

**OSOS Holding Group Company K.P.S.C. and its subsidiaries  
State of Kuwait**

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**Interim condensed consolidated financial information (Unaudited)  
and review report for the nine months period ended 30 September 2021**

**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**  
**Interim condensed consolidated financial information (Unaudited) and review report**  
*For the nine months period ended 30 September 2021*

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## **Report on review of interim condensed consolidated financial information**

**The Board of Directors  
OSOS Holding Group Company K.P.S.C.  
State of Kuwait**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of OSOS Holding Group Company K.P.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2021 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation disclosed in note no. (2). 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 the 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 the basis of preparation disclosed in note no. (2).

### ***Report on review of other legal and regulatory requirements***

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that nothing has come to our attention indicating any contravention during the nine months period ended 30 September 2021, of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the provisions of Law No. 7 of year 2010 concerning the Capital Markets Authority, Executive Regulations and its related regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that would materially affect the Group's activities or its consolidated financial position.


**Barrak Abdul Mohsen Al-Ateeqi**  
**Licence No. 69 A**  
**Al-Ateeqi Certified Accountants**  
**A Member of B.K.R. International**


Kuwait: 4 November 2021


**OSOS Holding Group Company K.P.S.C and its subsidiaries**  
**State of Kuwait**  
**Interim condensed consolidated statement of financial position (Unaudited)**  
*As at 30 September 2021*

	Notes	30 September 2021 KD	31 December 2020 (Audited) KD	30 September 2020 KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property and equipment		8	8	6
Investment properties	4	7,434,625	7,255,000	7,480,000
Investments in associates		1	156,033	198,777
Financial assets at fair value through other comprehensive income	5	<u>985,739</u>	<u>1,143,773</u>	<u>1,125,405</u>
<b>Total non-current assets</b>		<u>8,420,373</u>	<u>8,554,814</u>	<u>8,804,188</u>
<b>Current assets</b>				
Debtors and other debit balances	6	177,259	66,313	81,739
Due from related parties	7	2,836,964	2,802,911	2,788,697
Financial assets at fair value through profit or loss	8	4,624,215	4,826,512	2,996,278
Wakala investments deposits	9	161,000	161,000	161,000
Cash and cash equivalents	10	<u>1,509,092</u>	<u>1,750,047</u>	<u>2,504,561</u>
<b>Total current assets</b>		<u>9,308,530</u>	<u>9,606,783</u>	<u>8,532,275</u>
Non-current assets held for sale		-	-	<u>1,200,000</u>
<b>Total assets</b>		<u>17,728,903</u>	<u>18,161,597</u>	<u>18,536,463</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	11	10,500,000	10,500,000	10,500,000
Statutory reserve		973,965	973,965	973,965
Fair value reserve		(384,537)	(226,502)	(244,870)
Foreign currency translation reserve		-	(48,228)	(46,402)
Retained earnings		<u>522,496</u>	<u>762,694</u>	<u>488,429</u>
<b>Total equity</b>		<u>11,611,924</u>	<u>11,961,929</u>	<u>11,671,122</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provision for end of service indemnity		<u>139,303</u>	<u>181,622</u>	<u>170,111</u>
<b>Total non-current liabilities</b>		<u>139,303</u>	<u>181,622</u>	<u>170,111</u>
<b>Current liabilities</b>				
Creditors and other credit balances		356,979	397,349	543,727
Provisions	12	<u>5,620,697</u>	<u>5,620,697</u>	<u>6,151,503</u>
<b>Total current liabilities</b>		<u>5,977,676</u>	<u>6,018,046</u>	<u>6,695,230</u>
<b>Total liabilities</b>		<u>6,116,979</u>	<u>6,199,668</u>	<u>6,865,341</u>
<b>Total equity and liabilities</b>		<u>17,728,903</u>	<u>18,161,597</u>	<u>18,536,463</u>

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

  
**Abdulmuhsen S. Al Meshan**  
Chairman

  
**Fahad A. Al Mukhaizim**  
Vice Chairman

  
**Khalid M. AlNouri**  
Chief Executive Officer



**OSOS Holding Group Company K.P.S.C and its subsidiaries**  
**State of Kuwait**  
**Interim condensed consolidated statement of profit or loss (Unaudited)**  
*For the nine months period ended 30 September 2021*

