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

AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022

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

Consolidated financial statements - For the financial year ended 31 August 2022

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Auditor's Report

To the Shareholders of Cairo for Investment and Real Estate Development "S.A.E."

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Cairo for Investment and Real Estate Development "S.A.E" (the "Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as of 31 August 2022 and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and in light of the prevailing Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies and significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cairo for Investment and Real Estate Development Company "S.A.E." and its subsidiaries as of 31 August 2022, and their financial performance and their cash flows for the financial year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Tamer Abdel Tawab
Member of Egyptian Society of Accountants & Auditors
Member of American Institute of Certified Public Accountants
R.A.A. 17996
F.R.A. 388

30 November 2022
Cairo

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

Consolidated statement of financial position - As at 31 August 2022

(All amounts are shown in Egyptian Pounds)	Note	31 August 2022	31 August 2021
Non-current assets			
Fixed assets	6	5,570,092,804	3,612,970,231
Work in progress	7	164,317,426	21,581,907
Investments in associates	8	196,578,530	102,854,624
Goodwill	30	28,975,049	28,975,049
Right-of-use assets - Leases	31	18,263,419	-
Debtors and other debit balances - non-current portion	11	-	117,946,243
Total non-current assets		**5,978,227,228**	**3,884,328,054**
Current assets			
Inventory	10	16,349,926	13,016,332
Debtors and other debit balances	11	457,787,394	371,568,665
Cash on hand and balances at banks	12	178,404,068	236,425,186
Total current assets		**652,541,388**	**621,010,183**
Total assets		**6,630,768,616**	**4,505,338,237**
Equity			
Equity attributable to the shareholders of the Parent Company			
Paid-up capital	13	233,116,130	233,116,130
Reserves	14	193,091,736	229,395,120
Retained earnings		1,002,278,439	752,532,165
Total equity attributable to shareholders of the Parent Company		**1,428,486,305**	**1,215,043,415**
Non-controlling interests	29	135,998,396	127,775,347
Total equity		**1,564,484,701**	**1,342,818,762**
Non-current liabilities			
Loans and credit facilities - non-current portion	15	1,137,447,664	671,953,040
Ijarah sukuk - non-current portion	16	531,554,701	587,656,871
Deferred tax liabilities	20	36,553,438	35,169,161
Creditors and other credit balances - non-current portion	17	1,548,620,037	676,576,293
Leases liability - non-current portion	32	2,544,143	-
Total non-current liabilities		**3,256,719,983**	**1,971,355,365**
Current liabilities			
Provisions	21	84,637,690	88,927,257
Ijarah sukuk - non-current portion	16	58,051,085	-
Creditors and other credit balances- current portion	17	740,543,741	607,331,576
Advance revenues	18	340,975,051	206,854,152
Current income tax liabilities	19	**164,501,879**	**130,381,348**
Loans and credit facilities - current portion	15	404,226,773	157,669,777
Leases liability - current portion	32	16,627,713	-
Total current liabilities		**1,809,563,932**	**1,191,164,110**
Total liabilities		**5,066,283,915**	**3,162,519,475**
Total liabilities and equity		**6,630,768,616**	**4,505,338,237**

- The accompanying notes on pages 7 to 62 form an integral part of these consolidated financial statements.
- Auditor's report attached.

Mr. Mohamed El Khouly
Chief Financial Officer

30 November 2022

Dr. Hassan Hassan El Kalla
Board Chairman

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

Consolidated statement of profit or loss - For the financial year ended 31 August 2022

(All amounts are shown in Egyptian Pounds)

	Note	31 August 2022	31 August 2021
Operating income	22	1,717,358,172	1,390,581,678
Operating cost	23	(835,816,663)	(578,715,399)
		881,541,509	**811,866,279**
General and administrative expenses	24	(213,445,556)	(233,353,535)
Provisions formed	21	(13,105,665)	(20,787,822)
Other income	26	9,339,350	22,047,390
Profits generated from operations		**664,329,638**	**579,772,312**
Finance costs- net	27	(126,779,994)	(118,992,573)
Profit before tax		**537,549,644**	**460,779,739**
Current income tax	19	(162,266,126)	(129,055,586)
Deferred taxes	20	(1,379,074)	(906,273)
Profit for the year		**373,904,444**	**330,817,880**
Distributed as follows:			
Shareholders of the Parent Company		370,769,124	308,574,367
Non-controlling interests	29	3,135,320	22,243,513
		373,904,444	**330,817,880**
Earnings per share			
Basic earnings per share	33	0.54	0.44

- The accompanying notes on pages 7 to 62 form an integral part of these consolidated financial statements.

