CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY (S.A.E) AND ITS SUBSIDIARIES

LIMITED REVIEW REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 NOVEMBER 2018

CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated interim financial statements
For the three months period ended 30 November 2018

Limited Review Report of the interim financial statements

To : The Board of Directors of Cairo For Investment and Real Estate Development Company (S.A.E.)

Introduction

We have performed a limited review for the consolidated interim financial statements of Cairo For Investment and Real Estate Development Company (S.A.E) and its subsidiaries ("the Group"), which comprise the consolidated interim statement of financial position as at 30 November 2018, and the related consolidated interim statements of income, other comprehensive income, changes in equity and cash flows for the three months 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". The 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. The 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

Based on 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 30 November 2018, and its financial performance and cash flows for the three months period then ended in accordance with Egyptian Accounting Standards.

Basma Samra
R.A.A. 6588
F.R.A. 137
Mansour & Co. PricewaterhouseCoopers

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
pwc

15 January 2019
Cairo

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CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT "SAE"
AND ITS SUBSIDIARIES

Consolidated interim statement of financial position - As at 30 November 2018

(All amounts in Egyptian Pounds)

	Note	30 November 2018	31 August 2018
Assets			
Non-current assets			
Property, plant and equipment	6	740,265,542	743,344,427
Projects under construction	7	16,643,056	7,044,657
Work in progress	8	24,097,785	24,097,785
Investment 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		**812,733,934**	**807,214,420**
Current assets			
Inventories	12	904,416	2,527,821
Held to maturity investments	11	1,000,000	-
Debtors and other debit balances	13	120,791,396	72,070,411
Cash on hand and at banks	14	305,703,434	91,503,367
Total current assets		**428,399,246**	**166,101,599**
Total assets		**1,241,133,180**	**973,316,019**
Liabilities and shareholder's equity			
Shareholder's equity			
Shareholder's equity attributable to owners of the Parent Company			
Issued and paid up capital	15	219,116,130	219,116,130
Paid under the capital increase account and share premium	15	210,000,000	-
Reserves	16	26,572,687	32,003,019
Retained earnings		253,429,661	192,088,678
Total shareholders' equity attributable to owners of the Parent Company		**709,118,478**	**443,207,827**
Non-controlling interest	30	56,611,579	61,170,738
Total shareholder's equity		**765,730,057**	**504,378,565**
Liabilities			
Non-current liabilities			
Non-current portion of borrowings and credit facilities	17	23,374,401	24,991,787
Deferred tax liabilities	21	3,114,352	3,592,063
Total non-current liabilities		**26,488,753**	**28,583,850**
Current liabilities			
Provisions	22	27,174,101	27,505,492
Creditors and other credit balances	18	123,037,632	96,672,075
Accrued income	19	216,177,454	185,203,224
Current income tax liabilities	20	61,474,027	41,075,377
Current portion of borrowings and credit facilities	17	21,051,156	89,897,436
Total current liabilities		**448,914,370**	**440,353,604**
Total liabilities		**475,403,123**	**468,937,454**
Total liabilities and shareholders' equity		**1,241,133,180**	**973,316,019**

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

Mohamed El Khouly
Group Chief Financial Officer

Hassan El Kalla
Chairman

15 January 2019

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

Consolidated interim statement of profit or loss
For the three months period ended 30 November 2018

(All amounts in Egyptian Pounds)

	Note	2018	2017
Operating revenue	23	200,915,581	152,858,246
Operating costs	24	(85,724,352)	(64,139,899)
		115,191,229	**88,718,347**
General and administrative expenses	25	(34,741,956)	(17,283,167)
Provisions	22	-	(688,107)
Other income	27	267,532	1,300,930
Operating profits		**80,716,805**	**72,048,003**
Finance costs - net	28	2,776,704	(3,074,521)
Profit before tax		**83,493,509**	**68,973,482**
Current tax	20	(21,065,823)	(15,756,741)
Deferred tax	20	446,146	145,254
Profit for the period		**62,873,832**	**53,361,995**
Profits attributable to			
Owner's of the Parent Company		61,456,578	50,942,201
Non-controlling interests	30	1,417,254	2,419,794
		62,873,832	**53,361,995**
Earning per share			
Basic and diluted earning per share	32	**0.11**	**0.09**

- The accompanying notes 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 other comprehensive income
For the three months period ended 30 November 2018

(All amounts in Egyptian Pounds)

	Note	2018	2017
Profit for the period		62,873,832	53,361,995
Other comprehensive income		-	-
Comprehensive income for the period		**62,873,832**	**53,361,995**
Comprehensive income attributable to			
Owner's of the Parent Company		61,456,578	50,942,201
Non-controlling interests	30	1,417,254	2,419,794
		62,873,832	**53,361,995**

- The accompanying notes 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 three months period ended 30 November 2018

(All amounts in Egyptian Pounds)

	Note	Share capital	Paid under capital increase	Reserves	Retained earnings	Total shareholder's equity attributable to 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**
Dividends		-	-	-		-	(550,027)	**(550,027)**
Profit for the period		-	-	-	50,942,201	**50,942,201**	2,419,794	**53,361,995**
Balance at 30 November 2017		**219,116,130**	**-**	**17,009,363**	**194,469,546**	**430,595,039**	**42,459,845**	**473,054,884**
Balance at 1 September 2018		**219,116,130**	**-**	**32,003,019**	**192,088,678**	**443,207,827**	**61,170,738**	**504,378,565**
Paid under the capital increase account and share premium	15	-	210,000,000			**210,000,000**	-	**210,000,000**
Share of non-controlling interests from acquisition of subsidiaries	30	-	-	(5,430,332)	-	**(5,430,332)**	(4,569,668)	**10,000,000-**
Dividends	30	-	-	-	(115,595)	**(115,595)**	(1,406,745)	**(1,522,340)**
Profit for the period		-	-	-	61,456,578	**61,456,578**	1,417,254	**62,873,832**
Balance at 30 November 2018		**219,116,130**	**210,000,000**	**26,572,687**	**253,429,661**	**709,118,478**	**56,611,579**	**765,730,057**

- The accompanying notes 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 three months period ended 30 November 2018

(All amounts in Egyptian Pounds)

