

**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 2021 to 31 March 2021
(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 2021 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, or of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations, as amended, have occurred during the three-month period ended 31 March 2021 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 2021

	Notes	Kuwaiti Dinars		
		31 March 2021	31 December 2020 (Audited)	31 March 2020
ASSETS				
Current assets				
Cash and bank balances	3	91,815,574	73,889,264	66,952,563
Trade and other receivables	4	36,603,674	28,473,994	11,619,097
Inventories		5,357	5,390	54,967
Investment in associates		534,234	547,825	654,156
		<u>128,958,839</u>	<u>102,916,473</u>	<u>79,280,783</u>
Non-current assets				
Right-of-use assets		906,263	934,968	1,021,084
Property and equipment		46,684,530	47,542,507	50,599,064
Intangible assets		6,939,188	6,930,207	6,989,744
		<u>54,529,981</u>	<u>55,407,682</u>	<u>58,609,892</u>
Total assets		<u>183,488,820</u>	<u>158,324,155</u>	<u>137,890,675</u>
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts	3	-	-	104,677
Trade and other payables		392,537	552,794	976,681
Accruals and other liabilities		4,908,772	4,762,055	6,360,951
Lease liabilities		211,833	213,333	217,579
Deferred income	6	26,628,901	18,486,850	24,117,772
Retentions payable		296,023	260,182	434,332
Current portion of long-term debts	7	4,785,042	6,157,542	7,890,000
		<u>37,223,108</u>	<u>30,432,756</u>	<u>40,101,992</u>
Non-current liabilities				
Lease liabilities		589,939	730,951	679,966
Long-term debts	7	4,121,723	4,721,723	9,219,265
Provision for staff indemnity		4,329,059	4,516,525	4,036,949
		<u>9,040,721</u>	<u>9,969,199</u>	<u>13,936,180</u>
Total liabilities		<u>46,263,829</u>	<u>40,401,955</u>	<u>54,038,172</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	9,894,240
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		107,107,377	87,798,044	53,676,056
Foreign currency translation reserve		99,718	106,260	158,551
Total equity		<u>137,224,991</u>	<u>117,922,200</u>	<u>83,852,503</u>
Total liabilities and equity		<u>183,488,820</u>	<u>158,324,155</u>	<u>137,890,675</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 2021 to 31 March 2021

	Notes	Kuwaiti Dinars	
		Three months period ended	
		2021	2020
Revenue		27,506,083	12,845,098
Cost of operations	8	(3,886,355)	(4,457,457)
Gross profit		23,619,728	8,387,641
General and administrative expenses	9	(3,203,434)	(4,281,003)
Selling expenses	10	(463,612)	(518,255)
Finance charges		(88,339)	(220,996)
Share of (loss)/profit of associates		(9,755)	2,913
Other income		365,006	222,248
Profit before contribution to Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		20,219,594	3,592,548
Contribution to KFAS		(203,461)	(79,444)
NLST		(501,783)	(93,352)
Zakat		(205,017)	(42,731)
Profit for the period		19,309,333	3,377,021
Basic and diluted earnings per share (fils)	11	159	28

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 2021 to 31 March 2021

	Kuwaiti Dinars	
	Three months period ended	
	31 March	
	2021	2020
Profit for the period	19,309,333	3,377,021
Other comprehensive income		
<i>Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:</i>		
Foreign currency translation adjustments	(6,542)	66,043
Other comprehensive income for the period	(6,542)	66,043
Total comprehensive income for the period	19,302,791	3,443,064

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 2021 to 31 March 2021

	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 2021	12,223,680	1,512,000	9,894,240	6,112,840	(288,877)	564,013	87,798,044	106,260	117,922,200
Total comprehensive income for the period	-	-	-	-	-	-	19,309,333	(6,542)	19,302,791
Balance as at 31 March 2021	<u>12,223,680</u>	<u>1,512,000</u>	<u>9,894,240</u>	<u>6,112,840</u>	<u>(288,877)</u>	<u>564,013</u>	<u>107,107,377</u>	<u>99,718</u>	<u>137,224,991</u>
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	<u>12,223,680</u>	<u>1,512,000</u>	<u>9,894,240</u>	<u>6,112,840</u>	<u>(288,877)</u>	<u>564,013</u>	<u>53,676,056</u>	<u>158,551</u>	<u>83,852,503</u>

