

**Humansoft Holding Company K.S.C.P.
and Subsidiaries**



**Interim condensed consolidated financial information
and independent auditors' review report
for the period from 1 January 2020 to 31 March 2020
(Unaudited)**

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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

TO THE BOARD OF DIRECTORS OF HUMANSOFT HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Humansoft Holding Company K.S.C.P. ("the Parent Company") and subsidiaries (together referred to as "the Group") as at 31 March 2020 and the related interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three-month period then ended. The Parent Company's 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" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

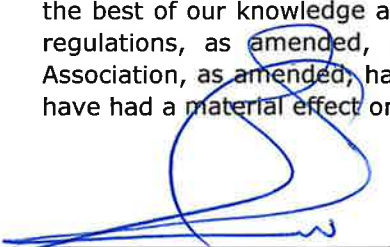
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 IAS 34.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the accompanying interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its executive regulations, as amended, or the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2020 that might have had a material effect on the business of the Group or on its financial position.



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**Interim condensed consolidated statement of financial position (Unaudited)
as at 31 March 2020**

	Notes	Kuwaiti Dinars		
		31 March 2020	31 December 2019 (Audited)	31 March 2019
ASSETS				
Current assets				
Cash and bank balances	3	66,952,563	35,355,264	57,811,275
Trade and other receivables	4	11,619,097	22,425,454	8,968,438
Inventories		54,967	48,024	70,557
		<u>78,626,627</u>	<u>57,828,742</u>	<u>66,850,270</u>
Non-current assets				
Right-of-use assets		1,021,084	1,049,789	1,164,610
Property and equipment		50,599,064	51,556,641	53,801,887
Intangible assets		6,989,744	7,281,989	7,337,119
Investment in associates		654,156	626,073	709,766
		<u>59,264,048</u>	<u>60,514,492</u>	<u>63,013,382</u>
Total assets		<u>137,890,675</u>	<u>118,343,234</u>	<u>129,863,652</u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts	3	104,677	-	296,452
Trade and other payables		976,681	748,898	954,759
Accruals and other liabilities		6,360,951	6,494,450	5,845,878
Lease liabilities		217,579	218,994	224,663
Deferred income	6	24,117,772	6,443,789	17,395,231
Retentions payable		434,332	466,557	944,159
Current portion of long-term debts	7	7,890,000	7,890,000	7,781,000
		<u>40,101,992</u>	<u>22,262,688</u>	<u>33,442,142</u>
Non-current liabilities				
Lease liabilities		679,966	819,648	939,947
Long-term debts	7	9,219,265	10,879,265	16,359,990
Provision for staff indemnity		4,036,949	3,972,194	3,358,747
		<u>13,936,180</u>	<u>15,671,107</u>	<u>20,658,684</u>
Total liabilities		<u>54,038,172</u>	<u>37,933,795</u>	<u>54,100,826</u>
Equity				
Share capital		12,223,680	12,223,680	12,223,680
Share premium		1,512,000	1,512,000	1,512,000
Statutory reserve		9,894,240	9,894,240	6,112,840
Voluntary reserve		6,112,840	6,112,840	6,112,840
Treasury shares	14	(288,877)	(288,877)	(288,877)
Treasury shares reserve		564,013	564,013	564,013
Retained earnings		53,676,056	50,299,035	49,431,828
Foreign currency translation reserve		158,551	92,508	94,502
Total equity		<u>83,852,503</u>	<u>80,409,439</u>	<u>75,762,826</u>
Total liabilities and equity		<u>137,890,675</u>	<u>118,343,234</u>	<u>129,863,652</u>


Ms. Dalal Hasan Al-Sabti
Chairperson

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of profit or loss (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

	Notes	Kuwaiti Dinars	
		Three months period ended	
		2020	2019
Revenue		12,845,098	18,388,160
Cost of operations	8	(4,457,457)	(4,405,219)
Gross profit		8,387,641	13,982,941
General and administrative expenses	9	(4,281,003)	(4,014,104)
Selling expenses	10	(518,255)	(553,739)
Finance charges		(220,996)	(351,377)
Share of profit of associates		2,913	5,912
Other income		222,248	64,186
Profit before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		3,592,548	9,133,819
Contribution to KFAS		(79,444)	(92,392)
NLST		(93,352)	(229,600)
Zakat		(42,731)	(93,525)
Profit for the period		3,377,021	8,718,302
Basic and diluted earnings per share (fils)	11	28	72

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited) for the period from 1 January 2020 to 31 March 2020