	Note	2018	2017
Cash flows from operating activities			
Profit before tax		83,493,509	68,973,482
Adjustments to reconcile profits to cash flows from operating activities			
Depreciation of property, plant and equipment	6	13,850,200	11,062,565
Finance costs	28	3,632,363	5,906,540
Finance income	28	(6,670,561)	(2,812,234)
Impairment losses on debtors and other debit balance	13	-	73,835
Provisions no longer required	13	(8,999)	-
Share of profit of associates	27	-	(536,072)
Provisions formed	22	-	688,107
Gain on sale of property, plant and equipment	27	(2,141)	-
Provisions used	22	(331,391)	-
Income tax paid	20	(667,173)	-
Operating profits before changes in current assets and liabilities		**93,295,807**	**83,356,223**
Changes in current assets and liabilities			
Change in inventories		1,623,405	259,485
Change in debtors and other debit balances		(48,711,986)	22,605,502
Change in creditors and other credit balances and		51,695,453	28,608,208
Net cash flows generated from operating activities		**97,902,679**	**134,829,418**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(5,922,137)	(21,610,946)
Payments for purchase non-controlling interest shares		(10,000,000)	-
Proceeds from interests		6,670,561	2,812,234
Payments for projects under constructions	7	(9,598,399)	(17,379,272)
Payments for work in progress		-	(32,078,461)
Change in restricted cash		(207,559,992)	-
Net cash flows used in investing activities		**(226,409,967)**	**(68,256,445)**
Cash flows from financing activities			
Proceeds from borrowings and credit facilities		290,118	8,950,899
Payments to borrowings and credit facilities		(70,753,784)	(33,517,649)
Finance costs paid		(2,968,249)	(1,706,541)
Payment under the capital increase account and share premium		210,000,000	-
Dividends paid		(1,420,722)	(3,263,730)
Net cash flows used in financing activities		**135,147,363**	**(29,537,021)**
Change in cash and cash equivalents during the period		**6,640,075**	**37,035,952**
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	**95,696,032**	**91,667,254**

- The accompanying notes form an integral part of these consolidated interim financial statements.

1. Introduction

Cairo For Investment and Real Estate Development Company (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 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 to 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 the purpose of the Group the activity of real estate development, general and specialised contracting activities and commercial agencies with Egyptian and foreign companies.

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

The consolidated financial statements were approved by the Company's management on 15 January 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 financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable laws which have been consistently applied over the 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 normal operating course.
* Held primarily for trading.
* Expected to be realised within twelve 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.

All other assets are classified as non-current.

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

Basis of preparation of the consolidated financial statements (continued)

The liability is classified as current when:

* It is expected to be settled in normal operating course.
* Held primarily for trading.
* Required to be realised within twelve months after the end of the financial reporting period, or
* The Company 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 assets and liabilities.

The preparation of consolidated financial statements in accordance with Egyptian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Group's accounting policies. Note (4) clarifies the most significant used accounting estimates and personal judgements applied when preparing these 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 *	Egypt	50%
Emco for Systems and Computers	Egypt	82%
Egyptian Schools Company	Egypt	61%
Educational Systems International	Egypt	80%
Badr University	Egypt	100%

Basis of consolidation (continued)

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

The consolidated financial statements included the results of operations of the subsidiaries for the financial year ended at 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.

1.1 Acquisition method

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

The consideration transferred in a business combination is measured at the fair value accounted for as the fair value of the assets transferred and the liabilities assumed by the Group to the former shareholders 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.

1.2 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 interests to reflect such changes in the relevant interests in the subsidiary. The Group recognises directly within the equity of the shareholders of the Parent Company any difference between the amount of changing the non-controlling interests and the fair value of the consideration paid or received.

Basis of consolidation (continued)

1.3 Disposal of subsidiaries

When the Group ceases to have control, the Group recognises any retained investment in the company 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 shareholders of the Parent Company.

1.4 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 date of acquisition fair value of the Group's equity previously held at the acquiree over the fair value of the identifiable net assets acquired, liabilities, and contingent liabilities at the date of acquisition. If the consideration transferred, the amount of 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 at the date of acquisition, the Group recognises the gain resulting in 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 Group's cash generating units (CGUs) that is expected to benefit from the synergies of the 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.

1.5 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 directly or indirectly owns between 20% and 50% of the voting rights in the associates.

2.1 Equity method

Under the equity method, the investment in associates is recognized at the cost of acquisition, and the cost is modified after the date of acquisition to the changes during post-acquisition year on the Group's share in the net assets of the associate. 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.

Basis of consolidation (continued)

2.2 Changes in equity

If the equity interest 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.

2.3 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 and corresponding liability 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.

2.4 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.

2.5 Goodwill arising from investment in associates

The excess of the total transferred consideration 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 goodwill is not tested in associates separately. Impairment is rather tested for the carrying amount of the investment as a whole by comparing it with its recoverable amount. Impairment losses recognised in this case are not allocated in 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 primary currency of the 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.

Foreign currency translation (continued)

(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 or losses arising from the settlement of such transactions and from the re-evaluation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss at the date of the consolidated statement of financial position.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

D. Property, plant and equipment

The Group applies the cost model for the measurement of property, plant and equipment. Property, plant and equipment are recognised at cost net of the accumulated depreciation and accumulated impairment losses. The cost of fixed asset 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 additions to property, plant and equipment 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 in the carrying value of fixed asset the cost incurred to replace part of that asset at the date such costs are borne, and the carrying amount of the 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 fixed assets 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 Group's property, plant and equipment:

Buildings, premises, and facilities	5%
Devices, furniture and fittings	20%
Computers	20%
Vehicles	20%
Tools and instruments	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 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 resulting gain or loss is included in the consolidated statement of profit or loss under "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 for its intended purpose. Projects under construction are transferred to property, plant and equipment item when they are finalised and ready for the intended use.

F. Work in progress

The work under construction is carried at cost, which includes all direct cost related to involved in preparing the asset to the condition that it is permitted to be sold.

G. Impairment of non-financial assets

Intangible asset that has an indefinite useful life or intangible asset not ready to use are tested annually by the Group for impairment at the date of the consolidated financial statements.

Non-financial assets that have definite useful lives are tested by the Group for impairment, and they are subject to depreciation or amortisation whenever there are evidences or indications that there is a possibility for the asset to incur 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 and 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, is impaired, which is recognised in prior years, 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 the consolidated statement of profit or loss.

H. Financial assets

1. Classification

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

Financial assets (continued)

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments 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. Loans and receivables in the Group consist of "debtors and other debit balances", "cash and cash equivalents", "balances due from related parties", and "accrued revenues" in the consolidated statement of financial position.