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Consolidated statement of comprehensive income - For the financial year ended 31 August 2022

(All amounts are shown in Egyptian Pounds)	Note	31 August 2022	31 August 2021
Profit for the year		373,904,444	330,817,880
Other comprehensive income items			
Currency differences resulting from foreign operations translation		1,215,933	206,527
Total comprehensive income for the year		**375,120,377**	**331,024,407**
Distributed as follows:			
Shareholders of the Parent Company		371,741,870	308,698,283
Non-controlling interests	29	3,378,507	22,326,124
		375,120,377	**331,024,407**

- The accompanying notes on pages 7 to 62form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity - For the financial year ended 31 August 2022

(All amounts are shown in Egyptian Pounds)

	Paid-up capital	Reserves	Retained earnings	Total equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total equity
Balance at 1 September 2020	**233,116,130**	**229,271,204**	**539,466,157**	**1,001,853,491**	**101,052,062**	**1,102,905,553**
Non-controlling interests in acquired entities	-	-	-	-	20,021,250	**20,021,250**
Dividends	-	-	(95,508,359)	**(95,508,359)**	(15,624,089)	**(111,132,448)**
Currency differences resulting from foreign operations translation	-	123,916	-	**123,916**	82,611	**206,527**
Net profit for the year	-	-	308,574,367	**308,574,367**	22,243,513	**330,817,880**
Balance at 31 August 2021	**233,116,130**	**229,395,120**	**752,532,165**	**1,215,043,415**	**127,775,347**	**1,342,818,762**
Balance at 1 September 2021	**233,116,130**	**229,395,120**	**752,532,165**	**1,215,043,415**	**127,775,347**	**1,342,818,762**
Non-controlling interests in acquired entities	-	(37,276,130)	-	**(37,276,130)**	(2,703,661)	**(39,979,791)**
Dividends	-	-	(121,022,850)	**(121,022,850)**	(12,451,797)	**(133,474,647)**
Capital increase	-	-	-	-	20,000,000	**20,000,000**
Reserve resulting from foreign currency translation	-	972,746	-	**972,746**	243,187	**1,215,933**
Net profit for the year	-	-	370,769,124	**370,769,124**	3,135,320	**373,904,444**
Balance at 31 August 2022	**233,116,130**	**193,091,736**	**1,002,278,439**	**1,428,486,305**	**135,998,396**	**1,564,484,701**

- The accompanying notes on pages 7 to 62 form an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows - For the financial year ended 31 August 2022