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2020	2019
Profit for the period	<u>3,377,021</u>	<u>8,718,302</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>		
Foreign currency translation adjustments	66,043	(2,391)
Other comprehensive income for the period	<u>66,043</u>	<u>(2,391)</u>
Total comprehensive income for the period	<u><u>3,443,064</u></u>	<u><u>8,715,911</u></u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of changes in equity (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

	Kuwaiti Dinars								
	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at 1 January 2020	12,223,680	1,512,000	9,894,240	6,112,840	(288,877)	564,013	50,299,035	92,508	80,409,439
Total comprehensive income for the period	-	-	-	-	-	-	3,377,021	66,043	3,443,064
Balance as at 31 March 2020	12,223,680	1,512,000	9,894,240	6,112,840	(288,877)	564,013	53,676,056	158,551	83,852,503
Balance as at 1 January 2019	12,223,680	1,512,000	6,112,840	6,112,840	(288,877)	564,013	40,713,526	96,893	67,046,915
Total comprehensive income for the period	-	-	-	-	-	-	8,718,302	(2,391)	8,715,911
Balance as at 31 March 2019	12,223,680	1,512,000	6,112,840	6,112,840	(288,877)	564,013	49,431,828	94,502	75,762,826

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of cash flows (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

	Notes	Kuwaiti Dinars	
		Three months period ended 31 March	
		2020	2019
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		3,592,548	9,133,819
Adjustments for:			
Depreciation and amortisation	9	1,065,145	990,970
Provision for staff indemnity		235,480	182,219
Expected credit loss on financial assets		83,171	10,114
Provision for impairment of goodwill		276,657	-
Finance charges		220,996	351,377
Share of profit of associates		(2,913)	(5,912)
Interest income		(182,364)	(35,445)
Operating profit before working capital changes		5,288,720	10,627,142
Trade and other receivables		10,722,081	12,016,302
Inventories		(6,943)	(18,514)
Trade and other payables		227,783	(71,222)
Accruals and other liabilities		452,853	565,418
Deferred income		17,673,983	11,150,390
Retentions payable		(32,225)	(22,350)
		<u>34,326,252</u>	<u>34,247,166</u>
Payment of staff indemnity		(177,102)	(142,161)
Payment of KFAS		(383,608)	(330,199)
Payment of NLST		-	(854,510)
Payment of Zakat		(391,850)	(347,347)
Net cash generated from operating activities		<u>33,373,692</u>	<u>32,572,949</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(47,688)	(516,352)
Payments for intangible assets		(4,119)	(31,034)
Margin deposits		30,177	3,720
Interest income received		182,364	35,445
Net cash generated from/ (used in) investing activities		<u>160,734</u>	<u>(508,221)</u>
FINANCING ACTIVITIES			
Finance charges paid		(231,838)	(342,447)
Repayment of lease liabilities		(156,676)	(39,169)
Proceeds from bank		-	1,123,964
Repayment to bank		(1,660,000)	(1,891,500)
Net cash used in financing activities		<u>(2,048,514)</u>	<u>(1,149,152)</u>
Net increase in cash and cash equivalents		31,485,912	30,915,576
Effects of exchange rate changes on cash and cash equivalents		36,887	908
Cash and cash equivalents at beginning of the period		25,283,956	21,551,948
Cash and cash equivalents at end of the period	3	<u>56,806,755</u>	<u>52,468,432</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

1. Ownership and activities

Humansoft Holding Company K.S.C.P. ("the Parent Company") is a Kuwaiti shareholding company incorporated on 14 September 1997. The Parent Company and its subsidiaries are together referred to as "the Group".

The principal activities of the Parent Company are as follows:

1. Owning shares of Kuwaiti shareholding or foreign companies, as well as owning shares or stocks in Kuwaiti or foreign limited liability companies or participating in the establishment of these companies, in their two types, and their management, lending and guarantee for others.
2. Lending to companies, in which it owns shares and guaranteeing them with third parties. In this case, the Parent company's share in the capital of the borrowing company should not be less than 20%.
3. Owning industrial property rights such as patents, industrial trademarks, or industrial fees or any other related rights and lease them to other companies to exploit them, whether inside or outside Kuwait.
4. Owning movables and properties necessary to carry out its operations within parameters allowed as per law.
5. Exploit surplus funds available with the Parent company through investing in portfolios managed by specialized companies.