	Notes	For the three months period ended		For the nine months period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		KD	KD	KD	KD
Real estate rental income		70,520	117,640	215,265	361,325
Real estate operating expenses		<u>(4,467)</u>	<u>(6,279)</u>	<u>(26,396)</u>	<u>(15,508)</u>
<b>Gross profit</b>		<b>66,053</b>	<b>111,361</b>	<b>188,869</b>	<b>345,817</b>
Share of results of an associate		-	(54,209)	(74,268)	59,474
Loss on sale of associate		(10,620)	-	(10,620)	-
Investment income / (loss)	13	102,660	243,095	622,200	(793,255)
General and administrative expenses		(107,626)	(97,997)	(285,306)	(324,053)
Reversal / (provision) for doubtful debts		10,382	(51,930)	7,702	(124,665)
Foreign currency (loss) / gain		(486)	1,018	(806)	1,026
Reversal of provision no longer required		-	-	55,393	-
Profit on wakala investments deposit and other		872	843	4,118	3,217
Other income		<u>348</u>	<u>2,369</u>	<u>4,923</u>	<u>5,533</u>
<b>Profit / (loss) for the period before contribution to Kuwait Foundation for Advancement of Sciences "KFAS", National Labour Support Tax "NLST" and Zakat</b>		<b>61,583</b>	<b>154,550</b>	<b>512,205</b>	<b>(826,906)</b>
KFAS		(554)	-	(4,610)	-
NLST		(1,405)	-	(9,138)	-
Zakat		<u>(562)</u>	<u>-</u>	<u>(3,655)</u>	<u>-</u>
<b>Profit / (loss) for the period</b>		<b><u>59,062</u></b>	<b><u>154,550</u></b>	<b><u>494,802</u></b>	<b><u>(826,906)</u></b>
<b>Basic and diluted earnings / (loss) per share (Fils)</b>	14	<b><u>0.56</u></b>	<b><u>1.47</u></b>	<b><u>4.71</u></b>	<b><u>(7.88)</u></b>

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

**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Interim condensed consolidated statement of comprehensive income (Unaudited)**

*For the nine months period ended 30 September 2021*

	For the three months period ended		For the nine months period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Profit / (loss) for the period	<b><u>KD</u></b> <b><u>59,062</u></b>	<b><u>KD</u></b> <b><u>154,550</u></b>	<b><u>KD</u></b> <b><u>494,802</u></b>	<b><u>KD</u></b> <b><u>(826,906)</u></b>
<b>Other comprehensive loss</b>				
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Loss exchange differences on translating foreign operations	-	(1,303)	<b>(1,088)</b>	(2,318)
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Loss on investments in equity instruments designated at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<b><u>(158,035)</u></b>	<u>-</u>
<b>Other comprehensive loss for the period</b>	<u>-</u>	<u>(1,303)</u>	<b><u>(159,123)</u></b>	<u>(2,318)</u>
<b>Total profit / (loss) and other comprehensive income for the period</b>	<b><u>59,062</u></b>	<b><u>153,247</u></b>	<b><u>335,679</u></b>	<b><u>(829,224)</u></b>

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

**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**  
**Interim condensed consolidated statement of changes in equity (Unaudited)**  
*for the nine months period ended 30 September 2021*

	Share capital KD	Statutory reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2021	10,500,000	973,965	(226,502)	(48,228)	762,694	11,961,929
Profit for the period	-	-	-	-	494,802	494,802
Other comprehensive loss for the period	-	-	(158,035)	(1,088)	-	(159,123)
Total other comprehensive (loss) / income for the period	-	-	(158,035)	(1,088)	494,802	335,679
Distribution of cash dividends	-	-	-	-	(735,000)	(735,000)
Reclassified to profit or loss on disposal of associate	-	-	-	49,316	-	49,316
<b>Balance at 30 September 2021</b>	<b><u>10,500,000</u></b>	<b><u>973,965</u></b>	<b><u>(384,537)</u></b>	<b><u>-</u></b>	<b><u>522,496</u></b>	<b><u>11,611,924</u></b>
Balance at 1 January 2020	10,000,000	973,965	(244,870)	(44,084)	2,515,335	13,200,346
Loss for the period	-	-	-	-	(826,906)	(826,906)
Other comprehensive loss for the period	-	-	-	(2,318)	-	(2,318)
Total other comprehensive loss for the period	-	-	-	(2,318)	(826,906)	(829,224)
Distribution of cash dividends	-	-	-	-	(700,000)	(700,000)
Bonus shares	500,000	-	-	-	(500,000)	-
<b>Balance at 30 September 2020</b>	<b><u>10,500,000</u></b>	<b><u>973,965</u></b>	<b><u>(244,870)</u></b>	<b><u>(46,402)</u></b>	<b><u>488,429</u></b>	<b><u>11,671,122</u></b>

