

**CAIRO FOR INVESTMENT AND REAL ESTATE
DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES**

**LIMITED REVIEW REPORT AND CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR THE SIX-
MONTH PERIOD ENDED
28 FEBRUARY 2019**

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**CAIRO FOR INVESTMENT AND REAL ESTATE AND DEVELOPMENT
"S.A.E." AND ITS SUBSIDIARIES**

Consolidated interim financial statements - For the six-month period ended 28 February 2019

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Limited review report of the interim financial statements

To: the Board of Directors of Cairo for Investment and Real Estate Development "S.A.E."

Introduction

We have performed a limited review for the accompanying consolidated interim financial statements of Cairo for Investment and Real Estate Development "S.A.E." and its subsidiaries (the "Group") which comprise the consolidated interim statement of financial position as at 28 February 2019 and the consolidated interim statements of income, other comprehensive income, changes in equity, and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of the Limited Review

We conducted our limited review in accordance with Egyptian Standard on Limited Review Engagements (2410), "Limited Review of Interim Financial Statements performed by the Auditor of the Entity." A limited review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian 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 on these consolidated interim financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position as at 28 February 2019, and its financial performance and cash flows for the three months period then ended in accordance with Egyptian Accounting Standards.

Basma Samra
Member of Egyptian Society of Accountants & Auditors
Member of the Egyptian Tax Society
R.A.A. 6588
F.R.A 137

15 April 2019
Cairo



**CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E."
AND ITS SUBSIDIARIES**

**Consolidated interim statement of financial position
As at 28 February 2019**

(All amounts in Egyptian Pounds)

	Note	28 February 2019	31 August 2018
Assets			
Non-current assets			
Fixed assets	6	740,175,622	743,344,427
Projects under construction	7	67,278,409	7,044,657
Work in progress	8	24,097,785	24,097,785
Investments in associates	9	25,791,070	25,791,070
Held-to-maturity investments	11	-	1,000,000
Goodwill	31	5,936,481	5,936,481
Total non-current assets		863,279,367	807,214,420
Current assets			
Inventories	12	352,964	2,527,821
Financial Investments held to maturity	11	1,000,000	-
Debtors and other debit balances	13	131,370,532	72,070,411
Cash on hand and at banks	14	304,360,902	91,503,367
Total current assets		437,084,398	166,101,599
Total assets		1,300,363,765	973,316,019
Shareholders' equity			
Shareholders' equity attributable to the owners of the Parent			
Company			
Paid-up share capital	15	233,116,130	219,116,130
Reserves	16	222,538,045	32,003,019
Retained earnings		333,910,458	192,088,678
Total shareholders' equity attributable to the owners of the Parent Company		789,564,633	443,207,827
Non-controlling interests	30	55,804,010	61,170,738
Total shareholders' equity		845,368,643	504,378,565
Non-current liabilities			
Non-current portion of borrowings and credit facilities	17	15,359,437	24,991,787
Deferred tax liabilities	21	3,070,022	3,592,063
Total non-current liabilities		18,429,459	28,583,850
Current liabilities			
Provisions	22	27,161,801	27,505,492
Creditors and other credit balances	18	109,356,217	96,672,075
Advance revenues	19	236,654,933	185,203,224
Current income tax liabilities	20	47,043,951	41,075,377
Current portion of borrowings and credit facilities	17	16,348,761	89,897,436
Total current liabilities		436,565,663	440,353,604
Total liabilities		454,995,122	468,937,454
Total liabilities and shareholders' equity		1,300,363,765	973,316,019

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.
- Limited review report is attached

Mr. Mohamed El Khouly
Group Chief Financial Officer

Cairo on 15 April 2019

Dr. Hassan El Kalla
Chairman

**CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.
AND ITS SUBSIDIARIES**

**Consolidated interim statement of profit or loss
For the six month period ended 28 February 2019**

(All amounts in Egyptian Pounds)		Six months ended		Three months ended	
	Note	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Operating revenues	23	424,093,446	320,626,744	223,177,865	167,768,498
Operating cost	24	(174,985,193)	(129,914,395)	(89,260,841)	(65,774,496)
Gross profit		249,108,253	190,712,349	133,917,024	101,994,002
General and administrative	25	(63,958,136)	(37,520,073)	(29,216,180)	(20,236,906)
Provisions		-	(688,107)	-	-
Other income	27	1,272,541	2,065,245	1,005,009	764,316
Operating profits		186,422,658	154,569,414	105,705,853	82,521,412
Finance costs - net	28	7,112,653	(7,018,884)	4,335,949	(2,944,363)
Profit before tax		193,535,311	147,550,530	110,041,802	79,577,049
Current income tax	20	(45,589,948)	(34,028,267)	(24,524,125)	(18,271,526)
Deferred tax	21	490,476	432,573	44,330	287,319
Profit for the period		148,435,839	113,954,836	85,562,007	60,592,842
<u>Profits attributable to</u>					
Owner's of the Parent Company		144,158,297	108,611,922	82,701,719	57,669,721
Non-controlling interests	30	4,277,542	5,342,914	2,860,288	2,923,121
		148,435,839	113,954,836	85,562,007	60,592,842
Earnings per share for the period	32	0.26	0.19	0.15	0.10

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.

**CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E."
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**Consolidated interim statement of other comprehensive income
For the six-month period ended 28 February 2019**

(All amounts in Egyptian Pounds)

	Note	Six months ended		Three months ended	
		28 February 2019	28 February 2018	28 February 2019	28 February 2018
Profit for the period		148,435,839	113,954,836	85,562,007	60,592,842
Comprehensive income		-	-	-	-
Comprehensive income for the period		148,435,839	113,954,836	85,562,007	60,592,842
<u>Comprehensive income attributable to</u>					
Owner's of the Parent Company		144,158,297	108,611,922	82,701,719	57,669,721
Non-controlling interests	30	4,277,542	5,342,914	2,860,288	2,923,121
		148,435,839	113,954,836	85,562,007	60,592,842
Earnings per share for the period	32	0.26	0.19	0.15	0.10

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E."
AND ITS SUBSIDIARIES

Consolidated interim statement of changes in equity
For the six-month period ended 28 February 2019

(All amounts in Egyptian Pounds)

	Note	Paid up Capital	Reserves	Retained earnings	Total shareholders' equity attributable to the owners of the Parent Company	Non- controlling interests	Total Equity
Balance at 1 September 2017		219,116,130	17,009,363	143,527,345	379,652,838	40,590,078	420,242,916
Transferred to reserves		-	3,908,034	(3,908,034)	-	-	-
Dividends	30	-	-	(25,358,583)	(25,358,583)	(3,665,920)	(29,024,503)
Total comprehensive income for the period		-	-	108,611,922	108,611,922	5,342,914	113,954,836
Balance at 28 February 2018		219,116,130	20,917,397	222,872,650	462,906,177	42,267,072	505,173,249
Balance at 1 September 2018		219,116,130	32,003,019	192,088,678	443,207,827	61,170,738	504,378,565
Capital increase		14,000,000	-	-	14,000,000	-	14,000,000
Transfer to Reserves		-	190,535,026	(1,140,346)	189,394,680	-	189,394,680
Non-controlling interests in acquired entities	30	-	-	-	-	(4,569,668)	(4,569,668)
Dividends	30	-	-	(1,196,171)	(1,196,171)	(5,074,602)	(6,270,773)
Total comprehensive income for the period		-	-	144,158,297	144,158,297	4,277,542	148,435,839
Balance at 28 February 2019		233,116,130	222,538,045	333,910,458	789,564,633	55,804,010	845,368,643

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.

**CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E."
AND ITS SUBSIDIARIES**

**Consolidated interim statement of cash flows
For the six-month period ended 28 February 2019**

(All amounts in Egyptian Pounds)

	Note	28 February 2019	28 February 2018
<u>Cash flows from operating activities</u>			
Profit before tax		193,535,311	147,550,530
Adjustments:			
Depreciation of property, plant and equipment	6	27,814,846	23,725,927
Finance costs	28	6,086,972	13,105,500
Interest expenses	28	(13,659,962)	(6,056,286)
Impairment losses on investments in associates		-	73,835
Provisions no longer required	13	(8,997)	-
Group's share of profit of associates	27	-	(536,067)
Provisions made	22	-	688,107
Provisions used	22	(343,691)	-
Operating profit before changes in current assets and liabilities		213,424,479	178,551,546
Changes in current assets and liabilities			
Change in inventories		2,174,857	566,585
Change in debtors and other debit balances		(37,796,151)	(68,804,094)
Change in creditors and other credit balances and accrued income		77,104,100	75,700,712
Income tax paid	20	(50,404,300)	(22,095,619)
Net cash flows generated from operating activities		204,502,985	163,919,130
<u>Cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment	6	(26,011,611)	(19,528,890)
Payments for purchase non-controlling interest shares		(11,174,988)	
Interest payable received		13,659,962	6,056,286
Payments for projects under construction	7	(61,293,752)	(28,366,703)
Payment under purchase of investments in associates		(19,603,190)	(30,953,466)
Change in restricted cash		2,440,008	-
Net cash flows used in investing activities		(101,983,571)	(72,792,773)
<u>Cash flows from financing activities</u>			
Proceeds from borrowings and bank facilities		434,750	(27,427,463)
Payments to borrowings and bank facilities		(83,615,775)	25,240,977
Finance costs paid		(6,821,148)	(13,105,500)
Payments for capital increase and share premium		210,000,000	-
Dividends paid		(7,219,698)	(26,004,219)
Net cash flows generated from (used in) financing activities		112,778,129	(41,296,205)
Net change in cash and cash equivalents during the period		215,297,543	49,830,152
Cash and cash equivalents at the beginning of the period		89,055,957	54,631,302
Cash and cash equivalents at the end of the period	14	304,353,500	104,461,454

- The accompanying notes on pages 7 to 50 form an integral part of these consolidated interim financial statements.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six-month period ended 28 February 2019

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

1. Introduction

Cairo for Investment and Real Estate Development (the "Parent Company") was established under a Preliminary contract dated 15 March 1992 which was ratified on 17 August 1992 under ratification minutes No. 1978 (d) of the year 1992 at Real Estate Publicity Office in Nasr City. The Parent Company is registered under the commercial register number 273431-dated 22 August 1992.