The Parent Company is listed on Boursa Kuwait and its registered office is P.O. Box 305, Dasman 15454, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2020 was authorised for issue by the Board of Directors of the Parent Company on 27 July 2020.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, it does not include all of the information and footnotes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual audited consolidated financial statements of the Group for the year ended 31 December 2019.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2020 did not have any material impact on the accounting policies, financial position or performance of the Group.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending 31 December 2020. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2019.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

2.2 Judgments 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. The key sources of estimates and judgements are consistent with the annual audited consolidated financial statements of the Group for the year ended 31 December 2019, with the exception of the impact of the COVID - 19 outbreak which is detailed below.

**Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

The outbreak of coronavirus ("COVID-19") pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. The full outcome of this event is still unknown and therefore the impact on the Group cannot be fully quantified at the date of issuance of this interim condensed consolidated financial information. Management assessed the impact of the pandemic on the significant estimates and judgements applied by them in arriving at the Group's reported amounts of financial and non-financial assets as of 31 March 2020. Management also assessed that the Group has adequate liquidity to settle its current liabilities.

Management is continuously revising their assumptions, estimates and judgements and monitoring the liquidity position as events unfold.

3. Cash and bank balances

	Kuwaiti Dinars		
	31 March 2020	31 December 2019 (Audited)	31 March 2019
Cash on hand	31,294	38,532	63,797
Balance with banks	29,921,269	19,316,732	52,747,478
Short-term deposits with bank	37,000,000	16,000,000	5,000,000
Cash and bank balances	66,952,563	35,355,264	57,811,275
Less: Bank overdrafts	(104,677)	-	(296,452)
Less: Margin deposits with banks whose original maturity period exceeds three months from the date of acquisition, included above	(41,131)	(71,308)	(46,391)
Less: Term deposits with bank whose original maturity period exceeds three months from the date of acquisition, included above	(10,000,000)	(10,000,000)	(5,000,000)
Cash and cash equivalents in the statement of cash flows	<u>56,806,755</u>	<u>25,283,956</u>	<u>52,468,432</u>

Term deposits are denominated in Kuwaiti Dinars and are placed with a local bank carrying an effective rate of interest of 3.2% (31 December 2019: 3.6% and 31 March 2019: 2% - 2.5%) per annum.

As at 31 March 2020, the undrawn bank overdraft facilities amounted to KD 2,645,323 (31 December 2019: KD 2,750,000 and 31 March 2019: KD 2,453,548).

Margin deposits with banks are held as margin money deposits against letter of guarantees facilities from local commercial banks.

4. Trade and other receivables

	Kuwaiti Dinars		
	31 March 2020	31 December 2019 (Audited)	31 March 2019
Trade receivables	10,484,808	21,653,867	8,378,207
Less: Provision for ECL	(579,440)	(582,927)	(869,633)
	9,905,368	21,070,940	7,508,574
Prepaid expenses	1,308,579	1,072,728	1,049,835
Advance to suppliers	279,444	175,832	282,487
Staff receivables	21,610	11,561	36,723
Refundable deposits	104,096	94,393	90,819
	<u>11,619,097</u>	<u>22,425,454</u>	<u>8,968,438</u>

5. Related party transactions

Related parties comprise of major shareholders and executive officers of the Group, their families and companies of which they are the principal owners. The Group enters into transactions with related parties. Pricing policies and terms are approved by the Group's management.

**Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

The related party transactions and balances included in this interim condensed consolidated financial information are as follows:

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2020	2019
Compensation of key management personnel		
Short-term and post employment benefits	176,538	116,044

6. Deferred Income

This represents fees received/billed in advance to be recognized as revenue as and when the service is rendered.

7. Long-term debts

	Kuwaiti Dinars		
	31 March 2020	31 December 2019 (Audited)	31 March 2019
Current portion	7,890,000	7,890,000	7,781,000
Non-current portion	9,219,265	10,879,265	16,359,990
	<u>17,109,265</u>	<u>18,769,265</u>	<u>24,140,990</u>

These debts are secured by mortgage of freehold land with a carrying value of KD 5,297,030 (31 December 2019: KD 5,297,030 and 31 March 2019: KD 5,297,030) included in property and equipment. The above loans carry an effective interest rate of 3.5% per annum.