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

**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**  
**Interim condensed consolidated statement of cash flows (Unaudited)**  
*For the nine months period ended 30 September 2021*

	Notes	For the nine months period ended 30 September 2021 KD	30 September 2020 KD
<b>Cash flows from operating activities</b>			
Profit / (loss) for the period		494,802	(826,906)
<b>Adjustments for:</b>			
Depreciation		-	149
Unrealised gain on financial assets at fair value through profit or loss	13	(233,045)	(163,554)
Realised (gain) / loss on sale of financial assets at fair value through profit or loss	13	(299,679)	1,224,369
Decline in value of financial assets at fair value through profit or loss		88,554	-
Share of results of an associate		74,268	(59,474)
Loss on sale of associate		10,620	-
Dividend income	13	(194,704)	(288,877)
Profit on wakala investments		(4,118)	(3,217)
(Reversal) / provision for doubtful debts		(7,702)	124,665
Provision for indemnity		18,512	33,698
Reversal of provision for indemnity		(55,393)	(1,027)
<b>Operating (loss) / profit before changes in working capital</b>		<b>(107,885)</b>	<b>39,826</b>
<b>Changes in working capital</b>			
Debtors and other debit balances		(80,921)	(105,223)
Due from related parties		(34,053)	(72,578)
Creditors and other credit balances		(43,683)	5,373
Provision for indemnity paid		(5,438)	-
<b>Net cash used in operating activities</b>		<b>(271,980)</b>	<b>(132,602)</b>
<b>Cash flows from investing activities</b>			
Net movement of financial assets at fair value through profit or loss		646,467	2,832,316
Proceed from sale of an associate		98,599	-
Purchase of investment properties		(179,625)	-
Wakala investments deposits		-	39,000
Purchase of financial assets at fair value through other comprehensive income		-	(311,282)
Purchase of property and equipment		-	(150)
Dividend received from investments		194,704	265,438
Profit on wakala investments received		2,567	6,479
<b>Net cash from investing activities</b>		<b>762,712</b>	<b>2,831,801</b>
<b>Cash flows from financing activities</b>			
Payment to shareholders on reduction of share capital		(7,702)	(841)
Dividend paid		(723,985)	(678,839)
<b>Net cash used in financing activities</b>		<b>(731,687)</b>	<b>(679,680)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(240,955)</b>	<b>2,019,519</b>
Cash and cash equivalents at beginning of the period		1,750,047	485,042
<b>Cash and cash equivalent at the end of the period</b>	10	<b>1,509,092</b>	<b>2,504,561</b>
<b>Non-cash transactions:</b>			
Indemnity		-	(7,551)
Creditors and other credit balances		-	7,551

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



**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)**

*For the nine months period ended 30 September 2021*

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**1. Incorporation and activities**

The International Valley for Computer Company K.S.C. (Closed) was incorporated as per articles of association of a Kuwaiti Shareholding Company (Closed) authenticated at the Ministry of Justice- Real Estate Registration and Authentication Department – under ref. No. 17/Volume 284 dated May 16, 1994. According to the decision taken by Ordinary and Extraordinary General Assembly meeting dated 23 May 2007, the company agreed to amend the name of the company to become: “Al-Safat TEC Holding Company – K.S.C. (Holding)” and this amendment was registered in the Commercial Register on 30 May 2007. As per decision made in extra-ordinary meeting held on 30 July 2015, it was agreed to amend company's name to “OSOS Holding Group Company K.P.S.C.”, this amendment was registered in commercial register on 8 September 2015.

As per extra-ordinary general assembly meeting held on 25 October 2018, it was decided to amend the Company's business objectives as detailed below. These amendments are recorded in the commercial register on 5 November 2018.

The purpose which the Company is incorporated is to conduct its activities in accordance with Islamic Sharia Laws and it is not permitted, in any form or shape, to conduct any of its activities below, directly or indirectly, in a way that contradicts with Islamic Sharia Laws.