The Parent Company's headquarters is located in 36 Sheikh Ahmed El Sawy Street, Nasr City, Cairo.

The Parent Company was founded for the purpose of: construction, foundation and management of educational institutions in accordance with the applicable laws and decrees, administrative housing, below average housing, medical institutions, trade of medical tools and hospitals equipment, providing petroleum services, buying and selling and the division of land, taking into account the provisions of law No. 143 of 1981, engaging in import and export activity, sale and purchase of residential apartments, administrative units and real estate, without violation to the decision of the Minister of Economy and Foreign Trade No. 204 for the year 1991. The Parent Company may have interests or participate in any mean with companies having similar activities or which may assist it in achieving its purpose in Egypt or abroad. The Parent Company may also have the right to be merged or acquire the above mentioned entities under the provisions of law and its executive regulations. The Parent Company has added to its purpose the activity of real estate development, general and specialised contracting activities and commercial agencies with Egyptian and foreign companies.

The main shareholders of the Parent Company is Social Impact Capital "Ltd." owning 84.52%.

The consolidated financial statements were approved by the Company's Board of Directors on 15 April 2019.

2. Accounting policies

Significant accounting policies used in the preparation of these consolidated financial statements are summarised below:

A. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable laws and regulations which have been consistently applied over the financial year and all prior years unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention.

The Group presents its assets and liabilities in the consolidated statement of financial position based on current/ non-current classification. An asset is classified as current when it is:

- * Expected to be realised or intended to be sold or used in the normal operating course.
- * Held primarily for trading.
- * Expected to be realised within 12 months after the end of the financial reporting period, or
- * Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting period.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six-month period ended 28 February 2019

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Basis of preparation of the consolidated financial statements (continued)

All other assets are classified as non-current.

A liability is classified as current when:

- * It is expected to be settled in the normal operating course;
- * Held primarily for trading;
- * Required to be settled within 12 months after the end of the financial reporting period; or
- * The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the consolidated financial reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.

The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards (EASs) requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. Note (4) clarifies the most significant accounting estimates and judgements applied for the preparation of the consolidated financial statements.

International Financial Reporting Standards apply for the topics not covered by the EASs until the issuance of a related EAS discussing such topics.

B. Basis of consolidation

(1) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Based upon the Presidential Decree No. 117 of 2013, the Parent Company established Badr University. Based on the same decree, the Group as the Founder is entitled to surplus revenues after deduction of expenses as determinable by the Board of Trustees of the University.

The consolidated financial statements includes the following subsidiaries:

	Country of origin	Percentage of ownership
Cairo Educational Services	Egypt	70%
Upper Egypt Educational Services	Egypt	99%
Egyptian Educational Systems	Egypt	92%
Global Educational Technologies	Egypt	78%
Cairo Egypt for Educational Premises	Egypt	100%
Futures and Nations Company *	Egypt	50%
Emco for Systems and Computers	Egypt	82%
Egyptian Schools Company	Egypt	61%
Educational Systems International	Egypt	80%
Badr University	Egypt	100%

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six-month period ended 28 February 2019

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Basis of consolidation (continued)

* Management of the Parent Company has assessed the degree of the Group's influence over the Futures and Nations Company and concluded that the Company has the control over operating and financing policies of the Company. Consequently, the investment has been accounted for as an investments in subsidiaries and consolidated within the consolidated financial statements.

The consolidated financial statements included the results of operations of the subsidiaries for the year ended 31 August 2018 except for Egyptian Schools Company the results of which operations have only been included from 2 May 2018, the date on which control over operating decisions was transferred to the Group.

i. Acquisition method

The Group applies the acquisition method to account for business combinations.

The consideration transferred in a business combination is measured based on the fair value accounted for as the fair value of the assets transferred and the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. In any business combination, the Group recognises any non-controlling interests in the subsidiary at the proportionate share of the recognised amounts of acquiree's identifiable net assets at the date of acquisition.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the Group re-measures the previously held equity interest in the acquiree at fair value in the acquisition date. Any gains or losses arising from such re-measurement are recognised within other comprehensive income.

Inter-company assets, liabilities, equity, income, expenses and cash flows related to transactions between the Group's entities are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

ii. Changes in ownership interests held within controlling interests

When the ratio of equity held within controlling interests changes, the Group changes the amounts recorded for controlling and non-controlling shares to reflect such changes in the relevant shares in the subsidiary. The Group recognises directly within the equity of the parent company any difference between the amount of changing the non-controlling shares and the fair value of the consideration paid or received.

iii. Disposal of subsidiaries

When the Group ceases to have control, the Group recognises any retained investment in the entity that was a subsidiary at its fair value at the date when control is lost, with the resultant change recognised as profit or loss attributable to the owners of the parent company.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six-month period ended 28 February 2019

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Basis of consolidation (continued)

iv. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the identifiable net assets acquired, liabilities, and contingent liabilities at the date of acquisition. If the consideration transferred, non-controlling interest in the acquiree and the date of acquisition fair value of the Group's equity previously held at the acquiree is less than the net of the identifiable acquired assets, liabilities, and contingent liabilities assumed at the date of acquisition, the Group recognises the gain resulting from profit and loss at the date of acquisition and the gains are attributed to the Group.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

v. Measurement period

The measurement period is the period required for the Group to obtain the information needed for initial measurement of the items resulting from the acquisition of the subsidiary, and does not exceed one year from the date of acquisition. In case the Group obtains new information during the measurement period relative to the acquisition, amendment is made retrospectively for the amounts recognised at the date of acquisition.

(2) Associates

Associates are all entities over which the Group has significant influence but not control. Generally, this is the case when the Group owns directly or indirectly between 20% and 50% of the voting rights in the associate.

i. Equity method

Under the equity method, the investment in associates is initially recognised at cost, and the cost is modified after the date of acquisition to the changes during post-acquisition period on the Group's share in the net assets of the associates. The Group's profit or loss includes its share in the associate's profit or loss, and the consolidated statement of other comprehensive income includes the Group's share in the associate's other comprehensive income. The carrying amount of the investment is adjusted by the Group's total share in the changes in equity after the date of acquisition.

ii. Changes in equity

If the Group's equity in an associate is reduced but significant influence is retained, only a proportionate share of the reduction rate of the amount of profit or loss previously recognised in other comprehensive income is reclassified to profit or loss when relevant assets or liabilities are disposed of.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six-month period ended 28 February 2019

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

Basis of consolidation (continued)

iii. Losses of associates

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group ceases to recognise its share in further losses. Once the Group's share is reduced to zero, further losses are recognised but only to the extent of incurred legal or constructive obligations or payments made on behalf of the associate. When those companies realise profits in subsequent periods, the Group resumes to recognise its share in those profits, but only after its share of profits equals its share in unrecognised losses.

iv. Transactions with associates

In relation to profits or losses resulting from transactions between the Group and the associate, only the portion not owned by the Group is recognised.

v. Goodwill arising from investment in associates

The excess of the total consideration transferred over the Group's share in the net fair value for the acquired determinable assets and assumed liabilities at the date of acquisition is recognised as goodwill.

The goodwill resulting from contribution in associates is recognised within the cost of investment in associates net of the accumulated impairment losses in the investment value of associates and shall not be recognised separately. Impairment of the goodwill is not tested in associates separately. Impairment is rather tested in the carrying amount of the investment as a whole - as a separate asset- by comparing its carrying amount with the recoverable amount. Impairment losses recognised in this case are not allocated on any asset. Therefore, any reverse settlement of the impairment losses will be recognised to the extent in which the recoverable amount subsequently increases, provided it does not exceed the impairment losses previously recognised.

C. Foreign currency translation

(1) **Functional and presentation currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds, which is the Group's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions during the period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-evaluation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss at the date of the consolidated financial position.

Non-monetary items measured in historical cost and denominated in foreign currency are also translated using the exchange rate prevailing at the date of the transaction.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six-month period ended 28 February 2019

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

D. Property, plant and equipment

The Group applies the cost model at measurement of property, plant and equipment. Property, plant and equipment are recognised on their costs net of the accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes any costs directly associated with bringing the asset to a working condition for its use intended by the management of the Group.

The Group capitalises subsequent costs of the acquisition of property, plant and equipment as a separate asset, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. The Group recognises, within the carrying value of property, plant and equipment, the cost incurred to replace part of that asset at the date such costs are incurred. These costs are depreciated over the remaining useful life of the related asset or the estimated useful life, whichever is less. The carrying amount of replaced parts are derecognised. The Group recognises the costs of daily servicing of the property, plant and equipment in the consolidated statement of profit or loss.

The straight line method is used to allocate the depreciation of property, plant and equipment consistently to their residual values over their estimated useful lives, except for lands, which are characterised with unlimited estimated useful life. Below are the estimated useful lives of each type of the assets' groups:

Buildings, premises and facilities	5%
Devices, furniture, and fittings	20%
Computers	20%
Vehicles	20%
Tools and equipment	20%

The Group reviews the residual value of property, plant and equipment and their estimated useful lives at the end of each financial year, and adjust when expectations differ from previous estimates and accounted for prospectively.

The carrying amount of the property, plant and equipment is reduced to the recoverable amount, if the recoverable amount of an asset is less than its carrying amount. This reduction is considered as a loss resulting from impairment.

Gains or losses on the disposal of an item of property, plant and equipment from the books are determined based on the difference between the net proceeds from the disposal of the item and the carrying amount of the item, and the gain or loss resulting from the disposal of property, plant and equipment is included in the consolidated statement of profit or loss within "other revenues".

E. Projects under construction

Projects under construction are stated at cost, which includes all direct costs related and required to bring the asset to the condition needed for operation and to be used in the intended purpose. Projects under construction are transferred to property, plant and equipment when they are finalised and are ready for their intended use.

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "S.A.E." AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements For the six-month period ended 28 February 2019

(All amounts in the notes are shown in Egyptian Pounds unless otherwise stated)

F. Works in progress

Works in progress are stated at cost, which includes all direct costs related and required to bring the asset to the condition needed for sale.

G. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are tested annually for impairment at the date of the consolidated financial statements.