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 the investment matures in less than 12 months of the end of the consolidated financial position date. If so, they are classified within current assets.

2. 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, in addition to other costs directly associated with the execution of the transaction.

3. 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.

4. De-recognition

- Financial asset is de-recognised when the right to receive cash flows from the financial asset has expired or where the Group has transferred substantially all risks and rewards of ownership.
- The financial asset is de-recognised at its carrying amount at the date of de-recognition, and profit (loss) of de-recognition is recognised in the consolidated statement of profit or loss within other revenues.
- The profit (loss) of the de-recognition of financial asset represents the difference between the carrying value 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 recognized at amortized cost
The Group assesses impairment at the 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 are 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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, violation of contract terms such as default or delinquency in interest or principal payments, or the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition, or, at national or local conditions that correlate with defaults of the Group's assets.

For loans and receivables, 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 amount of the loss is 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 directly in the consolidated statement of profit or loss.

J. Inventories

Inventories are assessed at the lower of cost and net realisable value. The cost is calculated based on moving average and includes all purchase and other direct costs. Net realisable value is represented in the estimated selling price in the ordinary operating circumstances excluding selling expenses. Slow moving items of the inventories are recognized based on management's assessment of inventories movement.

K. Cash and cash equivalents

For the purposes of presentation of the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, and at banks with maturities of three months from the date of placement.

L. Provisions

Provisions are recognised when the Group has a present legal or constructive liability as a result of past events; it is probable that an outflow of resources will be required to settle these liabilities; and the amount has been reliably estimated. Provisions are reviewed at the date of each consolidated financial statement 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 for the received goods and services and subsequently measured at amortized cost using the effective interest method.

N. Issued and paid up capital

Ordinary shares are classified within equity.

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 that liabilities for at least 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, regulations and instructions.
- The Group is subject to corporate income taxes. The Group uses tax advisors to estimate income tax provision. In case of differences between the final tax outcomes with the initially recorded amounts, such differences will affect income tax and deferred tax are recognised in the year in which they occur.

Deferred income taxes

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 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 the performance of educational services, is measured through the normal course of business 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 economic benefits will flow to the Group; and when specific other criteria have been met for each of the Group's activities as described below.

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

Revenues are recognised on accrual basis.

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

<u>Bus revenue</u>
The Group provides transportation services to students through its owned schools. Buses revenue is recognised throughout the period of rendering the services.

<u>Rental revenue</u>
Rental income is recognized net of any discount allowed by the lessor on a straight-line basis over the period in which the lessee uses the leased asset.

<u>Interest income</u>
Interest income is recognised on a time-proportionate basis using the effective interest method. When a receivable 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 the Social Insurance Law. The Company has no further liabilities once its liabilities are paid. The regular contributions are recognised as periodic cost for the year in which they are due and as such are included in staff costs.

T. The fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to settle 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 pay the liability takes place either:

- In the principal market for the asset or liability, or
- 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 use.

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 of the Group. The Group's activities are divided into schools activities and higher education activities.

V. Dividends

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

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 fair value 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 efforts are addressed to minimize potential adverse effects of such risks on the Group's financial performance.

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

(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 main net foreign currency financial assets (liabilities) denominated in EGP are as follows:

Currency	30 November 2018	31 August 2018
US Dollar asset (liability)	1,820,631	1,375,364

Note (28) is illustrating the amounts recognized in the consolidated statement of profit or loss in respect of changes in foreign exchange rates.

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

Currency	30 November 2018	31 August 2018
US Dollar asset (liability)	182,062	137,536

Financial risk management (continued)

ii. Interest rate risk

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

The Group is exposed to the risk of cash flows arising from changes in interest rates on its assets and liabilities maturing after more than one year and bearing variable interest (bank deposits with banks and credit facilities). The Group maintains an appropriate mix of fixed rate and variable 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.

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 during the year based on financial assets and liabilities with variable interest rates at the end of the period:

	Increase/ decrease	Effect on consolidated profit or loss EGP
30 November 2018	300 points	512,233
31 August 2018	300 points	3,517,838

iii. Credit risk

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

For banks, the Group deals with banks with high credit ratings and high credit quality which are supervised by the Central Bank of Egypt. For customers, management follows full legal procedures and retain all documents when executing the transaction, which reduces the credit risk to a minimum and specifically for trade receivables, the Group collects most of its revenue in advance before providing the educational and other related services. Provisions are made to meet the risk of default by customers on a case-by-case basis.

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

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

Financial risk management (continued)

Balances exposed to credit risks are as follows:

	30 November 2018	31 August 2018
Current accounts and deposits with banks	304,186,378	89,702,745
Due from related parties	140,382	140,382
Accrued revenues	19,100,353	10,477,475

iv. 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 implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities and funding from related parties.

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 monitors inventory balance in order to ensure the availability of necessary cash to meet the liabilities of the Group.

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

	30 November 2018		
	Less than three months	3 months to 1 year	1 year to 5 years
Borrowings and credit facilities	8,623,414	15,544,200	25,440,062
Land purchase payable	-	3,407,917	2,916,755
Accrued expenses	34,723,440	-	-
Dividends payable	15,802,905	-	-
Suppliers and contractors	35,803,244	-	-
Due to governmental agencies	14,274,569	-	-

	31 August 2018		
	Less than three 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 payable	-	3,407,917	2,916,755
Accrued expenses	29,525,176	-	-
Dividends payable	15,701,287	-	-
Suppliers and contractors	15,777,096	-	-
Due to governmental agencies	15,085,183	-	-

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

(2) Capital risk management

The Group's objective when managing capital is 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 an optimal capital structure, the Group's management may adjust the amount of dividends paid to shareholders, reduce capital, issue new shares or reduce debts due on the Group.

The Group's management monitors the capital structure using the ratio of net debt to total capital. Net debt consists of the total of borrowings and credit facilities less cash on hands andat banks. The total capital is represented in the Group's total equity as shown in the consolidated statement of financial position as well as the net debts.