1. Manage subsidiary companies or co-manage to those companies where there is equity interest and provide necessary support.
2. Invest funds in trading shares, bond and other financial instruments.
3. Finance or provide loan to those companies where the Parent Company has equity interest and guarantee against others. In this case, the Parent Company's equity interest should not be less than 20% at minimum.
4. Owning property rights of patents, trade marks, commercial or industrial fees, or any other rights and using and leasing this to subsidiaries or other companies both inside and outside Kuwait.
5. Owning real estate or movables necessary to direct its activity in the limits and in accordance with the law.
6. Using the surplus funds available to the company in portfolio administered by the companies and specialized bodies.

In all cases, the Company is required to conduct all its activities in accordance with Islamic Sharia Law and the Company should stay away from activities that contradicts with Islamic Sharia Law. The Company can obtain guidance from Sharia Compliance Committee and their directive become obligatory on Company's management.

The address of the Parent Company's registered office is Hawalli, Beirut Street, Al Safat Tower, Floor 8, P.O. Box 16798 Qadisiya, 35858 Kuwait.

The interim condensed consolidated financial information for the nine months period ended 30 September 2021, comprise of the Parent Company and its subsidiaries (together referred to as “the group”) (refer note 3).

The interim condensed consolidated financial information of OSOS Holding Group Company K.P.S.C. and its subsidiaries (“the Group”) for the nine months period ended 30 September 2021 was authorized for issue by Board of Directors of the Parent Company on 4 November 2021.

**2. Basis of preparation**

The interim condensed consolidated financial information is prepared in accordance with IAS 34 “*Interim Financial Reporting*”. The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2020. In the opinion of the management all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information.

The operating results for the nine month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)**

*For the nine months period ended 30 September 2021*

**2. Basis of preparation (continued)**

The interim condensed consolidated financial information have been presented in Kuwaiti Dinars, which is the functional currency of the Group.

The accounting policies used in the preparation of the 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. Certain amendments and interpretations apply for the first time on 1 January 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

**New standards, interpretations and amendments adopted by the Group**

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

**3. Basis of consolidation**

This interim condensed consolidated financial information for the nine months ended 30 September 2021 includes the Parent Company and all its subsidiaries.

Details of principal operating subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership interest (%)</u>		
		<b>30 September 2021</b>	31 December 2020	30 September 2020
OSOS Limited Company for Sale and Purchase of Real Estate and Shares for the Benefit of the Company O.P.C.	State of Kuwait	<b>100</b>	100	100
OSOS United Real Estate Group Company K.S.C. (Closed)	State of Kuwait	<b>99</b>	99	99

**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)**  
*For the nine months period ended 30 September 2021*

**4. Investment properties**

Include investment properties located in State of Kuwait. The details of investment properties are as follows:

	<b>30 September 2021</b>	31 December 2020 (Audited)	30 September 2020
	KD	KD	KD
Investment properties on freehold land	<u>7,434,625</u>	<u>7,255,000</u>	<u>7,480,000</u>
	<u>7,434,625</u>	<u>7,255,000</u>	<u>7,480,000</u>

The movement of investment properties are as follows:

	<b>30 September 2021</b>	31 December 2020 (Audited)	30 September 2020
	KD	KD	KD
Beginning balances	7,255,000	8,680,000	8,680,000
Additions	179,625	-	-
Disposals	-	(1,200,000)	-
Change in fair value	-	(225,000)	-
Transferred to non-current assets held for sale	-	-	(1,200,000)
	<u>7,434,625</u>	<u>7,255,000</u>	<u>7,480,000</u>

**5. Financial assets at fair value through other comprehensive income**

	<b>30 September 2021</b>	31 December 2020 (Audited)	30 September 2020
	KD	KD	KD
Foreign unquoted securities	921,850	921,850	845,425
Local unquoted securities	<u>63,889</u>	<u>221,923</u>	<u>279,980</u>
	<u>985,739</u>	<u>1,143,773</u>	<u>1,125,405</u>

Financial assets at fair value through other comprehensive income are acquired with the intention of capital appreciation over a medium to long-term time frame.