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 2021 to 31 March 2021**

	Notes	Kuwaiti Dinars	
		Three months period ended	
		31 March	
		2021	2020
OPERATING ACTIVITIES			
Profit before contribution to KFAS, NLST and Zakat		20,219,594	3,592,548
Adjustments for:			
Depreciation and amortisation	9	924,313	1,065,145
Provision for staff indemnity		219,059	235,480
Expected credit loss on financial assets		38,400	83,171
Provision for impairment of goodwill		-	276,657
Finance charges		88,339	220,996
Share of loss/(profit) of associates		9,755	(2,913)
Interest income		(204,586)	(182,364)
Other income		(65,282)	-
Operating profit before working capital changes		21,229,592	5,288,720
Trade and other receivables		(8,447,813)	10,722,081
Inventories		33	(6,943)
Trade and other payables		(160,257)	227,783
Accruals and other liabilities		72,595	452,853
Deferred income		8,142,051	17,673,983
Retentions payable		35,841	(32,225)
		20,872,042	34,326,252
Payment of staff indemnity		(405,745)	(177,102)
Payment of KFAS		(409,448)	(383,608)
Payment of Zakat		(416,928)	(391,850)
Net cash generated from operating activities		19,639,921	33,373,692
INVESTING ACTIVITIES			
Purchase of property and equipment		(20,983)	(47,688)
Payment for intangible assets		(25,663)	(4,119)
Margin deposits		11,568	30,177
Maturity of term deposits		31,500,000	-
Interest income received		484,344	182,364
Net cash generated from investing activities		31,949,266	160,734
FINANCING ACTIVITIES			
Repayment to bank		(1,972,500)	(1,660,000)
Finance charges paid		(83,836)	(231,838)
Repayment of lease liabilities		(91,394)	(156,676)
Dividend paid		(102)	-
Net cash used in financing activities		(2,147,832)	(2,048,514)
Net increase in cash and cash equivalents		49,441,355	31,485,912
Effects of exchange rate changes on cash and cash equivalents		(3,477)	36,887
Cash and cash equivalents at beginning of the period		17,332,043	25,283,956
Cash and cash equivalents at end of the period	3	66,769,921	56,806,755

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 2021 to 31 March 2021**

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 2021 was authorised for issue by the Board of Directors of the Parent Company on 04 May 2021.

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 2020.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2021 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 2021. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2020.

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

**Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2021 to 31 March 2021**

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 outbreak of coronavirus ("COVID-19") pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. 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 2021 and concluded that there is no material impact on the Group's assets and liabilities. 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 2021	31 December 2020 (Audited)	31 March 2020
Cash on hand	81,299	20,704	31,294
Balance with banks	66,734,275	15,368,560	29,921,269
Term deposits with bank	25,000,000	58,500,000	37,000,000
Cash and bank balances	91,815,574	73,889,264	66,952,563
Less: Bank overdrafts	-	-	(104,677)
Less: Margin deposits with banks whose original maturity period exceeds three months from the date of acquisition, included above	(45,653)	(57,221)	(41,131)
Less: Term deposits with bank whose original maturity period exceeds three months from the date of acquisition, included above	(25,000,000)	(56,500,000)	(10,000,000)
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<u>66,769,921</u>	<u>17,332,043</u>	<u>56,806,755</u>

Term deposits are denominated in Kuwaiti Dinars and are placed with a local bank carrying an effective rate of interest of 1.9% (31 December 2020: 2.2% and 31 March 2020: 3.2%) per annum.

As at 31 March 2021, the undrawn bank overdraft facilities amounted to KD 2,750,000 (31 December 2020: KD 2,750,000 and 31 March 2020: KD 2,645,323).

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

**Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2021 to 31 March 2021**

4. Trade and other receivables

	Kuwaiti Dinars		
	31 March 2021	31 December 2020 (Audited)	31 March 2020
Trade receivables	35,773,729	27,656,971	10,484,808
Less: Provision for ECL	(732,627)	(704,240)	(579,440)
	35,041,102	26,952,731	9,905,368
Advance to suppliers	119,741	134,379	279,444
Staff receivables	22,333	13,898	21,610
Refundable deposits	84,616	85,062	104,096
Prepaid expenses and other receivables	1,335,882	1,287,924	1,308,579
	<u>36,603,674</u>	<u>28,473,994</u>	<u>11,619,097</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.