The following shows the proportion of net debt to total capital in 30 November 2018 and 31 August 2018:

	30 November 2018	**31 August 2018**
Borrowings and land purchase payable	49,276,615	119,740,281
Gross debts	**49,276,615**	**119,740,281**
Less: Cash on had and at banks	(95,696,032)	(91,503,367)
Net debt	**(46,419,417)**	**28,236,914**
Equity	762,095,390	504,378,565
Total capital	**715,675,973**	**532,615,479**
Net debts to total capital	(0.06%)	5.30%

(3) Fair value estimation

Fair value approximates the 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 fair value approximates the nominal value as they are at variable interest associated with the corridor rate declared by the Central Bank.

4. Critical accounting estimates and judgement

(1) Critical accounting estimates and assumptions

Estimates and assumptions are 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, rarely equal the related actual results. The following are the significant estimates and assumptions adopted by the Group:

(A) Provisions
Provisions are recognised when the group has a present legal or constructive liability as a result of past events; it is probable that an outflow of resources will be required to settle these liabilities; 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.

(B) Impairment of goodwill
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 reversed later.

(C) 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 previous experience.

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

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

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

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

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 units. These include the activity of schools and higher education. The financial performance of these sectors for the three months ended 30 November 2018 and 31 August 2018 is as follows:

The following are the assets and liabilities of each sector:

	School operations		Higher Education operations		Elimination entries		Total	
	30 November 2018	**31 August 2018**	**30 November 2018**	**31 August 2018**	**30 November 2018**	**31 August 2018**	**30 November 2018**	**31 August 2018**
Financial position:								
Non-current assets	913,711,395	889,231,407	424,069,731	424,593,760	(511,221,998)	(500,360,747)	813,733,934	813,464,420
Current assets	578,174,732	338,863,924	277,128,319	176,080,023	(440,328,999)	(355,092,348)	427,399,246	159,851,599
Total assets	**1,491,886,127**	**1,228,095,331**	**701,198,050**	**600,673,783**	**(951,550,997)**	**(855,453,095)**	**1,241,133,180**	**973,316,019**
Current liabilities	24,071,955	25,848,948	2,734,904	2,734,902	-	-	26,806,859	28,583,850
Non-current liabilities	725,736,795	683,435,409	179,151,796	163,535,526	(440,357,951)	(355,121,300)	464,530,640	440,353,604
Total liabilities	**749,808,750**	**709,284,357**	**181,886,700**	**166,270,429**	**(440,357,951)**	**(355,121,300)**	**491,337,499**	**468,937,454**

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

Segment reporting (continued)

	School operations		Higher Education operations		Total	
	Three months period ended 30 November		Three months period ended 30 November		Three months period ended 30 November	
	2018	2017	2018	2017	2018	2017
Revenues						
Tuition revenue	82,206,731	65,714,866	96,747,966	73,043,237	178,954,697	138,758,103
Bus revenue	7,119,110	5,925,958	2,650,864	2,148,234	9,769,974	8,074,192
Admission fees	2,522,621	1,977,950	4,143,185	1,109,366	6,665,806	3,087,316
Sundry operating revenues	3,514,648	784,815	2,010,456	2,153,820	5,525,104	2,938,635
Total revenues	**95,363,110**	**74,403,589**	**105,552,471**	**78,454,657**	**200,915,581**	**152,858,246**
Costs						
Tuition cost						
Employees' costs	(24,476,368)	(19,251,153)	(17,192,260)	(11,470,869)	(41,668,628)	(30,722,022)
Teaching tools, books and aids expenses	(6,085,056)	(5,414,227)	(744,076)	(667,355)	(6,829,132)	(6,081,582)
Maintenance, electricity, and utilities expenses	(4,647,028)	(4,066,312)	(2,530,443)	(1,600,610)	(7,177,471)	(5,666,922)
Rentals	(2,286,070)	(1,542,993)	(544,145)	(558,182)	(2,830,215)	(2,101,175)
Professional and consulting fees and charges, and others	(16,982)	(72,708)	(1,958,269)	(931,167)	(1,975,251)	(1,003,875)
Other expenses	(3,564,386)	(696,612)	(252,364)	(113,410)	(3,816,750)	(810,022)
Bus costs	(6,039,340)	(4,819,317)	(2,082,607)	(1,570,491)	(8,121,947)	(6,389,808)
Total costs	**(47,115,230)**	**(35,863,322)**	**(25,304,164)**	**(16,912,084)**	**(72,419,394)**	**(52,775,406)**
	48,247,880	**38,540,267**	**80,248,307**	**61,542,573**	**128,496,187**	**100,082,840**
Administrative expenses and provisions	(12,397,326)	(6,799,908)	(10,416,870)	(11,473,294)	(22,814,196)	(18,273,202)
IPO expenses	(11,382,518)	-	-	-	(11,382,518)	-
Depreciation	(5,207,270)	(4,744,247)	(8,642,930)	(6,318,318)	(13,850,200)	(11,062,565)
Operating profit	**19,260,766**	**26,996,112**	**61,188,507**	**43,750,961**	**80,449,273**	**70,747,073**
Other Income	(187,365)	871,609	454,897	429,321	267,532	1,300,930
Interests payable	4,440,076	1,498,286	2,230,485	1,313,948	6,670,561	2,812,234
Other (expenses) revenues	(18,455)	(17,527)	(243,039)	37,312	(261,494)	19,785
Finance costs	(3,632,363)	(5,631,540)	-	(275,000)	(3,632,363)	(5,906,540)
Net profit before taxes	**19,862,659**	**23,716,940**	**63,630,850**	**45,256,542**	**83,493,509**	**68,973,482**
Current income tax	(5,449,553)	(5,330,393)	(15,616,270)	(10,426,348)	(21,065,823)	(15,756,741)
Deferred income taxes	128,041	38,788	318,105	106,466	446,146	145,254
Net profit for the period	**14,541,147**	**18,425,335**	**48,332,685**	**34,936,660**	**62,873,832**	**53,361,995**

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

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

6. Property, plant and equipment

	Lands	Buildings, constructions, 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 period	1,000,000	425,962	6,117,471	2,771,224	-	458,538	**10,773,195**
Disposals for the period	-	-	-	(3,500)	-	-	**(3,500)**
Cost at 30 November 2018	**200,588,475**	**584,914,420**	**110,474,369**	**28,487,959**	**35,303,067**	**10,467,267**	**970,235,557**
Accumulated depreciation at 1 September 2018	-	**117,003,928**	**50,373,393**	**17,983,784**	**23,665,817**	**7,094,513**	**216,121,435**
Depreciation for the period	-	7,446,534	4,414,880	1,001,512	785,382	201,892	**13,850,200**
Accumulated depreciation of disposals	-	-	-	(1,620)	-	-	**(1,620)**
Accumulated depreciation at 30 November 2018	-	**124,450,462**	**54,788,273**	**18,983,676**	**24,451,199**	**7,296,405**	**229,970,015**
Net book value at 30 November 2018	**200,588,475**	**460,463,958**	**55,686,097**	**9,504,283**	**10,851,867**	**3,170,862**	**740,265,542**