**6. Debtors and other debit balances**

	<b>30 September 2021</b>	31 December 2020 (Audited)	30 September 2020
	KD	KD	KD
Trade receivable	183,591	201,361	241,644
Refundable deposits	8,290	9,790	9,790
Provision for doubtful debts	<u>(162,582)</u>	<u>(176,934)</u>	<u>(199,360)</u>
	29,299	34,217	52,074
Staff receivables	2,445	1,198	1,669
Prepaid expenses	3,400	3,400	3,400
Advance payment to purchase property	100,000	-	-
Accrued income	21,343	27,498	24,596
Other receivables	<u>20,772</u>	-	-
	<u>177,259</u>	<u>66,313</u>	<u>81,739</u>

**OSOS Holding Group Company K.P.S.C. and its subsidiaries**  
**State of Kuwait**

**Notes to the interim condensed consolidated financial information (Unaudited)**

For the nine months period ended 30 September 2021

**7. Related parties**

Related parties primarily comprise of directors, key management personnel, associates, subsidiaries, shareholders and companies of which the Parent Company is principal owner or over which they are able to exercise significant influence. All related party transactions are carried out on terms approved by the group's management. The following is the summary of significant related party transactions.

	For the three months period ended		For the nine months period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	KD	KD	KD	KD
<b>Transactions included in the interim condensed consolidated statement of profit or loss:</b>				
Net rental income	1,050	1,050	3,150	3,150
Investment property management fees	(1,956)	(1,481)	(5,484)	(5,083)
<b>Key management personnel compensation:</b>				
Salaries and social insurance	(42,602)	(45,515)	(130,983)	(144,793)
Reversal of provision for end of service indemnity	-	-	51,911	-
		<b>30 September 2021</b>	<b>31 December 2020</b>	<b>30 September 2020</b>
		KD	(Audited) KD	KD
<b>Balances included in the interim condensed consolidated statement of financial position :</b>				
Due from related parties		<u>2,836,964</u>	<u>2,802,911</u>	<u>2,788,697</u>

**8. Financial assets at fair value through profit or loss**

	30 September 2021	31 December 2020	30 September 2020
	KD	(Audited) KD	KD
Local portfolios	58,468	53,637	53,117
Local quoted shares	4,565,799	4,674,282	2,848,175
Foreign portfolios	88,502	98,593	94,986
* Provision for impairment of fair value	(88,554)	-	-
	<u>4,624,215</u>	<u>4,826,512</u>	<u>2,996,278</u>

\* During the period, the parent company wrote off the value of financial assets in foreign portfolio classified at fair value through profit or loss in the amount of KD 88,554, as a result of lawsuits filed by the investment company who holds the foreign portfolio against the foreign custodian of the shares subject to write-off due to non-compliance with the implementation of the instructions and conditions and the terms of the contract between them and for not providing periodic reports. The financial impact of these lawsuits cannot be determined up to the date of preparation of this interim condensed consolidated financial information.

**9. Wakala investments deposits**

	30 September 2021	31 December 2020	30 September 2020
	KD	(Audited) KD	KD
Wakala investments deposits	<u>161,000</u>	<u>161,000</u>	<u>161,000</u>

The effective yield rate of the wakala investments deposits is from 1.125% to 1.25% (31 December 2020: 1.60% and 30 September 2020: 1.60%) per annum.

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**10. Cash and cash equivalents**

	<b>30 September 2021</b>	31 December 2020 (Audited)	30 September 2020
	<b>KD</b>	KD	KD
Cash on hand	538	391	771
Investment in money market fund	-	1,300,000	-
Cash at banks	1,451,625	423,851	429,170
Cash in portfolios	56,929	25,805	2,074,620
	<u>1,509,092</u>	<u>1,750,047</u>	<u>2,504,561</u>

**11. Share capital**

The company's share capital is KD 10,500,000 (31 December 2020: KD 10,500,000 and 30 September 2020: KD 10,500,000) distributed into 105,000,000 shares (31 December 2020: 105,000,000 shares and 30 September 2020: 105,000,000 shares) each valued at 100 fils and all shares are cash shares.

**12. Provisions**

The Group management performed comprehensive study of contingents and commitments that will probably require resource outlays and future cash outflow. Furthermore, the management created provision for probable losses are as follows:

	<b>30 September 2021</b>	31 December 2020 (Audited)	30 September 2020
	<b>KD</b>	KD	KD
Precautionary provision for bank facilities granted to an associate	1,186,759	1,186,759	1,492,895
Provision against due from subsidiary and associate	3,844,795	3,844,795	4,069,465
Precautionary provision for potential estimated financial support from lawsuits of an associate	589,143	589,143	589,143
	<u>5,620,697</u>	<u>5,620,697</u>	<u>6,151,503</u>