Non-financial assets that have definite useful lives are tested for impairment, and they are subject to depreciation or amortisation whenever events or changes in circumstances indicate that the asset incurred impairment losses.

The asset is tested for impairment by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows from other inflows of assets or groups of assets (cash-generating units).

The Group recognises impairment losses in the consolidated statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

At the end of each financial period, where there is an indication that the carrying amount of any asset, other than goodwill which is recognised in prior years, is impaired, the Group then evaluates the recoverable amount of that asset.

Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Loss of impairment, which should not exceed the carrying amount that would have been determined (net of depreciation), are also reversed. Such reversal is recognised in consolidated statement of profit or loss.

H. Financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables and held-to-maturity financial assets. The classification of the financial asset depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable values that are not quoted in an active market. Financial assets listed in such group are presented as current assets if expected to be recovered within 12 months from the date of the end of the financial period. The Group's loans and receivables include 'debtors and other debit balances' and 'cash and cash equivalents' and 'balances due from related parties' and 'accrued revenues' in the consolidated statement of financial position.

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Financial assets (continued)

Held to maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable amounts and fixed maturities that the Group has positive intention and ability to hold till maturity.

Held to maturity investments are classified within non-current assets, unless investment matures in less than 12 months of the end of the consolidated financial position date. If so, they are classified within current assets.

(ii) Initial recognition and measurement

A financial asset is recognised when the Group becomes a party to the contractual provisions of the financial asset.

The acquisition of a financial asset is initially measured at fair value plus costs directly associated with the execution of the transaction.

(iii) Subsequent measurement

Loans and receivables and held to maturity financial assets are subsequently measured at amortised cost using the effective interest rate. Interests calculated are recognised in the consolidated statement of profit or loss within net finance costs.

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

The financial asset is derecognised at its carrying amount at the date of de-recognition, and profits (losses) of de-recognition is recognised in the consolidated statement of profit or loss within the other revenues.

The profit/ (loss) of de-recognition of financial asset represents the difference between the carrying amount at the date of de-recognition and the proceeds resulting from the de-recognition of the financial asset.

I. Impairment of financial assets

Financial assets carried at amortised cost

The Group assesses impairment at end of each reporting period whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include significant financial difficulties experienced by a debtor or a group of debtors, violation of contract terms such as default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other reorganisation, where observable data indicate that there is a measurable decrease in the estimated future cash flows since the initial recognition or national or domestic conditions that correlate with defaults of the Group's assets.

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Impairment of financial assets (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is immediately reduced and the losses are recognised in the consolidated statement of profit or loss. Loans expected to be uncollectible are written off by deduction from the relevant provision, and any subsequent proceeds are recognised as revenue in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

J. Inventories

Inventories are evaluated at the lower of actual cost or net realisable value. Cost is determined using the moving average method and includes purchase cost and other direct costs. The net realisable value comprises the estimated selling price in the ordinary course of business, less sale expenses. Allowance is made for slow moving inventories based on management's assessment of inventory movements.

K. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances with original maturities less than three months from the deposit date.

L. Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are reviewed at the date of each financial position and adjusted to reflect the best current estimate. Where the impact of the time value of money is significant, the amount recognised as a provision is the current amount of expected expenses required to settle the liability.

M. Trade payables

Trade payables are recognised initially at fair value of the goods and services received from third parties and subsequently measured at amortized cost using the effective interest rate method.

N. Issued and paid up capital

Ordinary shares are classified within equity.

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O. Borrowings

Borrowings are initially recorded at fair value less the cost of obtaining the loan. Borrowings are subsequently measured at amortised cost using the effective interest rate method, and are recorded in the consolidated statement of profit or loss as the difference between the amounts received (less the cost of obtaining the loan) and the value that will be repaid over the borrowing period.

Borrowings and advances are classified as current liabilities unless the Group has an unconditional right to defer the settlement of such liabilities for a period of not less than 12 months after the date of the consolidated financial statements.

P. Current and deferred income tax

Current income tax

The Group's current taxes are calculated in accordance with the applicable Egyptian laws and regulations.

The Group is subject to corporate income taxes. The Group uses tax advisors to estimate the income tax provision. In case of differences between the final tax outcomes with the initially recorded amounts, the resulting impact on income tax and deferred tax are recognised in the year in which they occur.

Deferred income tax

Deferred income tax is recognised, using the assets and liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The applicable tax rates are used to calculate the deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Q. Revenue recognition

The fair value of the consideration received or receivable including cash, receivables and notes receivables arising from rendering the educational services is measured through the ordinary course of the Company, stated net of discounts.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities as described below.

The value of the revenue is not considered to be reliably measured except when the expected obligations are settled. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

Revenue is recognized using accrual basis.

Tuition revenue

The Group provides educational services to students through its owned schools. Educational revenue is recognised throughout the period of rendering the tuition services.

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Revenue recognition (continued)

Bus revenues

The Group provides transport services to students through its owned schools. Buses revenue is recognised throughout the period of rendering the services.

Rental revenue

Rental revenue is recognized net of any discount allowed by the lessor using the straight-line method over the period in which the lessee uses the leased asset.

Interests income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable generated from the recognition of interest is impaired, the Group reduces the carrying amount to its recoverable amount.

R. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

S. Employees' benefits

The Group pays contributions to the Public Authority for Social Insurance Plans on a mandatory basis in accordance with the rules stated in Social Insurance Law. The Company has no further payment obligations once the contributions have been paid. The regular contributions are recognised as periodic cost for the year in which they are due and as such are included in the staff costs.

T. Fair value of financial instruments

Fair value is the price that would be obtained to sell an asset or paid to convert a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, the most advantageous market.

The Group should be able to have access to the principal market or the most advantageous market.

The fair value of the asset or liability is measured using the assumptions that market participants may use when pricing the asset or liability, assuming that market participants behave in their own economic interests.

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset at its maximum and best selling to another market participant who will use the asset in its best and best use.

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Fair value of financial instruments (continued)

The Group uses valuation techniques that are appropriate in the circumstances and where sufficient data are available to measure the fair value, increase the use of relevant observable inputs and minimize the use of inputs that are not observable.

The fair values of all assets and liabilities are measured or disclosed in the consolidated financial statements and are included in the fair value hierarchy described below, based on the lowest input levels that are material to the fair value measurement as a whole:

- Level 1 - Market prices (unadjusted) prevailing in active markets for similar assets or liabilities.
- Level 2 - Other valuation methods in which the lowest levels of inputs that have a material effect on the measurement of fair values are observable, either directly or indirectly.
- Level 3 - Valuation methods in which the lowest levels of inputs that have a material effect on the measurement of fair values are not observable.

U. Segment reporting

Business segments are reported in accordance with internally submitted reports to senior management which makes decisions on the resources allocation and performance assessment of the Group's segments, and represented in the central management committee. Group activities are divided into schools activities and higher education activities.

V. Dividends

Dividends are recognised in the Group's financial statements in the period in which the dividends are approved by the shareholders' of the Parent Company's General Assembly meeting.

W. Comparative figures

Comparative figures are reclassified, as they are consistent with the current presentation.

3. Financial risk management

(1) Financial risks factors

The Group's activities expose it to a variety of financial risks, including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects on the Group's financial performance.

The Group's management aims to minimise the potential adverse effects on the Group's financial performance,

The Group does not use any derivative financial instruments to cover specific risks.

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Financial risk management (continued)

(A) Market risk

i. Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in the fair value of future cash flows of a financial instrument due to changes in foreign currency exchange rates.

The Group is exposed to foreign exchange risk on foreign currency positions, mainly the US Dollar. Management concluded that the nature of its activities are not significantly exposing the Group to foreign currencies risks. At the end of the period, the net foreign currency assets (liabilities) denominated in EGP are as follows:

Currency	28 February 2019	31 August 2018
US Dollars asset (liability)	3,622,621	1,375,364

Note (28) is illustrating the amounts that have been recognised in the consolidated statement of profit or loss relating to changes in foreign currency exchange rates.

At end of the period, if the US dollar had increased or decreased by 10%, the effect on the consolidated financial statement after deducting related taxes would have been as follows:

Currency	28 February 2019	31 August 2018
US Dollars asset (liability)	362,262	137,536

ii. Interest rate risk

Interest rate risk is the risk that the fair value and future cash flows of financial instruments will fluctuate because of changes in the market's interest rates.

The Group is exposed to cash flow risk arising from changes in interest rates of its assets and liabilities due after more than one year bearing variable interest (bank deposits and credit facilities). The Group maintains an appropriate mix of fixed rate and floating rate borrowings to manage the interest rate risk.

Note (17) is illustrating the borrowings and credit facilities owed by the Group.

The below table shows the analysis of sensitivity to possible and reasonable changes in interest rates, while holding the other variables constant, on the consolidated statement of profit or loss.

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Financial risk management (continued)

The sensitivity on the consolidated statement of profit or loss is the effect of the assumed changes in the interest rates on the Group's results for one year based on financial assets and liabilities with variable interest rates at the end of the period:

	Increase/ decrease	Effect on the consolidated profit or loss EGP
28 February 2019	300 basis points	1,038,695
31 August 2018	300 basis points	3,517,838

(B) Credit risk

Credit risk arises from current accounts and deposits with banks, as well as credit risk associated with the Group's customers represented in accrued revenues and amounts due from related parties. Credit risk is managed by the Group as a whole.

For banks, the Group dealt with banks with high credit ratings and high credit quality which are supervised by the Central Bank of Egypt. For customers, management takes all legal arrangements and documents when executing the transaction, which minimise credit risk specifically for trade receivables. The Group collects most of its revenue in advance before providing the educational and other related services. All necessary provisions are formed to deal with each of customer delinquency issues.

Accrued revenue balances that remain outstanding for more than one year are fully impaired.

Below are the balances that are exposed to the credit risks:

	28 February 2019	31 August 2018
Current accounts and deposits with banks	301,920,876	89,702,745
Due from related parties	1,426,426	140,382
Accrued revenues	13,789,866	10,477,475

(C) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, due to shortage of funding. Group's exposure to liquidity risk results primarily from the lack of offset between assets of maturities of financial assets and liabilities.

