>22,507</u>

14 Segmental analysis

	Local KD	International KD	Total KD
Three months ended 30 June 2021 (Unaudited)			
Revenue	827,376	-	827,376
Segment profit/(loss)	267,267	(2,951)	264,316
Profit for the period			264,316
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)

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2021 (Unaudited)

14 Segmental analysis (continued)

	Local KD	International KD	Total KD
Six months ended 30 June 2021 (Unaudited)			
Revenue	1,510,875	-	1,510,875
Segment profit	339,376	27,566	366,942
Foreign exchange gain			49
Profit for the period			366,991
Total assets	10,687,572	8,169,323	18,856,895
Total liabilities	1,784,677	123,584	1,908,261
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

15 General assembly

The Annual General Assembly of shareholders held on 11 May 2021, approved the consolidated financial statements for the year ended 31 December 2020 and the directors' proposal not to distribute any dividends for the year then ended.

16 Fair value measurement

16.1 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).

16.2 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 2021 (Unaudited) KD	31 Dec. 2020 (Audited) KD	30 June 2020 (Unaudited) KD
Financial assets:			
Amortised cost:			
Cash and cash equivalents	1,421,045	800,309	860,667
Accounts receivable and other assets	410,201	1,386,593	428,705
Fair value through profit or loss:			
Financial assets at fair value through profit or loss	-	2,988	2,988
Fair value through other comprehensive income:			
Financial assets at fair value through other comprehensive income	544,672	544,672	801,060
	<u>2,375,918</u>	<u>2,734,562</u>	<u>2,093,420</u>

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2021 (Unaudited)

16 Fair value measurement (continued)

16.2 Fair value measurement of financial instrument (continued)

Financial liabilities:

Financial liabilities at amortised cost:

Accounts payable and other liabilities	533,806	1,049,625	695,409
Borrowings	836,000	1,215,643	1,363,000
Lease liabilities	408,190	408,129	431,012
	<u>1,777,996</u>	<u>2,673,397</u>	<u>2,489,421</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 2021 (Unaudited)					
Financial assets at FVOCI					
Unquoted securities	(c)	-	-	544,672	544,672
		-	-	544,672	544,672
31 December 2020 (Audited)					
Financial assets at FVTPL					
Local managed funds	(b)	-	2,988	-	2,988
Financial assets at FVOCI					
Unquoted securities	(c)	-	-	544,672	544,672
		-	2,988	544,672	547,660
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
		-	2,988	801,060	804,048

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.

Gulf North Africa Holding Company – KPSC and Subsidiaries
Notes to the Interim Condensed Consolidated Financial Information for the period
ended 30 June 2021 (Unaudited)

16 Fair value measurement (continued)

16.2 Fair value measurement of financial instrument (continued)

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 2021 KD	31 Dec. 2020 KD	30 June 2020 KD
Opening balances	544,672	801,060	801,060
Related to subsidiary acquired	-	338,993	-
Disposals	(157)	(49,638)	-
Gain/(losses) recognised in:			
- Other comprehensive income/(loss)	157	(545,743)	-
Closing balance	544,672	544,672	801,060

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%.

17 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 during the period.

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 during the period.

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 during the period.

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 2020. As a result, this condensed consolidated interim financial information has been prepared on a going concern basis.