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

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

Property, plant and equipment (continued)

	Land	Buildings, constructions, and facilities	Devices, furniture and fittings	Computers	Vehicles	Tools and instruments	Total
Cost at 1 September 2017	**175,729,905**	**489,233,363**	**74,870,649**	**20,373,435**	**23,188,067**	**8,218,199**	**791,613,618**
Additions for the year	10,569,686	10,055,746	29,140,529	5,271,521	12,115,000	1,746,301	**68,898,783**
Transfer from projects under construction (Note 7)	-	58,461,970	-	-	-	-	**58,461,970**
Acquisition of subsidiaries (Note 31)	13,600,884	31,436,806	345,720	75,279	-	44,229	**45,502,918**
Disposals for the year	(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	-	**93,979,613**	**36,678,452**	**14,774,733**	**20,555,067**	**6,407,516**	**172,395,381**
Depreciation for the year	-	24,926,527	13,694,941	3,209,051	3,110,750	686,997	**45,628,266**
Accumulated depreciation of disposals	-	(1,902,212)	-	-	-	-	**(1,902,212)**
Accumulated depreciation at 31 August 2018	-	**117,003,928**	**50,373,393**	**17,983,784**	**23,665,817**	**7,094,513**	**216,121,435**
Net book value at 31 August 2018	**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.

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

7. Projects under construction

This item consists of the following:

	Balance at 1 September 2018	Additions	Transferred to PPE	Balance at 30 November 2018
Badr University	3,826,982	846,046	-	**4,673,028**
Others	3,217,675	8,752,353	-	**11,970,028**
	7,044,657	**9,598,399**	**-**	**16,643,056**

	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 University buildings as approved by the Ministry of Higher Education and are added to property, plant and equipment after the completion of each stage.

8. Work in progress

	30 November 2018	31 August 2018
Cairo Heights projects - 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.

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

9. Investments in associates

	% of shareholding			
	2018	**2017**	**30 November 2018**	**31 August 2018**
New Soft Company	23%	23%	303,835	303,835
Perdive for Programming	48.5%	48.5%	255,000	255,000
Egyptian Health Care	22.5%	22.5%	25,536,070	25,536,070
			26,094,905	**26,094,905**
(Less):				
Impairment of investments in associates			(303,835)	(303,835)
			25,791,070	**25,791,070**

10. Unconsolidated subsidiaries

Historical cost of investments in unconsolidated subsidiaries is as follows:

	30 November 2018	**31 August 2018**
International Health Care Company	1,126,285	1,126,285
Alex 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 investment

	30 November 2018	**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 compounded rate of return of 12% (2018: 12%).

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

12. Inventories

	30 November 2018	31 August 2018
Computer and electrical equipment inventory	904,416	2,527,821

13. Debtors and other debit balances

	30 November 2018	31 August 2018
Accrued revenues	19,100,353	10,477,475
Prepaid expenses	37,997,225	20,613,033
Advances to suppliers	33,129,165	17,190,920
Payments under investment in subsidiaries	16,776,897	14,726,091
Withholding taxes	3,874,923	3,725,269
Due from related parties (Note 29)	140,382	140,382
Other debit balances	13,687,749	9,121,538
	124,706,694	**75,994,708**
Less: Impairment in debtors and other debit balances	(3,915,298)	(3,924,297)
	120,791,396	**72,070,411**

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

	30 November 2018	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	(8,999)	(243,145)
Balance at the end of the period/ year	**3,915,298**	**3,924,297**

- As at 30 November 2018, accrued revenue, due from related parties and other debit balances of EGP 30,013,186 were fully performing (31 August 2018: EGP 15,815,098).
- As at 30 November 2018, debtors and other debit balances of EGP 3,915,298 were impaired (31 August 2018: EGP 3,924,297).

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

14. Cash on hand and at banks

	30 November 2018	31 August 2018
Current accounts with banks	242,686,378	58,587,659
Term deposits	61,500,000	31,115,086
Cash in hand	1,517,056	1,800,622
	305,703,434	**91,503,367**

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

Deposits are due within periods of 90 days (31 August 2018: 90 days) from date of deposit. These have interest rates ranging from 7.5% and 15% (31 August 2018: 7.5% and 14.5%) per annum.

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

	30 November 2018	30 November 2017
Cash on hand and at banks	305,703,434	91,667,254
Restricted cash at banks	(210,007,402)	-
	95,696,032	**91,667,254**

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

15. Share Capital

The issued capital was set at EGP 219,116,130, distributed over 547,790,325 shares, with value EGP 0.40 per share, all of which are fully paid-up shares (31 August 2017: EGP 219,116,130 distributed over 21,911,613 shares with a nominal value of EGP 10 per share). The Extra Ordinary 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 became 547,790,325 share with value of EGP 0.40 per share. On 5 July 2018, the Parent Company registered this split within its commercial register.

On 30 November 2018 and 31 August 2018, the shareholders structure was as follows:

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

Share Capital (continued)

On 1 October 2018, Cairo For Investment and Real Estate Development Company "the Parent Company" have traded the Parent Company's shares in the Egyptian Exchange through two tires, public offering and private offering in the secondary market with the purpose of increasing the ownership base of trading in the Egyptian Exchange, up to 207,259,025 shares of the total number of shares of the Parent Company 547,790,325 shares by 37.84% of the Parent Company's issued share capital with a price of EGP 6 per share. The offering process was as follows:

First - 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.

Second - Private offering
sDuring the private subscription to the financial institutions, individuals with high financial solvency, and individuals and institutions with experience in securities sector, the number of maximum 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 total shares of the Parent Company.

Social Impact Capital, the main shareholder in the Parent Company, used a part of the shares sale proceeds to increase the share capital of the Company 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, amounting to EGP 196,000,000 Egyptian pounds. The increase occurred without taking into consideration the priority rights of old shareholders in the subscription of the increased shares. Participants in the public and private offering has no right to subscribe in this increase for this increase to be fully in favor of Social Impact Capital LTD, the main shareholder in the Parent Company, this will be according to the Ordinary General Assembly to Cairo For Investment and Real Estate Development Company "the Parent Company" on 3 July 2018. Those amounts were frozen during the period ending 30 November 2018. The capital was increased in the subsequent period based on the Commercial Register issued on 17 December 2018.