Prudent liquidity risk management is achieved through maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities and funding from related parties.

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Financial risk management (continued)

The management prepares monthly forecasts for cash flows which are discussed at central management meetings of the Parent Company, and takes the necessary actions to negotiate with suppliers, follow-up customer collections and manage the inventory balances in order to ensure the availability of necessary cash to meet the obligations of the Group.

The following table shows the aging of the Group's obligations and based on future discounted cash flows:

	28 February 2019		
	Less than 3 months	3 months to 1 year	1 year to 5 years
Borrowings and credit facilities	7,626,347	11,384,260	16,656,731
Land purchase payables	-	2,916,755	-
Accrued expenses	34,010,347	-	-
Dividends payables	14,752,363	-	-
Suppliers and contractors	27,768,033	-	-
Due to governmental agencies	14,232,420	-	-

	31 August 2018		
	Less than 3 months	3 months to 1 year	1 year to 5 years
Borrowings and credit facilities	67,746,285	50,980,240	3,779,539
Land purchase payables	-	3,407,917	2,916,755
Accrued expenses	29,525,176	-	-
Dividends payables	15,701,287	-	-
Suppliers and contractors	15,777,096	-	-
Due to governmental agencies	15,085,183	-	-

(2) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders using the consolidated financial statements and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, reduce share capital, issue new shares or reduce the debts due from the Group.

The Group's management monitors the capital structure using the ratio of net debt to total capital. The net debt consists of total borrowings and outstanding credit facilities less cash on hand and at bank. The total capital represents the Group's total equity as shown in the consolidated statement of financial position as well as the net debts.

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Financial risk management (continued)

The following shows the proportion of net debt to total capital in 28 February 2019 and 31 August 2018:

	28 February 2019	31 August 2018
Borrowings and land purchase payables	34,133,768	119,740,281
Gross debts	34,133,768	119,740,281
Less: Cash on hand and at banks	(304,360,902)	(91,503,367)
Net debt	(270,227,134)	28,236,914
Equity	845,368,643	504,378,565
Total capital	575,141,509	532,615,479
 Net debt to total capital ratio	 (46.98%)	 5.30%

(3) Fair value estimation

The fair value is assumed to approximate nominal value less any estimated credit settlements for financial assets and liabilities with maturities of less than one year. For variable interest long-term borrowings, the fair value also approximates the nominal value as they are at variable interest associated with the corridor rate declared by the Central Bank of Egypt.

4. Critical accounting estimates and judgements

(1) Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, rarely equal the related actual results. The following are the significant estimates and assumptions adopted by the Group:

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. The group reviews the provision at the date of each financial position, and adjusts it to reflect the best current estimate by using the appropriate expertise.

Impairment of goodwill

The group's management annually assesses goodwill to determine whether goodwill is impaired. The carrying amount of goodwill is reduced if it is higher than its recoverable amount. Goodwill impairment losses are charged to the consolidated statement of profit or loss and cannot be subsequently reversed.

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Critical accounting estimates and judgements (continued)

Impairment of accrued revenues

The valuation of impairment value in accrued revenues is made by monitoring the ageing of debts and the ratios adopted based on management's best estimate through their experience.

Accrued revenue balances that remain outstanding for more than one year are fully impaired.

(2) Critical judgment in applying the Group's accounting policies

In general, applying the Group's accounting policies does not require the management to use judgement (apart from those involving accounting estimates and assumptions referred to in Note 4-1) that may have significant impact on the amounts recognised in the consolidated financial statements.

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5. Segment reporting

Management of the Parent Company, which is composed of the Chief Executive Officer and the Chief Financial Officer, monitors the financial performance of the Group on the basis of cash generating segments. These include the activity of schools and higher education. The financial performance of these segments during the six-month period ended 28 February 2019 and 31 August 2018 are as follows.
Below is the assets and liabilities of each segment:

	School segment		Higher Education segment		Consolidation entries		Total	
	28 February 2019	31 August 2018	28 February 2019	31 August 2018	28 February 2019	31 August 2018	28 February 2019	31 August 2018
Financial position:								
Non-current assets	930,923,429	889,231,407	445,951,674	424,593,760	(512,595,736)	(500,360,747)	864,279,367	813,464,420
Current assets	580,128,713	338,863,924	343,568,269	176,080,023	(487,612,584)	(355,092,348)	436,084,398	159,851,599
Total assets	1,511,052,142	1,228,095,331	789,519,943	600,673,783	(1,000,208,320)	(855,453,095)	1,300,363,765	973,316,019
Current liabilities	16,170,016	25,848,948	2,259,443	2,734,902	-	-	18,429,459	28,583,850
Non-current liabilities	727,189,401	683,435,409	196,937,856	163,535,526	(487,561,594)	(355,121,300)	436,565,663	440,353,604
Total liabilities	743,359,417	709,284,357	199,197,299	166,270,429	(487,561,594)	(355,121,300)	454,995,122	468,937,454

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Segment reporting (continued)

	School segment		Higher Education segment		Total	
	The six-month period ended		The six-month period ended		The six-month period ended	
	2019	2018	2019	2018	2019	2018
Revenues						
Tuition revenues	177,720,123	142,767,107	205,761,263	147,527,078	383,481,386	290,294,185
Bus revenues	15,670,217	12,943,540	5,807,034	4,414,034	21,477,251	17,357,574
Admission fees	2,656,322	2,088,850	4,312,605	3,490,716	6,968,927	5,579,566
Sundry operating revenues	8,743,599	4,486,602	3,422,283	2,908,817	12,165,882	7,395,419
Total revenues	204,790,261	162,286,099	219,303,185	158,340,645	424,093,446	320,626,744
Costs						
Tuition costs						
Tuition costs	(50,931,125)	(39,727,542)	(32,649,853)	(16,897,193)	(83,580,978)	(56,624,735)
Teaching tools, aids and books expenses	(12,630,440)	(12,721,384)	(1,278,479)	(879,935)	(13,908,919)	(13,601,319)
Maintenance electricity and utilities expenses	(11,568,342)	(10,168,243)	(3,783,550)	(2,872,821)	(15,351,892)	(13,041,064)
Rentals	(4,551,119)	(3,079,488)	(766,326)	(708,918)	(5,317,445)	(3,788,406)
Professional and consulting fees and charges	(1,601,394)	(1,521,047)	(4,394,745)	(2,222,470)	(5,996,139)	(3,743,517)
Other expenses	(7,230,337)	(1,951,409)	(515,137)	(525,607)	(7,745,474)	(2,477,016)
Bus costs	(11,959,770)	(10,396,923)	(3,818,109)	(2,721,674)	(15,777,879)	(13,118,597)
Total costs	(100,472,527)	(79,566,036)	(47,206,199)	(26,828,618)	(147,678,726)	(106,394,654)
Administrative expenses and provisions	104,317,734	82,720,063	172,096,986	131,512,027	276,414,720	214,232,090
IPO expenses	(25,032,598)	(14,455,525)	(26,005,009)	(23,546,469)	(51,037,607)	(38,001,994)
Depreciation	(12,164,840)	-	-	-	(12,164,840)	-
	(10,660,440)	(9,485,434)	(17,154,406)	(14,240,493)	(27,814,846)	(23,725,927)
Operating profit	56,459,856	58,779,103	128,690,261	93,725,065	185,150,117	152,504,168
Other income	302,278	1,303,269	970,263	761,977	1,272,541	2,065,246
Interests payable	9,513,717	3,522,274	4,146,245	2,534,012	13,659,962	6,056,286
Other (expenses) revenues	(18,684)	(13,625)	(441,653)	43,955	(460,337)	30,330
Finance costs	(6,086,972)	(12,179,865)	-	(925,635)	(6,086,972)	(13,105,500)
Net profit before tax	60,170,195	51,411,155	133,365,116	96,139,374	193,535,311	147,550,530
Current income tax	(15,112,631)	(11,683,329)	(30,477,317)	(22,344,938)	(45,589,948)	(34,028,267)
Deferred income tax	15,015	124,996	475,461	307,577	490,476	432,573
Net profit for the period	45,072,579	39,852,822	103,363,260	74,102,013	148,435,839	113,954,836

For the purposes of preparing Group's segment reporting, management reclassified property plant and equipment's depreciation to be in a separate line preceding the total education costs. Also, management reclassified formed provisions to be part of the general and administrative expenses.

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6. Property, plant and equipment

	Lands	Buildings, premises and facilities	Devices, furniture, and fittings	Computers	Vehicles	Tools and instruments	Total
Cost at 1 September 2018	199,588,475	584,488,458	104,356,898	25,720,235	35,303,067	10,008,729	959,465,862
Additions for the year	1,000,000	3,347,512	8,437,801	3,861,194	2,548,000	4,391,534	23,586,041
Disposals for the period	-	-	1,060,000	-	-	-	1,060,000
Cost at 28 February 2019	200,588,475	587,835,970	113,854,699	29,581,429	37,851,067	14,400,263	984,111,903

Accumulated depreciation at 1 September 2018

Depreciation for the period	-	117,003,928	50,373,393	17,983,784	23,665,817	7,094,513	216,121,435
Accumulated depreciation at 28 February 2019	-	14,723,031	9,019,543	1,970,193	1,580,356	521,723	27,814,846
Net book value at 28 February 2019	-	131,726,959	59,392,936	19,953,977	25,246,173	7,616,236	243,936,281
	200,588,475	456,109,011	54,461,763	9,627,452	12,604,894	6,784,027	740,175,622

Above land is under the registration process with the competent authorities.

Cost at 1 September 2017

Additions for the year	175,729,905	489,233,363	74,870,649	20,373,435	23,188,067	8,218,199	791,613,618
Transfers from projects under construction (Note 7)	10,569,686	10,055,746	29,140,529	5,271,521	12,115,000	1,746,301	68,898,783
Acquisition of subsidiaries (Note 31)	-	58,461,970	-	-	-	-	58,461,970
Disposals for the year	13,600,884	31,436,806	345,720	75,279	-	44,229	45,502,918
	(312,000)	(4,699,427)	-	-	-	-	(5,011,427)
Cost at 31 August 2018	199,588,475	584,488,458	104,356,898	25,720,235	35,303,067	10,008,729	959,465,862

Accumulated depreciation at 1 September 2017

Depreciation for the year	-	93,979,613	36,678,452	14,774,733	20,555,067	6,407,516	172,395,381
Accumulated depreciation of disposals	-	24,926,527	13,694,941	3,209,051	3,110,750	686,997	45,628,266
Accumulated depreciation at 31 August 2018	-	(1,902,212)	-	-	-	-	(1,902,212)
Net book value at 31 August 2018	-	117,003,928	50,373,393	17,983,784	23,665,817	7,094,513	216,121,435
	199,588,475	467,484,530	53,983,505	7,736,451	11,637,250	2,914,216	743,344,427

Above land is under the registration process with the competent authorities.