8. Cost of operations

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2020	2019
Staff salaries and related costs	4,395,329	4,296,352
Facilities costs	56,880	68,749
Material costs	3,931	38,105
Others	1,317	2,013
	<u>4,457,457</u>	<u>4,405,219</u>

9. General and administrative expenses

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2020	2019
Staff salaries and related costs	1,322,910	1,289,827
Facilities costs	540,083	503,244
Depreciation and amortisation	1,065,145	990,970
Other administration expenses	1,352,865	1,230,063
	<u>4,281,003</u>	<u>4,014,104</u>

**Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

10. Selling expenses

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2020	2019
Advertising and sales promotion expenses	343,052	406,776
Staff salaries and related costs	61,379	82,339
Expected credit loss (net of recovery)	83,171	10,114
Others	30,653	54,510
	<u>518,255</u>	<u>553,739</u>

11. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated as follows:

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2020	2019
Profit for the period	3,377,021	8,718,302
Number of shares outstanding:	Shares	
Weighted average number of paid up shares	122,236,800	122,236,800
Less: Weighted average number of treasury shares outstanding	(582,448)	(582,448)
Weighted average number of outstanding shares	<u>121,654,352</u>	<u>121,654,352</u>
Basic and diluted earnings per share (fils)	<u>28</u>	<u>72</u>

12. Segment information

Primary segment information – business segments:

The Group is organised into functional divisions in order to manage its various lines of business. All of the segment revenue reported below is from external customers. For the purpose of segment reporting, the Parent Company's management segregates the Group's activities into the following business segments:

- a) Training and Career Development Programs
- b) English Training
- c) Learning Solutions
- d) Higher Education

Segment results include revenues and expenses directly attributable to a segment. There are no significant inter-segment transactions.

**Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2020 to 31 March 2020**

Segment information by business segments is as follows:

	Kuwaiti Dinars					
	Three months period ended 31 March 2020					
	Training and career development programs	English training	Learning solutions	Higher education	Others	Total
Segment revenues	245,510	81,924	118,569	12,399,095	-	12,845,098
Segment expenses	(532,689)	(126,020)	(155,955)	(7,355,488)	(236,945)	(8,407,097)
Depreciation and amortisation	(4,990)	(1,914)	(10,851)	(1,044,900)	(2,490)	(1,065,145)
Finance charges	-	-	-	(184,238)	(36,758)	(220,996)
Share of profit of associates	-	-	-	-	2,913	2,913
Other income	100	561	-	221,096	491	222,248
Profit/ (loss) for the period	(292,069)	(45,449)	(48,237)	4,035,565	(272,789)	3,377,021
Assets						
Segment total assets	924,996	271,291	608,295	128,103,790	7,982,303	137,890,675
Liabilities						
Segment total liabilities	435,272	165,862	281,000	51,033,010	2,123,028	54,038,172
	Kuwaiti Dinars					
	Three months period ended 31 March 2019					
	Training and career development programs	English training	Learning solutions	Higher education	Others	Total
Segment revenues	306,111	176,312	107,286	17,798,451	-	18,388,160
Segment expenses	(297,361)	(170,527)	(127,487)	(7,473,565)	(328,669)	(8,397,609)
Depreciation and amortisation	(3,650)	(4,986)	(11,497)	(968,152)	(2,685)	(990,970)
Finance charges	-	-	-	(294,407)	(56,970)	(351,377)
Share of profit of associates	-	-	-	-	5,912	5,912
Other income	2,551	568	-	60,995	72	64,186
Profit/(loss) for the period	7,651	1,367	(31,698)	9,123,322	(382,340)	8,718,302
Assets						
Segment total assets	995,362	331,556	436,690	96,603,123	31,496,921	129,863,652
Liabilities						
Segment total liabilities	516,246	267,897	207,844	51,787,479	1,321,360	54,100,826

13. Commitments and Contingent liabilities

	Kuwaiti Dinars		
	31 March 2020	31 December 2019 (Audited)	31 March 2019
Commitments			
Capital commitments for construction	262,364	214,528	597,492
Contingent liabilities			
Letters of guarantee	1,657,014	1,582,252	1,505,692

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2020 to 31 March 2020

14. Treasury shares

	Kuwaiti Dinars		
	31 March 2020	31 December 2019 (Audited)	31 March 2019
Number of shares	582,448	582,448	582,448
Percentage of issued shares	0.48%	0.48%	0.48%
Market value (KD)	1,368,753	1,754,333	1,852,185

An amount equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from statutory reserve, share premium, treasury shares reserve and retained earnings throughout the holding period of treasury shares. The balance in the treasury share reserve account is not available for distribution.

15. Dividend Distribution

The Shareholders' annual general assembly held on 23 March 2020 approved the audited consolidated financial statements of the Group for the year ended 31 December 2019 and resolved not to pay any dividend for that year (31 December 2018: 185 fils per share).

16. Comparative Information

Certain comparative figures have been reclassified to conform to the current period's presentation with no effect on the previously reported profits or equity.