16. Reserves

A. Legal and statutory reserves
In accordance with the companies' law number 159 of 1981 and the Parent Company's article of association, 5 % of the net profit for the year is transferred to the legal reserve account. Formation is discontinued until the legal reserve is equivalent to 50% of the issued and paid-up share 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 a debt owed by an entity related to a major shareholder of the Parent Company of Cairo For Investment and Real Estate Development Company (Social Impact Capital LTD) for EGP 7,852,416 which was dropped and surrendered to the benefit of all shareholders and was recognized directly as a special reserve for the equity 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.

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

Reserves (continued)

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

	30 November 2018		
	Balance at 1 September	Formed during the period	Balance at 30 November
Legal reserve	13,174,702	-	**13,174,702**
Statutory reserve	12,742,695	-	**12,742,695**
Special reserve	6,085,622	(5,430,332)	**655,290**
Total	**32,003,019**	**(5,430,332)**	**26,572,687**

	31 August 2018		
	Balance at 1 September	Forme 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**

17. Borrowings and credit facilities

	Current portion		Non-current portion	
Statement	**30 November 2018**	**31 August 2018**	**30 November 2018**	**31 August 2018**
Arab Investment Bank- credit facility	4,849,524	4,865,688	-	-
QNB loan (2)	-	65,000,000	-	-
QNB loan (3)	241,700	483,400	1,208,500	1,208,500
QNB loan (4)	8,000,000	12,000,000	7,979,497	7,979,497
International Company for Finance Lease	7,198,228	6,804,127	13,195,279	14,678,515
Upper Egypt Finance lease	761,704	744,221	991,125	1,125,275
	21,051,156	**89,897,436**	**23,374,401**	**24,991,787**

The credit facilities from Arab Investment Bank have an interest rate of 3.25% above the corridor rate announced by the Central Bank.

Borrowings and credit facilities (continued)

QNB 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 year of 12 months from the date of signing the contract ending in 27 February 2016, payable on 11 semi-annual incremental 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) and Cairo Educational Services Company (subsidiary). International Information Technology Company (subsidiary) and the Egyptian Company for IT Systems (subsidiary) 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 total amount of the loan of EGP 65 million as an accelerated payment. In addition to its related interest

QNB loan (3)
During the year 2016, the Parent Company signed a contract with Qatar National Bank to obtain medium term loan of EGP 4 million for the purpose of using it in the partial financing of purchase of fixed assets 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. A penalty of 1.5% per annum is compounded up on late payment when due. It was agreed the loan matures August 2021.

The balance of this loan as of 30 November 2018 amounted to EGP 1,450,200 (31 August 2018: EGP 1,691,900).

QNB loan (4)
During the year ended 31 August 2018, the Parent Company signed a contract to obtain medium term loan of EGP 20 million for the purpose of completing some of the construction of Badr University wholly owned by the Parent Company. The contract ends on 31 August 2020, and payment will be paid semi-annually on 5 instalments amounted to EGP 4,000,000 excluding interests that will be calculated at an interest rate of 1% above the lending price announced by the Central Bank.

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 liabilities for respective year are fulfilled.
- Assets are not to be sold or 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 leverage ratio (total liabilities / equity) below 1.2 : 1. The debt service rate (earnings before interest, tax, depreciation / total financial liabilities) above 1.2 : 1.

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

Borrowings and credit facilities (continued)

Loan of International Company for Finance Lease (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 represents 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 subject to the above mentioned conditions.

During the 9 months ended 31 August 2016, the Company obtained the second tranche of the loan under the same conditions mentioned above. The total balance of the loan as of 30 November 2018 was EGP 20,393,507 including interest (31 August 2018: EGP 21,482,642).

Upper Egypt Finance lease

During the 8 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.

The outstanding balance of the loan as at 30 November 2018 was EGP 3,156,160 including interest (31 August 2018: EGP 1,869,496).

18. Creditors and other credit balances

	30 November 2018	31 August 2018
Suppliers and contractors	35,803,244	15,777,096
Accrued expenses	36,973,440	29,525,176
Dividends payables	15,816,882	15,701,287
Due to government agencies	14,274,569	15,085,183
Land purchase payables	4,851,058	4,851,058
Other credit balances	15,318,439	15,732,275
	123,037,632	**96,672,075**

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

19. Advance revenues

It is represented by the part of revenues that the Group has collected and not yet provided the educational services related to it.

20. Income tax

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

	30 November 2018	30 November 2017
Current income tax	21,065,823	15,756,741
Deferred tax (Note 21)	(446,146)	(145,254)
Total	**20,619,677**	**15,611,487**

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:

	30 November 2018	30 November 2017
Accounting profit before tax	83,493,509	68,973,482
Income tax on basis of applicable tax rate	18,786,040	15,519,033
Add (less):		
Non-deductible expenses	1,835,662	93,811
Income not subject to tax	(2,025)	(1,357)
Tax charged on the statement of profit or loss	**20,619,677**	**15,611,487**

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

	30 November 2018	31 August 2018
Balance at the beginning of the period / year	41,075,377	23,421,486
Payments made during the period / year	(667,173)	(22,095,619)
Charged to the consolidated statement of profit or loss during the period / year	21,065,823	37,982,716
Charged to the consolidated statement of changes in equity during the period / year	-	1,766,794
Balance at the end of the period / year	**61,474,027**	**41,075,377**

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

21. Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to to property, plant and equipment:

	Balance at 1 September 2018 Asset (Liability)	Acquisition of Subsidiary (Note 30) Asset (Liability)	Movement for the period Revenue (expense)	Balance at 30 November 2018 Asset (Liability)
Property, plant and equipment	(3,592,063)	-	446,146	(3,145,917)
	(3,592,063)	**-**	**446,146**	**(3,145,917)**

	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 30 November 2017 Asset (Liability)
Property, plant and equipment	(2,403,629)	-	145,254	2,258,375
	(2,403,629)	**-**	**145,254**	**2,258,375**

22. Provisions

	30 November 2018	31 August 2017
Tax provision	26,157,304	26,488,695
Legal provision	1,016,797	1,016,797
	27,174,101	**27,505,492**

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

Provisions (continued)

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

	30 November 2018			
	Balance at the beginning of the period	**Formed during the period**	**Used during the period**	**Balance at the end of the period**
Tax provision	26,488,695	-	(331,391)	**26,157,304**
Legal provision	1,016,797	-	-	**1,016,797**
	27,505,492	**-**	**(331,391)**	**27,174,101**

	30 November 2017			
	Balance at the beginning of the period	**Formed 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**
	26,011,625	**688,107**	**-**	**26,699,732**

	31 August 2018			
	Balance at the beginning of the year	**Forme during the year**	**Used 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**
	26,011,625	**2,752,426**	**(1,258,559)**	**27,505,492**

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)was formed against actual tax claims of EGP 28,140,759 based on management's and the Group's external independent tax adviser'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.