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7. Projects under construction

This item consists of the following:

	Balance at 1 September 2018	Additions	Transferred to PPE	Balance at 28 February 2019
Badr University	3,826,982	56,088,276	(1,060,000)	58,855,258
Others	3,217,675	5,205,476	-	8,423,151
	7,044,657	61,293,752	(1,060,000)	67,278,409

	Balance at 1 September 2017	Additions	Transferred to PPE	Balance at 31 August 2018
Badr University	14,778,452	46,781,042	(57,732,512)	3,826,982
Others	-	3,947,133	(729,458)	3,217,675
	14,778,452	50,728,175	(58,461,970)	7,044,657

Projects under construction related to Badr University represent the costs of completing the constructions and buildings of the university as approved by the Ministry of Higher Education and are added to the property, plant and equipment after completion of each stage.

8. Work in progress

	28 February 2019	31 August 2018
Cairo Heights project - Residential buildings	21,519,775	21,519,775
Commercial mall land	2,578,010	2,578,010
	24,097,785	24,097,785

The land on which the projects in progress above are constructed is under the registration process with the competent authorities.

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9. Investments in associates

	Percentage of shareholding		28 February 2019	31 August 2018
	2019	2018		
New Soft Company	23%	23%	303,835	303,835
Perdive for Programming Company	48.5%	48.5%	255,000	255,000
Egyptians Health Care	22.5%	22.5%	25,536,070	25,536,070
			26,094,905	26,094,905
(Less):				
Impairment losses in associates			(303,835)	(303,835)
			25,791,070	25,791,070

10. Unconsolidated subsidiaries

The historical cost of investments in unconsolidated subsidiaries is as follows:

	28 February 2019	31 August 2018
International Health Care Company	1,126,285	1,126,285
Alex Company For Educational Services	325,000	325,000
	1,451,285	1,451,285
Less: Impairment in value	(1,451,285)	(1,451,285)
	-	-

These entities have not been consolidated as the value of these investments have been fully impaired during the past years. Those entities have ceased operations and there are no liabilities to be incurred by the Group.

11. Held-to-maturity investments

	28 February 2019	31 August 2018
Investments certificates	1,000,000	1,000,000

Held-to-maturity investments represent cumulative-return-investment certificates of the Suez Canal Bank maturing in 2019 with a cumulative rate of return of 12% (2018: 12%).

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12. Inventories

	28 February 2019	31 August 2018
Computer and electrical equipment inventories	352,964	2,527,821

13. Debtors and other debit balances

	28 February 2019	31 August 2018
Accrued revenues	13,789,866	10,477,475
Prepaid expenses	36,815,165	20,613,033
Advances of suppliers	29,325,327	17,190,920
Payments under investment in subsidiaries	34,329,281	14,726,091
Due from students	8,311,495	3,701,294
Withholding taxes	530,403	3,725,269
Due from related parties (Note 29)	1,426,426	140,382
Other debit balances	10,757,869	5,420,244
	135,285,832	75,994,708
Less: Impairment in debtors and other debit balances	(3,915,300)	(3,924,297)
	131,370,532	72,070,411

Movement of impairment of debtors and other debit balances during the period/ year is represented below:

	28 February 2019	31 August 2018
Balance at the beginning of the period/ year	3,924,297	2,819,149
Formed during the period/ year	-	1,348,293
Provisions no longer required	(8,997)	(243,145)
Balance at the end of the period/ year	3,915,300	3,924,297

- As at 28 February 2019, accrued revenue balances, due from related parties and other debit balances of EGP 30,370,356 (31 August 2018: EGP 15,815,098) were fully performing.
- As at 28 February 2019, debtors and other debit balances of EGP 3,915,300 (31 August 2018: EGP 3,924,297) were impaired.

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14. Cash on hand and at banks

	28 February 2019	31 August 2018
Current accounts with banks	78,008,076	58,587,659
Term deposits	223,912,800	31,115,086
Cash on hand	2,440,025	1,800,622
	304,360,902	91,503,367

Current accounts with banks and time deposits are deposited with local banks under the supervision of Central Bank of Egypt.

The deposits are due within periods of 90 days (31 August 2018: 90 days) from date of placement . These have interest rates ranging from 9% and 14.5% (31 August 2018: 7.5% and 14.5%) per annum.

For the purpose of preparation of consolidated statement of cash flows, cash and cash equivalents included as of the date of the financial position:

	28 February 2019	31 August 2018	28 February 2018
Cash on hand and at banks	304,360,902	91,503,367	104,461,454
Restricted cash at banks	(7,402)	(2,447,410)	-
	304,353,500	89,055,957	104,461,454

Restricted balances at banks represents the amounts of share premium paid under the capital increase account based on the decision of Board of Directors on 7 November 2018 and the certificate of Financial Regulatory Authority on 29 November 2018.

15. Share Capital

The issued capital amounted to EGP 219,116,130 distributed over 547,790,325 shares with a nominal value of EGP 0.40 per share, all the shares are fully paid in cash (31 August 2017: EGP 219,116,130 distributed over 21,911,613 shares with a nominal value of EGP 10 per share). The Extraordinary General Assembly approved the split of the Parent Company's shares with a ratio of 25 shares per each share accordingly, number of shares of the Parent Company's' became 547,790,325 share with nominal value of EGP 0.40. On 5 July 2018 the Parent Company registered this split within its commercial register.

On 17 December 2018, share capital increased from EGP 219,116,130 to EGP 233,116,130 with an increase of EGP 14,000,000 distributed over 35 million shares with a nominal value of EGP 0.40 per share.

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Share Capital (continued)

The shareholders structure as of 31 August 2018 was as follows:

	Percentage of shareholding	Nominal value
Social Impact Capital "L.L.C"	84.52%	185,195,130
Ibrahim Ibrahim Al-Saidi	7.02%	15,379,460
Others	8.46%	18,541,540
		219,116,130

The shareholders structure as of 28 February 2019 and 31 August 2018 was as follows:

	Percentage of shareholding	Nominal value
Social Impact Capital "L.L.C"	51.22%	119,395,130
Ibrahim Ibrahim Al-Saidi	5.64%	13,146,968
Others	43.14%	100,574,032
		233,116,130

On 1 October 2018, Cairo for Investment and Real Estate Development "Parent Company", offered shares of the Parent Company in the Egyptian Exchange through two tires, public offering and private offering in the secondary market in order to increase the ownership base of trading in Egyptian Exchange with a maximum of 207,259,025 shares held by the Parent Company out of 547,790,325 shares with a percentage of 37.84% of the Parent Company's issued capital with a price of EGP 6 per share. The offering process was as follows:

a) Public offering

During the public subscription to the public, the number of offered shares was 14,508,132 shares with a percentage of 7% from the total shares offered for sale, which represents 2.65% of the Parent Company's shares.

b) Second - Private offering

During the private subscription to the financial institutions, individuals with high financial solvency, and individuals and institutions with experience in securities sector, the number of offered shares was 192,750,893 shares with a percentage of 93% from the total shares offered for sale, which represents 35.19% of the Parent Company's capital shares.

Social Impact Capital LTD (the main shareholder in the Parent Company) used a part of the shares sale proceeds to increase the share capital with an amount of EGP 14,000,000 distributed over 35,000,000 shares with a nominal value of EGP 0.40 per share in addition to a share premium of EGP 5,60 amounted to EGP 196,000,000. The increase occurred without taking into consideration the priority rights of old shareholders in the subscription of the increased shares. Participants in the public or private offering has no right to subscribe in this increase for this increase to be fully in favour of Social Impact Capital LTD, the main shareholder in the Parent Company, this will be according to the decision of the Ordinary General Assembly to the Cairo for Investment and Real Estate Development "Parent Company" on 3 July 2018. These amounts have been frozen during the period ended 28 February 2019. The capital was increased in the subsequent period based on the commercial register issued on 17 December 2018.

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16. Reserves

A. Legal and statutory reserve

In accordance with the Companies Law No. 159 of 1981 and the Parent Company's Articles of Association, 5% of the net profit for the year is transferred to the legal reserve. The deduction is discontinued once the legal reserve reaches 50% of the issued and paid up capital.

Also, an amount of 5% is deducted from the profit to form the statutory reserve each year until the reserve reaches is equivalent to 25% of the Parent Company's issued capital. Once the balance reaches below that limit, deduction should resume again.