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	
	2021	2020
Compensation of key management personnel		
Short-term and post employment benefits	168,833	176,538

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 2021	31 December 2020 (Audited)	31 March 2020
Current portion	4,785,042	6,157,542	7,890,000
Non-current portion	4,121,723	4,721,723	9,219,265
	<u>8,906,765</u>	<u>10,879,265</u>	<u>17,109,265</u>

These debts are secured by mortgage of freehold land with a carrying value of KD 5,297,030 (31 December 2020: KD 5,297,030 and 31 March 2020: KD 5,297,030) included in property and equipment. The above loans carry an effective interest rate of 3% per annum.

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2021 to 31 March 2021

8. Cost of operations

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2021	2020
Staff salaries and related costs	3,862,596	4,395,329
Facilities costs	23,044	56,880
Material costs	-	3,931
Others	715	1,317
	<u>3,886,355</u>	<u>4,457,457</u>

9. General and administrative expenses

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2021	2020
Staff salaries and related costs	1,194,731	1,322,910
Facilities costs	361,069	540,083
Depreciation and amortisation	924,313	1,065,145
Other administration expenses	723,321	1,352,865
	<u>3,203,434</u>	<u>4,281,003</u>

10. Selling expenses

	Kuwaiti Dinars	
	Three months period ended 31 March	
	2021	2020
Advertising and sales promotion expenses	353,941	343,052
Staff salaries and related costs	15,120	61,379
Expected credit loss (net of recovery)	38,400	83,171
Others	56,151	30,653
	<u>463,612</u>	<u>518,255</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	
	2021	2020
Profit for the period	<u>19,309,333</u>	<u>3,377,021</u>
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	<u>(582,448)</u>	<u>(582,448)</u>
Weighted average number of outstanding shares	<u>121,654,352</u>	<u>121,654,352</u>
Basic and diluted earnings per share (fils)	<u>159</u>	<u>28</u>

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2021 to 31 March 2021

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.

Segment information by business segments is as follows:

	Kuwaiti Dinars					
	Three months period ended 31 March 2021					
	Training and career development programs	English training	Learning solutions	Higher education	Others	Total
Segment revenues	-	-	59,920	27,446,163	-	27,506,083
Segment expenses	(18,729)	(28,200)	(85,423)	(6,707,020)	(699,977)	(7,539,349)
Depreciation and amortisation	-	-	(8,603)	(913,197)	(2,513)	(924,313)
Finance charges	-	-	-	(88,157)	(182)	(88,339)
Share of loss of associates	-	-	-	-	(9,755)	(9,755)
Other income	7,330	-	-	237,849	119,827	365,006
Profit/ (loss) for the period	(11,399)	(28,200)	(34,106)	19,975,638	(592,600)	19,309,333
Assets						
Segment total assets	54,394	32,847	589,993	149,693,478	33,118,108	183,488,820
Liabilities						
Segment total liabilities	6,186	-	194,662	43,607,557	2,455,424	46,263,829
	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

Notes to the interim condensed consolidated financial information (Unaudited)
For the period from 1 January 2021 to 31 March 2021
13. Commitments and Contingent liabilities

	Kuwaiti Dinars		
	31 March 2021	31 December 2020 (Audited)	31 March 2020
Commitments			
Capital commitments for construction	246,412	246,412	262,364
Contingent liabilities			
Letters of guarantee	1,492,969	1,674,918	1,657,014

14. Treasury shares

	31 March 2021	31 December 2020 (Audited)	31 March 2020
	Number of shares	582,448	582,448
Percentage of issued shares	0.48%	0.48%	0.48%
Market value (KD)	2,155,058	2,212,720	1,368,753

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 meeting held on 13 April 2021 approved the audited consolidated financial statements of the Group for the year ended 31 December 2020 and the payment of cash dividend of 400 fils per share (31 December 2019: Nil). The cash dividend will be subsequently paid after obtaining the necessary regulatory approvals.