(All amounts are shown in Egyptian Pounds)	Note	31 August 2022	31 August 2021
Cash flows from operating activities			
Profit before tax		537,549,644	460,779,739
Adjustments:			
Fixed assets depreciation	6	136,139,942	101,907,666
Interest expenses	27	139,977,406	142,354,016
Amortization of sukuk issuance cost	16	1,948,915	1,299,277
Interest income	27	(11,784,315)	(24,847,612)
Depreciation of right-of-use assets	25	11,199,375	-
Expected credit losses - debtors and other debit balances	25	16,886,495	16,616,312
Expected credit losses no longer required - debtors and other debit balances	11	(7,961,273)	(3,360,150)
Provision for ECL in debtors and other debit balances	11	(4,444,432)	(1,353,574)
Provisions formed	21	13,105,665	20,787,822
Profits on sale of fixed assets	26	-	(1,638)
Impairment of investments in associates		-	255,000
Leases interest expenses		2,024,228	-
Utilised provisions	21	(17,395,232)	(2,463,660)
Cash flows before change in assets and liabilities		**817,246,418**	**711,973,198**
Changes in current assets and liabilities			
Inventory		(3,333,594)	(5,762,347)
Debtors and other debit balances		32,346,724	(279,421,115)
Creditors and other credit balances and advance revenues		1,137,285,736	937,041,180
Income tax paid	19	(128,145,595)	(82,830,938)
Net cash flows generated from operating activities		**1,855,399,689**	**1,280,999,978**
Cash flows from investing activities			
Payments for purchase of fixed assets	6	(198,051,043)	(1,150,191,975)
sukuk issuance cost	16	-	(13,642,406)
Interests received		11,784,315	24,847,612
Proceed from sale of fixed assets		-	6,001
Payments for projects in progress	6	(1,938,476,613)	(703,920,773)
Payments for works in progress		(142,735,518)	-
Paid under investments in associates		(93,723,906)	(22,340,965)
Leases payments	32	(14,132,040)	-
Net cash flows used in investing activities		**(2,375,327,379)**	**(1,865,242,507)**
Cash flows from financing activities			
Proceeds from loans and bank facilities		935,682,680	453,514,245
Paid from loans and bank facilities		(223,631,060)	(208,725,670)
Paid finance costs		(139,977,406)	(142,354,016)
Issued Ijarah sukuk		-	600,000,000
Proceeds from sale of share in investments in subsidiaries		-	7,995,000
Minority interests share of capital increase of subsidiaries		20,000,000	12,026,250
Dividends paid		(131,383,575)	(110,621,075)
Net cash flows generated from financing activities		**460,690,639**	**611,834,734**
Net change in cash and cash equivalents during the year		**(59,237,051)**	**27,592,205**
Cash and cash equivalents at beginning of the year		236,425,186	208,626,454
Foreign currency transaction differences		1,215,933	206,527
Cash and cash equivalents at end of the year	12	**178,404,068**	**236,425,186**

- The accompanying notes on pages 7 to 628 form an integral part of these consolidated financial statements.

1. Introduction

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

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

The Parent Company was founded for the purpose of: Construction, foundation and management of educational institutions in accordance with the applicable laws and decrees, administrative housing, below average housing, medical institutions, trade of medical tools and hospitals equipment, providing petroleum services, buying and selling and the division of land, taking into account the provisions of law No. 143 of 1981, - import and export, 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 or annex the above mentioned entities to it under the provisions of law and its executive regulations. The activity of establishing real estates, private and general public contracting and commercial agencies from Egyptian and foreign companies has been added to the purpose of the Group.

The main shareholders of the Parent Company is Social Impact Capital “Ltd.” owning 51.22%.

The consolidated financial statements have been approved by the Company's management on 30 November 2022.

2. Accounting policies

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

A. Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and the relevant laws, and the same policies have been followed. The consolidated financial statements have been prepared under the historical cost convention except for financial investments available for sale measured at fair value.

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

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2. Accounting policies (continued)

B. New EAS and interpretations applied by the Group

On 28 March 2019, the Minister of Investment issued Resolution No. 69 of 2019, which includes the new standards and amendments to the existing standards. Amendments to EASs were published in the Official Gazette on 7 April 2019. These changes are presented mainly in three new standards that should be applied for the financial periods beginning on or after 2021.

The Group has applied these new standards that include EAS (47) "Financial instruments", EAS (48) "Revenue from contracts with Customers" and EAS (49) "Leases".

The impact of applying these standards on retained earnings on 1 September 2021 is as follows:

Retained earnings on 31 August 2021	752,532,165
The impact of applying EAS (47) "Financial Instruments"	-
The impact of applying EAS (48) "Revenue from Contracts with Customers"	-
The impact of the change in EAS (49) "Leases"	-
Total	-
Retained earnings on 1 September 2021	**752,532,165**

(1) EAS (47) "Financial instruments"

This standard is applied for financial periods beginning on or after 1 January 2021. This standard replaces the corresponding topics in EAS (26) "Financial Instruments: Recognition and Measurement" and therefore it was amended and reissued after removing the paragraphs related to the topics covered by EAS (47), and the scope of the revised EAS (26) to address the cases of hedge accounting.

The following are details of significant new accounting policies and the nature of changes in previous accounting policies and its impact:

Classification and measurement of financial assets and liabilities:

EAS (47) significantly preserves the current requirements in EAS (26) for classifying and measuring financial liabilities, but excludes the categories previously mentioned in EAS (26) related to financial assets held to maturity and available-for-sale loans and receivables and financial investments.