B. Special reserve

Special reserve represents the following:

- (1) An amount of EGP 7,852,416 of extinguishment of liability due from an entity related to a major shareholder of the Parent Company of Cairo for Investment and Real Estate Development "Social Impact Capital LTD" waived for the favour of all the shareholders, and recognised directly as special reserve in the shareholder's equity statement after deducting related tax effect of EGP 1,766,794 (Note 29). This transaction is considered to be done with shareholders in their capacity as shareholders.
- (2) An amount of EGP 98,186,810 of shares issuance premium in accordance with the Companies law No. 159 of 1981 after competing legal reserve to equal 50% of the issued capital.
- (3) An amount of EGP 1,174,988 of acquiring additional shares representing 5.4% of Egyptian Schools Company shares to now obtain 61% of the Company's shares
- (4) An amount of EGP 5,430,332 of acquiring additional shares of Upper Egypt for Educational Services shares to now obtain 99% of the Company's shares

The following table shows movement on reserves during the period/ year:

	28 February 2019		
	Balance at 1 September	Formed during the period	Balance as at 30 November
Legal reserve	13,174,702	103,383,363	116,588,065
Statutory reserve	12,742,695	570,173	13,312,868
Special reserve	6,085,622	86,581,490	92,667,112
Total	32,003,019	190,535,026	222,538,045

	31 August 2018		
	Balance at 1 September	Formed during the year	Balance at 31 August
Legal reserve	8,720,685	4,454,017	13,174,702
Statutory reserve	8,288,678	4,454,017	12,742,695
Special reserve	-	6,085,622	6,085,622
Total	17,009,363	14,993,656	32,003,019

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17. Borrowings and credit facilities

<u>Statement</u>	<u>Current portion</u>		<u>Non-current portion</u>	
	<u>28 February 2019</u>	<u>31 August 2018</u>	<u>28 February 2019</u>	<u>31 August 2018</u>
Arab Investment Bank- credit facility	94,157	4,865,688	-	-
Qatar National Bank loan (2)	-	65,000,000	-	-
Qatar National Bank loan (3)	-	483,400	-	1,208,500
Qatar National Bank loan (4)	8,000,000	12,000,000	3,979,496	7,979,497
International Company for Finance Lease	7,456,692	6,804,127	10,667,229	14,678,515
Upper Egypt Finance lease loan	797,912	744,221	712,712	1,125,275
	<u>16,348,761</u>	<u>89,897,436</u>	<u>15,359,437</u>	<u>24,991,787</u>

Credit facilities from the Arab Investment Bank have an interest rate of 3.25% above the corridor price stated by the Central Bank.

Qatar National Bank loan (2)

During the year of 2015, the Parent Company signed a contract with Qatar National Bank for a long term loan of EGP 100 million, at an interest rate of 2% above the Central Bank of Egypt (CBE) lending rate, with a grace period of 12 months from the date of signing the contract ending in 27 February 2016, payable on 11 semi-annual instalments and the due date of the first instalment was 28 February 2016. The loan is jointly guaranteed by the Social Impact Capital (main shareholder), Cairo Educational Services Company (subsidiary), International Information Technology Company (subsidiary), the Egyptian Company for Education Systems (subsidiary) and International Company for Education Systems (subsidiary). The outstanding balance of this loan as of 31 August 2018 is EGP 65 million.

On 1 October 2018, the Group settled the outstanding balance of the loan of EGP 65 million as an accelerated payment. In addition to its related interest.

Qatar National Bank loan (3)

During the year of 2016, the Parent Company signed a contract with Qatar National Bank for a medium term loan of EGP 4 million for the purpose of using it in the partial financing of purchase of property, plant and equipment at an interest rate of 2% above the corridor rate announced by the Central Bank of Egypt and subsequently amended according to the change in the lending rates announced by the Central Bank of Egypt. A penalty of 1.5% is compounded up on late payment. It was agreed that the loan matures on August 2021.

On 14 February 2019, the Group settled the outstanding balance of the loan of EGP 1,450,200 as an accelerated payment. In addition to its related interest.

Qatar National Bank loan (4)

During the financial year ended 31 August 2018, the Parent Company signed a contract for a medium term loan of EGP 20,000,000 for the purpose of completing Badr University's Projects, 100% owned by the Parent Company. The contract ends on 31 August 2020, and this loan will be paid semi-annually on 5 installments amounted to EGP 4,000,000 excluding the related interests that will be calculated at an interest rate of 1% above the lending rate announced by the Central Bank of Egypt.

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Borrowings and credit facilities (continued)

The principal guarantees of the above loans are:

- Transfer all income generated from operations of the schools and Badr University to a special account with the lending bank and is used as an additional repayment method for the principal and interest.
- Dividends are not to be distributed unless all loans related obligations for respective year are fulfilled.
- Assets are not to be sold, pledged or given to third parties without obtaining a written approval from the bank.
- Shareholders' equity in the consolidated financial statements should not be less than EGP 190 million. Maintain financial leverage ratio (total liabilities/equity) below 1.2 : 1. and the debt service rate (earnings before interest, tax and depreciation/total financial liabilities) above 1.2 : 1.

International Company for Finance Lease loan (Incolease)

On 23 February 2010, the Parent Company signed a preliminary contract with Incolease to obtain a finance lease of EGP 31.9 million for sale and leaseback of a plot of land owned by the Company at an interest rate equal to the lending rate announced by the Central Bank of Egypt. Payable over 84 monthly instalments starting 3 May 2010. Since this transaction does not qualify in its substance to be sale and leaseback transaction as it represent a collateralised loan by the asset "the plot of land " and since this transaction is outside the scope of EAS 20 " Accounting rules and standards relating to finance lease " the transaction was not considered as a sale and leaseback, instead, it was regarded as a loan agreement subject to the above mentioned conditions.

During the nine-months ended 31 August 2016, the Company obtained the second tranche of the loan under the same terms mentioned above. The total balance of the loan as of 28 February 2019 was EGP 18,123,921 including interest (31 August 2018: EGP 21,482,642).

Upper Egypt Finance lease loan

During the eight-months ended 31 August 2016, Upper Egypt Leasing Company financed the purchase of some of the property, plant and equipment of Cairo for Investment and Real Estate Development Company under the two financing contracts dated 12 August 2015 and 18 August 2015. Both contracts commenced on 1 January 2016.

Since the financing was made in cash, this transaction is not considered as a finance lease and outside the scope of EAS 20, "Accounting Standards and Standards for finance lease", this transaction is treated as a loan granted to the parent company and is recognized at present value of future cash flows.

Amounts financed for both contracts amounted to EGP 3,156,160 excluding interest and payable over 60 instalments.

Total outstanding balance of the loan including interest as of 28 February 2019 is EGP 1,510,624 (31 August 2018: EGP 1,869,496).

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18. Creditors and other credit balances

	28 February 2019	31 August 2018
Suppliers and contractors	27,768,033	15,777,096
Accrued expenses	34,010,347	29,525,176
Dividends payables	14,752,363	15,701,287
Due to government agencies	14,232,420	15,085,183
Consignment for others	9,938,784	8,360,828
Land purchase payables	2,425,488	4,851,058
Other credit balances	6,228,782	7,371,447
	109,356,217	96,672,075

19. Advance revenues

Advance revenues represent the part of revenues that the Group has collected and has not provided the educational services related to it yet.

20. Income tax

Income tax charged to the consolidated statement of profit or loss for the period is as follows:

	28 February 2019	28 February 2018
Current income tax	45,589,948	34,028,267
Deferred tax (Note 21)	(490,476)	(432,573)
Total	45,099,472	33,595,694

The tax on profit before taxation differs from the amount expected to be reached by applying the average tax rate applicable to the Group's profits as follows:

	28 February 2019	28 February 2018
Accounting profit before tax	193,535,311	147,550,530
Income tax on basis of applicable tax rate	43,545,445	33,198,869
Add (less):		
Non-deductible expenses	1,676,231	409,715
Income not subject to tax	(122,204)	(12,890)
Tax per the statement of profit or loss	45,099,472	33,595,694

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Income tax (continued)

Current income tax liabilities in the consolidated statement of financial position:

	28 February 2019	31 August 2018
Balance at the beginning of the period/ year	55,102,654	23,421,486
Payments made during the period/ year	(50,404,300)	(22,095,619)
Charged to the consolidated statement of profit or loss during the period/ year	45,589,948	37,982,716
Charged to the consolidated statement of changes in shareholders' equity during the period/ year	(3,244,351)	1,766,794
Balance at the end of the period/ year	47,043,951	41,075,377

21. Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to fixed assets:

	Balance at 1 September 2018 Asset (Liability)	Acquisition of subsidiary (Note 30) Asset (Liability)	Movement for the period Revenue (expense)	Balance at 28 February 2019 Asset (Liability)
Property, plant and equipment	(3,592,063)	31,565	490,476	(3,070,022)
	(3,592,063)	31,565	490,476	(3,070,022)

	Balance at 1 September 2017 Asset (Liability)	Acquisition of subsidiary (Note 30) Asset (Liability)	Movement for the year Revenue (expense)	Balance at 31 August 2018 Asset (Liability)
Property, plant and equipment	(2,403,629)	21,402	(1,209,836)	(3,592,063)
	(2,403,629)	21,402	(1,209,836)	(3,592,063)

	Balance at 1 September 2017 Asset (Liability)	Acquisition of subsidiary (Note 30) Asset (Liability)	Movement for the period Revenue (expense)	Balance at 28 February 2018 Asset (Liability)
Property, plant and equipment	(2,403,629)	-	432,573	(1,971,056)
	(2,403,629)	-	432,573	(1,971,056)

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22. Provisions

	28 February 2019	31 August 2017
Tax provision	26,145,004	26,488,695
Legal provision	1,016,797	1,016,797
	<u>27,161,801</u>	<u>27,505,492</u>

The movement of provisions during the period/ year is as follows:

	28 February 2019			
	Balance at the beginning of the period	Provided during the period	Used during the period	Balance at the end of the period
Tax provision	26,488,695	-	(343,691)	26,145,004
Legal provision	1,016,797	-	-	1,016,797
	<u>27,505,492</u>	-	<u>(343,691)</u>	<u>27,161,801</u>

	28 February 2018			
	Balance at the beginning of the period	Provided during the period	Used during the period	Balance at the end of the period
Tax provision	24,994,828	688,107	-	25,682,935
Legal provision	1,016,797	-	-	1,016,797
	<u>26,011,625</u>	<u>688,107</u>	-	<u>26,699,732</u>

	31 August 2018			
	Balance at the beginning of the year	Provided during the year	Utilised during the year	Balance at the end of the year
Tax provision	24,994,828	2,752,426	(1,258,559)	26,488,695
Legal provision	1,016,797	-	-	1,016,797
	<u>26,011,625</u>	<u>2,752,426</u>	<u>(1,258,559)</u>	<u>27,505,492</u>

Tax provision

Tax provisions have been formed in the current period and prior years against actual tax claims in addition to tax provisions against uninspected prior years.

Provisions of Nil (31 August 2018: EGP 19,680,000) were formed against actual tax claims of EGP 28,140,759 based on management's and the Group's external independent tax expert's estimations.

If the estimations related to formed provisions have changed by 10% (increase or decrease), the impact on the consolidated statement of profit or loss will be EGP 2,615,730 (increase or decrease) (31 May 2017: EGP 1,968,000).