**13. Investments income / (loss)**

	<b>For the three months period ended</b>		<b>For the nine months period ended</b>	
	<b>30 September 2021</b>	30 September 2020	<b>30 September 2021</b>	30 September 2020
	<b>KD</b>	KD	<b>KD</b>	KD
Unrealised gain on financial assets at fair value through profit or loss	31,057	200,943	233,045	163,554
Gain / (loss) on sale of financial assets at fair value through profit or loss	145,988	(31,620)	299,679	(1,224,369)
Decline in value of financial assets at fair value through profit or loss	(88,554)	-	(88,554)	-
Dividend income	20,466	84,298	194,704	288,877
Portfolio management fees	(6,297)	(10,526)	(16,674)	(21,317)
	<u>102,660</u>	<u>243,095</u>	<u>622,200</u>	<u>(793,255)</u>

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**14. Earnings / (loss) per share attributable to owners of the Parent Company (fils)**

Earnings / (loss) per share is calculated by dividing the net profit / (loss) attributable to owners of the Parent Company to weighted average number of shares outstanding during the period. The following is the profit / (loss) and weighted average number of shares outstanding during the period which is used to calculate the earnings / (loss) per share.

The Parent Company had no outstanding dilutive potential shares.

	For the three months period ended		For the nine months period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Profit / (loss) for the period	59,062	154,550	494,802	(826,906)
Weighted average number of shares (No's)	105,000,000	105,000,000	105,000,000	105,000,000
Basic and diluted earnings / (loss) per share (Fils)	<u>0.56</u>	<u>1.47</u>	<u>4.71</u>	<u>(7.88)</u>

**15. Fair value of financial instruments**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of fair value through other comprehensive income, due from related parties, accounts receivable and other debit balances, investments at fair value through profit or loss, bank balances and short term deposits. Financial liabilities consist of accounts payable and other credit balances. The fair values of financial instruments are not materially different from their carrying values.

**a) Fair value measurements recognised in the consolidated statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- 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 included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 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).

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 in the statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2021	Level 1	Level 3	Total
	KD	KD	KD
<i>Financial assets at fair value through profit or loss</i>			
Portfolio investment	58,417	-	58,417
Local quoted securities	4,565,799	-	4,565,799
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	921,850	921,850
Local unquoted securities	-	63,889	63,889
<b>Total</b>	<u>4,624,216</u>	<u>985,739</u>	<u>5,609,955</u>

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**15. Fair value of financial instruments (continued)**

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Financial assets at fair value through profit or loss</i>			
Portfolio investment	152,230	-	152,230
Local quoted securities	4,674,282	-	4,674,282
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	921,850	921,850
Local unquoted securities	-	<u>221,923</u>	<u>221,923</u>
<b>Total</b>	<u>4,826,512</u>	<u>1,143,773</u>	<u>5,970,285</u>
<b>30 September 2020</b>			
<i>Financial assets at fair value through profit or loss</i>			
Portfolio investment	148,103	-	148,103
Local quoted securities	2,848,175	-	2,848,175
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	845,425	845,425
Local unquoted securities	-	<u>279,980</u>	<u>279,980</u>
<b>Total</b>	<u>2,996,278</u>	<u>1,125,405</u>	<u>4,121,683</u>

There have been no transfers between levels 1 & 3 during the reporting period.

Valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out below.

Valuation of unquoted equity investments classified under level 3 is normally based on price to book value technique, dividend yield method and external valuation with marketability discount ranging from 20% to 30%.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss, total assets, total liabilities or total equity.

The measurement of financial assets and liabilities classified in level 3 uses valuation techniques 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:

**Reconciliation of Level 3 fair value measurements of financial assets**

	<b>Financial assets at fair value through other comprehensive income</b>
	<b>KD</b>
<b>30 September 2021</b>	
Beginning balance	1,43,773
Total gain or loss	
- Change in fair value reserve	<u>(158,034)</u>
<b>Ending balance</b>	<u>985,739</u>

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**15. Fair value of financial instruments (continued)**

	<b>Financial assets at fair value through other comprehensive income</b>
	<b>KD</b>
<b>31 December 2020</b>	
Beginning balance	814,123
Total gain or loss	
- Change in fair value reserve	18,368
Purchases	<u>311,282</u>
<b>Ending balance</b>	<b><u>1,143,773</u></b>
<b>30 September 2020</b>	
Beginning balance	814,123
Purchases	<u>311,282</u>
<b>Ending balance</b>	<b><u>1,125,405</u></b>

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is provided below:

*Financial assets at fair value through other comprehensive income (level 3)*

	<b>Other comprehensive income</b>	
	<b>Increase</b>	<b>Decrease</b>
	KD	KD
<b>30 September 2021</b>		
If marketability discount changes by 5% with all other factors constant, the impact on the equity would be:	49,287	(49,287)
<b>31 December 2020</b>		
If marketability discount changes by 5% with all other factors constant, the impact on the equity would be:	57,189	(57,189)
<b>30 September 2020</b>		
If marketability discount changes by 5% with all other factors constant, the impact on the equity would be:	56,270	(56,270)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

**(i) Quoted securities**

All the listed equity securities are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

**(ii) 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 or the latest financial statements or information available on these investments the future financial flows of which are unpredictable.



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**16. Operating segments**

The group's activities represent mainly two segments: real estate activities and investments activities. The group operates mainly in the State of Kuwait and has no other geographical area. For the purpose of presenting the main activities, the management classified its activities as follows:

*Real estate activities:* Own, sell, purchase real estate and bare lands and develop for the Company's account inside Kuwait and outside Kuwait as well as property management for others. Own, sell, purchase shares and bonds in real estate companies for company's account only. Prepare studies and offer consultations in the field of real estate in varied forms.

*Investment activities:* Investing in portfolios and in other companies.

	<u>Real estate activities</u>	<u>Investment activities</u>	<u>Total</u>
	KD	KD	KD
<b>30 September 2021</b>			
Segment revenues	220,188	596,017	816,205
Segment costs	<u>(73,841)</u>	<u>(247,562)</u>	<u>(321,403)</u>
Segment result	<u>146,347</u>	<u>348,455</u>	<u>494,802</u>
Segment assets	7,718,169	10,010,734	17,728,903
Segment liabilities	48,733	6,068,246	6,116,979
<b>31 December 2020</b>			
Segment revenues / (losses)	552,365	(312,854)	239,511
Segment costs	<u>(452,769)</u>	<u>(339,383)</u>	<u>(792,152)</u>
Segment result	<u>99,596</u>	<u>(652,237)</u>	<u>(552,641)</u>
Segment assets	7,464,574	10,697,023	18,161,597
Segment liabilities	66,337	6,133,331	6,199,668
<b>30 September 2020</b>			
Segment revenues / (losses)	362,362	(725,045)	(362,683)
Segment costs	<u>(210,360)</u>	<u>(253,863)</u>	<u>(464,223)</u>
Segment result	<u>152,002</u>	<u>(978,908)</u>	<u>(826,906)</u>
Segment assets	8,885,198	9,651,265	18,536,463
Segment liabilities	170,406	6,694,935	6,865,341

**17. Annual general assembly meeting**

The annual general assembly of shareholders was held on 14 March 2021 and approved the consolidated financial statements for the year ended 31 December 2020.

The General Assembly also approved the distribution of cash dividends to shareholders at the rate of 7% (Seven Percent) of the nominal value of each share (i.e. 7 fils per share), with a total amount of KD 735,000 for the year ended 31 December 2020.

The General Assembly also approved not to disburse the remuneration of Board members for the year ended 31 December 2020.

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**18. Impact of COVID - 19**

During the early months of last year (2020) until the current year (2021), the Coronavirus pandemic (COVID-19) suddenly erupted at global scale and disturbed normal business operations, financial markets and other economic activities. The resulting financial impact on Group financial position and on profit and loss statement have been adjusted and accounted for as at 30 September 2021. However, the full impact of COVID-19 on Group business cannot be reliably measured from current observations as the pandemic is still in progress as at reporting date.

*Impairment of financial assets and expected credit loss*

The Group holds financial assets at fair value through profit and loss as well as financial assets at fair value through other comprehensive income. The Group also has receivables resulting primarily from rental of real estate in the normal course of business. The Group management closely monitors risk developments to take pre-emptive measures to limit risks arising from impact of COVID-19 pandemic.

*Investment properties and investment in associates*

The Group's investment properties are mainly located in State of Kuwait and independent valuation is made at the end of each year. Similarly, the Group assesses impairment of investment in associates (if any) at the year end. The Group managements values investment properties at fair value and reflects changes in fair value in statement of profit and loss at the end of each year.

*Going concern*

The Group management performed assessment of impact of COVID-19 on its primary business activities and foresee no treat to going concern principle. Although the future behavior of COVID-19 cannot be measured with precision at this stage, the management believes that business continuity will not be adversely affected.