Legal provision
Provision of Nil (31 August 2018: EGP 1,016,797) formed against probable legal claims based on the Group's legal adviser'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 101,679).

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

23. Operating revenues

	30 November 2018	30 November 2017
Tuition revenue	178,954,697	138,758,103
Bus revenue	9,769,974	8,074,192
Admission revenue	6,665,806	3,087,316
Other operating income	5,525,104	2,938,635
	200,915,581	**152,858,246**

24. Operating costs

	30 November 2018	30 November 2017
Employees' wages, salaries and benefits	41,668,628	30,722,022
Depreciation expenses	13,304,959	10,980,328
Transportation expenses	8,121,947	6,389,808
Maintenance, electricity, utilities, communications expenses	7,177,471	6,051,087
Teaching tools, books and aids expenses	6,829,132	6,081,582
Rentals	2,830,215	2,101,175
Professional and consulting fees and charges, and others	1,975,251	1,003,875
Other expenses	3,816,749	810,022
	85,724,352	**64,139,899**

25. General and administrative expenses

	30 November 2018	30 November 2017
IPO expenses	11,382,518	-
Employees' wages, salaries and benefits	9,758,121	8,028,029
Professional and consulting fees and charges	9,350,073	5,601,201
Maintenance, electricity, utilities, communications expenses	1,264,430	1,793,997
Operating and finance leases	702,395	414,338
Depreciation expenses	545,242	82,237
Salaries and allowances for board and committees members and board of trustees	206,000	63,500
Impairment losses in associates	-	73,835
Other expenses	1,533,177	1,226,030
	34,741,956	**17,283,167**

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

26. Expenses by nature

	30 November 2018	30 November 2017
Employees' wages, salaries and benefits	51,632,749	38,813,551
Depreciation expenses	13,850,201	11,062,565
IPO expenses	11,382,518	-
Professional and consulting fees and charges, and penalties	11,325,324	6,605,076
Maintenance, electricity, utilities, communications expenses	8,441,901	7,845,084
Transportation expenses	8,121,947	6,389,808
Teaching tools, books and aids expenses	6,829,132	6,081,582
Rentals	3,532,610	2,515,513
Impairment losses in associates	-	73,835
Other expenses	5,349,926	2,036,052
	120,466,308	**81,423,066**

27. Other income

	30 November 2018	30 November 2017
Lease revenue	813,439	644,151
Provisions no longer required	8,999	243,145
Gain on sale of property, plant and equipment (Note 29)	2,141	-
Group's share of (loss) profit of associates	(655,036)	536,072
Sundry revenues	97,989	(122,438)
	267,532	**1,300,930**

28. Net finance costs

	30 November 2018	30 November 2017
Interest income	6,670,561	2,812,234
Foreign exchange (losses) profits	(261,494)	19,785
Interest expenses	(3,632,363)	(5,906,540)
	2,776,704	**(3,074,521)**

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

29. Related party transactions

During the year, the Group has made transactions with related parties that are the Group's major shareholder, associates and entities that are owned by the major shareholders. The balances due from and to related parties resulting from these transactions are as follows:

Due from related parties:

Company	Nature of relation	30 November 2018	31 August 2018
Egyptian Company for Numbering	Other subsidiary	140,382	140,382
		140,382	**140,382**

Related party transactions during the year:

	Movement	
	30 November 2018	**31 August 2018**
Social Impact Capital LTD		
Cash transfer	-	8,112,844
Nations Real Estate		
Cash transfers	423,405	1,060,310
Egyptian Healthcare		
Contributions in share capital	6,412,597	13,704,804
Future for Educational Activities		
Sale of fixed assets	-	5,011,428
Extinguishment of debit	-	7,852,415
Alex for Educational Services		
Reversals of payables	-	306,121
Egyptian Company for Schools		
Acquisition of subsidiary	-	5,018,176

- On 7 May 2018, the management of the Parent Company signed a contract with Future Educational Activities (entity owned by 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 for Future Educational Activities. The Parent Company made an assessment of both property and building on the basis of the future economic benefits method. The Company used information about the expected values of the profits of that school and deducted the selling costs relating to transaction. The sale was made for EGP 5,011,427 with an amount of EGP 1,902,212 (Note 27) recognized under profit from sale of property, plant and equipment within other income.

- Based on the same contract, the remaining portion of the Group's liability amounting to EGP 7,852,416 was reclassified under special reserve within equity (Note 16) after deducting related taxes amounting to EGP 1,766,794.

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

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

30. Non-controlling interests holders

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

	Capital	Retained earnings	30 November 2018
Balance at 1 September 2018	44,969,084	16,201,654	**61,170,738**
Non-controlling interests in acquired companies	(4,569,668)	-	**(4,569,668)**
Dividends	-	(1,406,745)	**(1,406,745)**
Profit for the period	-	1,417,254	**1,417,254**
Balance at 30 November 2018	**40,399,416**	**16,212,163**	**56,611,579**

	Capital	Retained earnings	31 August 2018
Balance at 1 September 2017	27,288,440	13,301,638	**40,590,078**
Non-controlling interests in 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	30 November 2017
Balance at 1 September 2017	27,288,440	13,301,638	**40,590,078**
Dividends	-	(550,027)	**(550,027)**
Profit for the period	-	2,419,794	**2,419,794**
Balance at November 30, 2017	**27,288,440**	**15,171,405**	**42,459,845**

31. Goodwill

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

	30 November 2018	31 August 2018
Egyptian Educational Systems	5,133,061	5,133,061
Educational Systems International	355,800	355,800
Global Educational Technologies	238,666	238,666
Cairo Educational Services	157,018	157,018
Cairo Egypt for Educational Premises	51,936	51,936
	5,936,481	**5,936,481**

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

Goodwill (continued)

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

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 goodwill impairment have resulted for any of the cash generating unit.