Additionally, provisions of Nil were formed against uninspected prior years taxes (31 August 2018: EGP 7,825,492) based on management's and the Group's external independent tax expert's estimations and in light of actual tax claims.

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Provisions (continued)

Legal provision

Provisions of Nil (31 August 2018: EGP 1,016,797) were formed against legal claims based on the Group's legal advisor's estimations. The provision is adjusted for each amendment per each case separately.

If the estimations related to formed provisions have changed by 10% (increase or decrease), there is no impact on the consolidated statement of profit or loss (31 August 2018: EGP 101,697).

23. Operating revenues

	Six months ended		Three months ended	
	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Tuition revenues	383,481,386	290,294,185	204,526,689	151,536,082
Bus revenues	21,477,251	17,357,574	11,707,277	9,283,382
Admission revenue	6,968,927	5,579,566	303,121	2,492,250
Other operating income	12,165,882	7,395,419	6,640,778	4,456,784
	424,093,446	320,626,744	223,177,865	167,768,498

24. Operating cost

	Six months ended		Three months ended	
	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Employees' wages, salaries and benefits	83,580,978	56,624,735	41,912,350	25,902,713
Teaching tools, aids and books expenses	13,908,919	13,601,319	7,079,787	7,519,737
Depreciation expenses	26,916,620	23,519,741	13,611,662	12,539,413
Rentals	5,317,445	3,788,406	2,487,230	1,687,231
Maintenance, electricity, utilities and communications expenses	15,351,892	13,041,064	8,174,421	6,989,977
Transportation expenses	15,777,879	13,118,597	7,655,932	6,728,789
Professional and consulting fees and charges	5,996,139	3,743,517	4,020,888	2,739,642
Other expenses	8,135,321	2,477,016	4,318,571	1,666,994
	174,985,193	129,914,395	89,260,841	65,774,496

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25. General and administrative expenses

	Six months ended		Three months ended	
	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Employees' wages, salaries and benefits	22,637,421	20,397,556	12,879,300	12,369,527
Professional and consulting fees and charges	19,052,690	8,900,053	9,702,617	3,298,852
Maintenance, electricity, utilities and communications expenses	2,108,410	3,150,180	843,980	1,356,183
IPO and capital increase expenses	12,164,840	-	782,322	-
Salaries and allowances for board members and board of trustees	494,300	208,507	288,300	145,007
Rentals	1,366,294	1,013,311	663,899	598,973
Depreciation expenses	898,226	206,186	352,984	123,949
Impairment losses in associates	-	73,835	-	-
Other expenses	5,235,955	3,570,445	3,702,778	2,344,415
	63,958,136	37,520,073	29,216,180	20,236,906

26. Expenses by nature

	Six months ended		Three months ended	
	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Employees' wages, salaries and benefits	106,712,699	77,230,798	55,079,950	38,417,247
Depreciation expenses	27,814,846	23,725,927	14,211,956	12,663,362
Teaching tools, aids and books expenses	13,908,919	13,601,319	7,079,787	7,519,737
Maintenance, electricity, utilities and communications expenses	17,460,302	16,191,244	9,018,401	8,346,160
Transportation expenses	15,777,879	13,118,597	7,655,932	6,728,789
Professional and consulting fees, charges, and penalties	25,048,829	12,643,570	13,723,505	6,038,494
Rentals	6,683,739	4,801,717	3,151,129	2,286,204
IPO and capital increase expenses	12,164,840	-	782,322	-
Impairment losses in associates	-	73,835	-	-
Other expenses	13,371,276	1,245,744	8,021,349	4,011,409
	238,943,329	167,434,468	118,477,021	86,011,402

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27. Other income

	Six months ended		Three months ended	
	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Investment revenue	-	536,067	-	-
Gas station rental revenue	692,704	659,715	352,033	335,265
Miscellaneous income	579,837	869,463	652,976	429,051
	1,272,541	2,065,245	1,005,009	764,316

28. Net finance costs

	Six months ended		Three months ended	
	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Interest income	13,659,962	6,056,286	6,989,401	3,244,052
(Losses) profits of foreign currency differences	(460,337)	30,330	(198,843)	10,545
Interest expense	(6,086,972)	(13,105,500)	(2,454,609)	(7,198,960)
	7,112,653	(7,018,884)	4,335,949	(3,944,363)

29. Related party transactions

During the year, the Group has made some transactions with related parties represented in the main shareholder of the Group, its associates and some entities that are owned by the major shareholders. Outstanding balances from and to related parties resulting from these transactions are as follows:

Balances due from related parties

Company	Nature of relation	28 February 2019	31 August 2018
Egyptian Company for Numbering	Others associate	1,426,426	140,382
		1,426,426	140,382

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Related party transactions (continued)

Related party transactions during the year:

	Movement	
	28 February 2019	31 August 2018
<u>Social Impact Capital (L.L.C)</u>		
Bank transfer	9,700,000	8,112,844
Expenses paid on behalf of the parent company	(8,413,956)	
<u>Nations for Real Estate</u>		
Bank transfers	-	1,060,310
<u>Egyptians Health Care</u>		
Contributions in share capital	27,922,280	13,704,804
<u>Future for Educational Activities</u>		
Sale of fixed assets	-	5,011,428
Extinguishment of liability	-	7,852,415
<u>Alex Company for Educational Services</u>		
Reversals of payables	-	306,121
<u>Egyptian Company for Schools</u>		
Acquisition of subsidiary	-	5,018,176

- On 7 May 2018, the management of the Parent Company signed a contract with Future Educational Activities (subsidiary a shareholder in Social Impact Capital Company) "the main shareholder" whereby the Parent Company sells both a building and a land of one of the schools owned by the Group to Future Educational Activities Company. Parent Company valued the building and land using the future economic benefits approach whereby it used information about the expected values of the profits of the school and deducted the selling costs related to the transaction. This sale was made for the amount of EGP 5,011,427 and recognized a gain on on disposal of property, plant and equipment within other revenues of EGP 1,902,212 (Note 27).

Based on the same contract, the remaining portion of the Group's liability amounting to EGP 7,852,416 was extinguished and included as a special reserve within shareholder's equity (Note 16) net of related tax amounted to EGP 1,766,794.

The Extraordinary General Assembly approved this transaction on 6 May 2018.

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30. Non-controlling interests

The movement of non-controlling interests in subsidiaries included in the consolidated financial statements during the period is as follows:

	Capital	Retained earnings	28 February 2019
Balance at 1 September 2018	44,969,084	16,201,654	61,170,738
Non-controlling interests of acquired companies	-	(4,569,668)	(4,569,668)
Dividends	-	(5,074,602)	(5,074,602)
Profit for the period	-	4,277,542	4,277,542
Balance at 28 February 2019	44,969,084	10,834,926	55,804,010

	Capital	Retained earnings	31 August 2018
Balance at 1 September 2017	27,288,440	13,301,638	40,590,078
Non-controlling interests of acquired companies	17,680,644	-	17,680,644
Dividends	-	(3,739,380)	(3,739,380)
Profit for the year	-	6,639,396	6,639,396
Balance at 31 August 2018	44,969,084	16,201,654	61,170,738

	Capital	Retained earnings	28 February 2018
Balance at 1 September 2017	27,288,440	13,301,638	40,590,078
Dividends	-	(3,665,920)	(3,665,920)
Profit for the period	-	5,342,914	5,342,914
Balance at 28 February 2018	27,288,440	14,978,632	42,267,072

31. Goodwill

Goodwill arises on the acquisition of subsidiaries and acquisitions during the period and arises out of the excess of the consideration paid in the subsidiaries, the non-controlling interest in the acquiree and the acquisition-date fair value of net assets of subsidiaries. It represent the acquiree payments for future economic benefits of assets that can not be identified individually or recognized separately. The goodwill is as follows:

	28 February 2019	31 August 2018
Egyptian Education Systems	5,133,061	5,133,061
Educational Systems International	355,800	355,800
Global Educational Technologies	238,666	238,666
Cairo for Educational Services	157,018	157,018
Cairo Misr for Educational Facilities	51,936	51,936
	5,936,481	5,936,481

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Goodwill (continued)

Subsidiaries are considered as cash generating units for the goodwill impairment testing purposes. During the period, the management conducted an impairment testing for the value of the goodwill based on the "value in use". Below is summary for the significant assumptions employed for the purpose of testing goodwill value by the management.

- Growth rate 5.5%
- Discount rate 18%

Management used the estimated budgets approved by the Parent Company's board of directors. The value in use exceeded the carrying amount of the entities and no impairment of goodwill value have resulted for any of the cash generating units.

On 2 May 2018, the Group acquired 55.6% of the shares of Egyptian Schools Company for Educational Services "S.A.E". The control was transferred to the Group at that date. The Group expects to increase its market share as a result of this acquisition and achieving economic benefits in the future, no goodwill arose from this transaction.

The below schedule illustrates the consideration transferred to acquire the shares of Egyptian Schools Company for Educational Services "S.A.E" and the fair value of the acquired assets, liabilities and non-controlling interest at the date of acquisition.

Acquisition cost as of 2 May 2018

Cash paid	(25,243,206)
Total acquisition cost	(25,243,206)

On 7 August 2018, the Group acquired additional shares representing 5.4% of Egyptian Schools Company shares to now obtain 61% of the Company's shares in 31 August 2018.

Assets and liabilities acquired from Egyptian Schools Company for Educational Services "S.A.E" on 2 May 2018 were as follows:

	EGP
PPE	45,502,918
Deferred tax assets	21,403
Cash at banks	3,181
Other liabilities	(126,052)
Net fair value of assets acquired	45,401,450
Non-controlling interests at the date of acquisition	(20,158,244)
Cash paid	(25,243,206)
Goodwill	-

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32. Earnings per share

	Six months ended		Three months ended	
	28 February 2019	28 February 2018	28 February 2019	28 February 2018
Net profit attributable to the owners of the Parent Company	144,158,297	108,611,922	82,701,719	57,669,721
Exclude:				
Board of directors allowance	(2,037,701)	(1,286,864)	(1,090,709)	(257,826)
Employees' share of profits	(2,999,512)	(2,323,758)	(2,147,219)	(1,397,625)
Net profit after distribution	139,121,084	105,001,300	79,463,791	56,014,270
Weighted average of number of shares	561,984,769	547,790,325	561,984,769	547,790,325
Earnings per share for the period	0.26	0.19	0.15	0.10

33. Tax position

(1) Cairo Education Services "S.A.E"

(A) Corporate income tax

The Company was inspected from 1998 until 1999 and due tax was paid.

The Company was inspected for the years from 2000 until 2004 on a deemed basis at a total tax of EGP 5,793,131. The Company was notified of Forms 18 and 19 Tax of Fund Corporates and they were appealed on the legal deadlines and dispute has not been settled yet in the Internal Committee.

The Company was not inspected from 2005 to date. The Company submits the tax returns regularly on the legal deadlines and pays the due tax based on the tax returns submitted on the legal deadlines.

The net profit of schools activity is exempted from the commercial profits tax in accordance with Law No. 91 of 2005.

(B) Withholding tax

The Company applies the withholding tax under tax regulations as per Law No. 91 of 2005.

(C) Tax on earnings

The Company applies the withholding tax and pays it monthly in accordance with the Tax Law No. 91 of 2005.

The quarterly tax on earnings returns are submitted regularly and the Company was not inspected until the reporting date.

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Tax position (continued)

(D) Stamp duty

The Company was inspected from 5 May 1997 to 31 January 2003, and tax due was paid.

The Company was notified of Form No. 3 Stamp Duty for the period from 1 February 2003 to 28 February 2006 and is appealed on the legal deadline. It was also referred to the Appeal Committee and the dispute was not settled until the reporting date.

The Company was notified of Form No. 3 Stamp Duty for the period from 1 March 2006 until 30 June 2010. It is appealed on the legal deadline and referred to the Appeal Committee. Final assessment to the decision of the Appeal Committee is made on 23 November 2014 at a total tax of EGP 14,798. Payment was made on 29 January 2015.

Years from 1 July 2010 to 31 August 2018, the Company was not inspected until the financial statements date.

(2) Cairo For Investment & Real Estate Development "S.A.E"

(A) Corporate income tax

Years from 1992 to 1993

The company was inspected for the corporate income tax for the years 1992 till 1993 and final tax notice from the decision of the appeal committee by amount of EGP 149,952, and dispute between the company and the specialized authority was referred to the court and the dispute is still ongoing and the company has paid the tax according to the appeal committee decision.

Years from 1994 to 1995

The company was inspected for the corporate income tax for the years 1994 and 1995 with amount of EGP 44,188 and form 18 was notified and objected and form 19 was notified and objected and has been appealed. The file was referred to the appeal committee and then referred to the specialized court, and the company has paid the tax according to the appeal committee decision tax notice.

Years from 1996 to 2001

The company was inspected for the corporate income tax for the years 1996 till 2000 and form 18 was notified and objected and form 19 was notified by EGP 2,152,266 and has been appealed and the file was referred to the internal committee of the authority and then to the appeal committees, and defense memorandum was submitted and the appeal committee decision had been issued. The dispute between the company and the authority was referred to

the court and the dispute is still ongoing for not applying the provisions of Article 21 of Law No. 157 of 1981 and its amendments.

Years from 2002 to 2004

The authority has charged the company depending on estimation, and form 18 was notified and objected and form 19 was notified and has been appealed. The file was referred to the internal committee of the authority and the company submitted a request to re-examine these years and the dispute was transferred to appeal committees and defense memorandum was submitted and the appeal committee decision had been issued to return the file to the authority to prepare for the completion of the inspection of the authority.

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Tax position (continued)

Years from 2005 to 2008

The tax returns were submitted on time and the tax was paid from the tax returns and the company was not inspected since it was not included in the inspection sample.

Years from 2009 to 2010

The company was charged with the corporate income tax for the years 2009/2010. The company was notified in the form 19 in the amount of EGP 7,513,695 and has been appealed, and the file was referred to the internal committee of the authority.

Years from 2011 to 2012

The Company was charged with the corporate income tax for the year 2011/2012. The company was notified in the form 19 in the amount of EGP 8,784,566 and has been appealed, and the file was referred to the internal committee of the authority to issue a decision to re-examination.

Years from 2013 to 2018

The company has not yet been inspected and submits the tax returns at the specified tax dates and the tax is paid based on the tax return.

(B) Stamp duty tax

Years from Sep 1, 1992 till Oct 31, 1997:

The company was inspected until 31/10/1997. The Company was notified of 3 stamp forms and an internal committee was set up and the tax payable by the company was paid

Years from Nov 1, 1997 till Sep 30, 2002:

The company was inspected and the company was notified with a 4-stamp form and has been appealed. The file was referred to the appeal committee. The final decision was approved by the appeal committee in the amount of EGP 23,585. The company was pledged and lifted after that and the tax amount was paid by scheduled check.

Years from Oct 1, 2002 till Oct 31, 2005:

The company was inspected and notified to the company in the form of 3, 4 stamps and was objected. The file was referred to the appeal committee and the final decision was approved by the appeal committee in the amount of EGP 22,946.

(C) Salaries Tax

Years from 1992 to 1994

The company was accounted for and linked to and the tax due for those years was paid.

Years from 1995 to 1999

Salaries tax was linked to the amount of EGP 265,545 basis of the non-appeal link and the dispute was referred to the specialized court and the dispute is still ongoing. The company was pledged and lifted after that and the tax amount was paid by scheduled check.

Years from 2000 to 2001

Salaries tax was notified and the form was objected to the legal deadline. The dispute was referred to an internal committee and then to an appeal committee. The defense memorandum was submitted and the tax owed by the company was paid from the decision of the appeal committee.

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Tax position (continued)

Years from Jan 1, 2005 till June 30, 2005:

The company was inspected with a tax link on the company in the amount of EGP 496,329. The complaint was filed against the model. The file was referred to the internal committee, and then to the appeal committees. The defense memorandum was submitted and it was reserved for the decision on 20 January 2018.

Years from July 1, 2005 till 2010:

Salaries tax was linked by EGP 9,030,294 and the company was informed in model 38 that it was objected and the file was referred to the internal committee, and then to the appeal committees and the sessions to resolve the dispute will be attended.

(D) Sales tax

The company submits sales tax returns on a regular basis and at the legal times. The company was inspected from the start of the activity until 2005 and the tax differences resulting from the inspection as well as the additional tax were paid and the company was inspected for the years 2006 until 2013. Form 15 was issued at EGP 4,464,855. The complaint was filed on the form in legal times and the legal proceedings are being completed until the dispute with the authority is resolved.

(3) Egyptian Company for Education Systems "S.A.E"

(A) Corporate income tax

Years from 2005 to 2017

Tax returns were submitted on the legal deadline and the Company is exempted from taxes until 4 May 2008 in accordance with law No. 91 of 2005.

The period from 2008 until 30 June 2017, the Company was not notified of the inspection date taking into consideration law No. 91 of 2005 on a sample basis.

(B) Tax on earnings

Years from 2005 to 2018

The Company pays the income tax monthly on the legal deadlines and there are no income tax notifications for such years.

(C) Stamp duty

Years from 2005 to 2018

The Company did not receive any tax notifications related to the tax period.

(D) Sales tax

Years from 2005 to 2018

The Company is not subject to the provisions of law No. 11 of 1991 and its amendments.

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Tax position (continued)

(4) Global Educational Technology "S.A.E".

(A) First: Corporate income tax

Years from 2003 to 2004

The Company submits the tax returns on the legal deadlines and it has not been notified of the inspection during such years.

Years from 2005 to 4 May 2008

The Company submits tax returns on the legal deadlines.

The Company is exempted from the commercial profits tax in accordance with Law No. 91 of 2005.

Years from 2008 to 2018

The Company submits the tax returns on the legal deadlines and it has not been notified of the inspection during such years.

(B) Tax on earnings

Years from 2003 to 2018

The Company pays the income tax monthly on the legal deadlines and there are no income tax notifications for such years.

(C) Stamp duty

Years from 2003 to 2018

The Company did not receive any tax notifications related to the tax period.

(D) Sales tax

Years from 2003 to 2018

The Company is not subject to the provisions of law No. 11 of 1991 and its amendments.

(5) Future and Nations Company "S.A.E"

(A) Corporate income tax

The Company has not been notified of the inspection since the start of activity until now. The tax return is prepared and submitted on the legal deadlines according to the requirements of the Income Tax Law issued by law No. 91 of 2005.

(B) Tax on earnings

The Company has not been notified of the inspection since the start of activity until now and payment is made at the beginning of each month on the legal deadlines.

(C) Stamp duty

The Company has not been notified of the inspection since the start of activity until now.

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Tax position (continued)

(6) Upper Egypt for Educational Services S.A.E

(A) Corporate income tax

Tax returns are submitted regularly and the Company has not been inspected to date.

(B) Tax on earnings

The Company has not been inspected since the start of activity to date.

(C) Stamp duty

The Company has not been inspected since the start of activity to date.

(7) Badr University

(A) Corporate income tax

The income tax is calculated at the realised excess in accordance with the applicable laws and regulations in this regard and using the tax rates enacted at the date of the financial statements. The income tax payable is recognised in the statement of revenues and expenses.

The University's records were not inspected from the date of inception until 31 August 2018.

(B) Payroll tax

The University's records were inspected from the date of inception until 31 August 2016.

The University's records were not inspected from 1 September 2016 until 31 August 2018.

(C) Stamp duty

The University's records were not inspected from the date of inception until 31 August 2018.

(D) Withholding tax

The University's records were inspected from the date of inception until 31 August 2014.

The University's records were not inspected from 1 September 2014 until 31 August 2018.

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34. Commitments

A. Capital Commitments

Capital commitments contracted on the date of the consolidated financial statements are as follows:

	28 February 2019	31 August 2018
Fixed assets	5,665,690	3,462,146

B. Operating lease

The Group is leasing many buses and a building for one of the schools for operational purposes. The length of these contracts are 1 to 5 years

Total future payments for the lease contracts are as follows:

	28 February 2019	31 August 2018
Less than one year	20,557,810	14,380,000
More than 1 year and less than 5 years	104,949,670	73,486,257