On 2 May 2018, the Group acquired 55.6% of the shares of Egyptian Schools Company for Educational Services "S.A.E", and the control transferred to the Group on 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 following table shows the consideration transferred to the acquisition of Egyptian Schools Company for Educational Services "S.A.E", and the fair value of the acquired assets, liabilities and non-controlling interests at the date of acquisition.

	31 August 2018
Acquisition cost as of 2 May 2018	
Cash paid	(25,243,206)
Total acquisition cost	**(25,243,206)**

On 7 August 2018, the Group purchased additional shares representing 5.4% of the shares of the Egyptian School Company to reach a contribution rate of 61% as at 31 August 2018.

Assets and liabilities acquired from the acquisition of Egyptian Schools Company for Educational Services 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 acquired assets	**45,401,450**
Non-controlling interests at the date of acquisition	(20,158,244)
Cash paid	(25,243,206)
Goodwill	-

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

32. Earnings per share

	30 November 2018	30 November 2017
Net profit attributable to the shareholders of the Parent Company	61,456,578	50,942,201
Earnings per share	**0,11**	**0,09**

During the periods ended 30 November 2018 and 30 November 2017, the Group did not issue any of the potential ordinary shares leading to a reduction in earnings per share over the period. Therefore, the basic per share is no different from the diluted earnings per share.

33. Tax position

(A) Cairo Educational Services "S.A.E"

i) 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.

ii) Withholding tax

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

iii) 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 is submitted regularly and the Company was not inspected until the financial statements date.

iv) Stamp duty

- The Company was inspected from 1997 until 31 January 2003 and due tax 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 financial statements 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 from 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 were not inspected until the financial statements date.

Tax position (continued)

(B) Cairo For Investment and Real Estate Development Company "S.A.E"

First: (A) Corporate income tax

1. Years from 1992 to 1993
   The Company was inspected for the fund corporate income tax for the years 1992 till 1993 and final assessment to the Company from the decision of the Appeal Committee by amount of 149,952 EGP, 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.

2. Years from 1994 to 1995
   The Company was inspected for the fund 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 to the Company 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 assessment decision.

3. 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 the Company 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 memo 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 the fact that the assessment is made by the decision of the Appeal Committee on it from the years 1998 to 2001 for not applying the provisions of Article 21 of Law No. 157 of 1981 and its amendments.

4. 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. And 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 memo 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.

5. 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.

6. Years from 2009 to 2010
   The Company was charged with the fund corporate income tax for the years 2009/2010. The Company was notified in the form 19 in the amount of EGP 7,513,695. It was appealed and the appeal was referred to the internal committee in the authority.

7. 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 was appealed and the file was referred to the internal committee of the authority to issue a decision to re-examination.

Tax position (continued)

8. 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 from the Tax return.

Second: Stamp duty tax

1. Years from 1 September 1992 till 31 October 1997
   The Company was inspected until 31 October 1997. The Company was notified of 3 stamp duty forms and an internal committee was set up and the tax payable by the Company was paid.

2. Years from 1 November 1997 till 30 September 2002
   The Company was inspected and the Company was notified with a 4-stamp form. It was objected and the file was referred to the Appeal Committee. The final assessment from the decision of the Appeal Committee was made by the amount of EGP 23,585. The Company was pledged and lifted after that and the tax amount was paid by scheduled cheques.

3. Years from 1 October 2002 till 31 October 2005
   The Company was inspected and notified in the form of 3, 4 stamps and was objected. The final assessment from the decision of the Appeal Committee was made by the amount of EGP 22,946.

Third: Salaries Tax

1. Years from 1992 to 1994
   The Company was accounted for and assessed to and the tax due for those years was paid.

2. Years from 1995 to 1999
   Salaries tax was assessed to the amount of EGP 265,545 basis of the non-appeal assessment and the dispute was referred to the court and the dispute is still ongoing. The Company was pledged and lifted after that and the tax amount was paid by scheduled cheques.

3. 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 memo was submitted and the tax owed by the Company was paid from the decision of the Appeal Committee.

4. Years from 1 January 2005 to 30 June 2005
   The Company was inspected with a tax assessment on the Company by the amount of EGP 496,329. The form was completely appealed. The file was referred to the internal committee, including to the appeals committees. The defense memo was submitted and it was reserved for the decision on 20 January 2018.

5. Years from 1 July 2005 to 2010:
   Salaries tax was assessed by EGP 9,030,294 and the Company was notified in form 38 that it was objected and the file was referred to the internal committee, including to the appeals committees and attending the sessions to resolve the dispute.

Tax position (continued)

Fourth: Sales tax
The Company submits sales tax return 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 grievance on the form has been made on legal times and legal procedures are being completed until the dispute with the authority is resolved.

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

First: 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 year from 5 May 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.

Second: 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.

Third: Stamp duty
Years from 2005 to 2018
The Company did not receive any tax notifications related to the tax period.

Fourth: Sales tax
Years from 2005 to 2018
The Company is not subject to the provisions of law No. 11 of 1991 and its amendments.

(D) Global Educational Technologies "LLC"

First: Corporate income tax

1. 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.

2. Years from 2005 to 4 May 2008
   - The Company regularly submits the tax returns within the legal deadline.
   - The Company is exempted from the commercial profit tax in accordance with law No. 91 of 2005.

3. 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.

Tax position (continued

Second: 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.

Third: Stamp duty

Years from 2003 to 2018

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

Fourth: Sales tax

Years from 2003 to 2018

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

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

First: 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.

Second: 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.

Third: Stamp duty

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

(F) Upper Egypt for Educational Services "S.A.E"

First: Income tax

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

Second: Tax on earnings

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

Third: Stamp duty

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

(G) Badr University "S.A.E"

First: 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.

Second: 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.

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

Tax position (continued)

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

Fourth: Withholding taxes
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.

34. Commitments

A. Capital commitments

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

	30 November 2018	31 August 2018
Fixed assets	1,079,955	3,462,146

B. Operating lease

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

Total future payments for the lease contracts are as follows:

	30 November 2018	31 August 2018
Less than one year	18,327,755	14,380,000
More than 1 year and less than 5 years	93,565,019	73,486,257