In accordance with EAS (47), at initial recognition, financial assets are classified and measured at amortised cost, or at fair value through other comprehensive income, or at fair value through profit or loss. The classification of financial assets according to EAS (47) is usually based on the business model within which the financial assets are managed as well as their contractual cash flows. Accordingly, the Group classifies sukuk, treasury bills, trade receivables and other debit balances as financial assets at amortized cost.

All the investments in debt instruments that are classified as held to maturity will fulfil the conditions for classification at amortised cost according to EAS (47) and therefore there will be no change in the accounting of these assets and the measurement of those financial assets.

2. Accounting policies (continued)

B. New EASs and interpretations applied by the Group (continued)

(1) EAS (47) "Financial instruments" (continued)

Impairment of financial assets

The Group has four types of financial assets that are subject to the new expected credit loss model:
- Balances at banks.
- Due from the balances of related parties.
- Debtors and other debit balances.
- Financial assets at amortised cost.

EAS (47) requires a review of the impairment model of those financial assets that are subject to the expected credit loss model instead of the realized credit losses, and the impact of the initial application on retained earnings and equity recorded in the financial statements.

The impairment model of financial assets requires to be measured based on expected credit loss rather than realized credit loss.

Impact

Management has assessed the impacts of applying the new standard on the financial statements, and has determined that there is no material impact on the classification of financial assets or the amount of expected loss recorded in the financial statements.

(2) EAS (48) "Revenue from contracts with customers"

A standard for revenue recognition has been issued, to replace EAS (11) that covers sales of goods and services contracts, and EAS (8) that covers construction contracts.
The new standard is based on the principle of revenue recognition when transferring control of goods or services to the customer.

Impact
The management assessed the effects of applying the new standard on the financial statements and has determined that revenue recognition and measurement for all current contracts under EAS model (48) made up of five steps (determining the contract - determining performance obligations - determining the transaction price - allocating transaction price - revenue recognition) will not change as recognized under EAS (11).

(3) EAS (49) - "Leases"

EAS (49) provides a single model of accounting for leases. The lessee recognises the right to use the assets and compliance to lease contract, which represents his obligation to make the lease payments.

This standard replaces EAS (20) "Accounting standards and regulations related to the finance lease".

The lessor accounting remains similar to the current standard - i.e., lessors continue to classify leases as financing contracts or operating contracts.

2. Accounting policies (continued)

B. New EASs and interpretations applied by the Group (continued)

(1) EAS (47) "Financial instruments" (continued)

The Group, as a lessee, recognises the usufruct asset and lease liabilities on the start date of the lease.

At the initial recognition, the "usufruct" asset is recognized in the statement of financial position with a carrying amount, deducted using the borrowing rate of the lessee at the date of application. The right of use assets are depreciated using the straight-line method over the estimated useful life of those assets or the lease term.

Lease liabilities are initially measured at the present value of future lease payments and the related fixed costs, deducted using the interest rate used by the Group for loans. Subsequently, lease liabilities are measured at amortized cost using the effective interest rate method.

Subsequently, right of use assets and lease liabilities are remeasured in the following cases:
- Changing the lease amount.
- Amending the lease contract.
- Amending the lease term.

Short-term asset leases (less than 12 months including extension options) and impaired items leases are recognised as an expense in the statement of income when incurred.

EAS (49) requires the Group to assess the lease term as irrevocable lease term in line with the lease, in addition to the periods included with an option to determine the lease if the lessee is reasonably certain to exercise that option, and the periods included with an option to terminate the lease.

A large part of the Group's leases include leases that are extendible through a mutual agreement between the Company and the lessor or leases that can be cancelled by the Company immediately or at short notice. All extension and termination options are the right of the Company, not the lessor. In determining the lease term, management takes into account all facts and circumstances that create an economic incentive to exercise the termination option. Years after termination options are only included in the lease term if it is highly certain that the lease will not be terminated.

When assessing the lease term for the adoption of EAS (49), the Company decided that future extendible lease periods shall be taken into account within the lease term, which represents an increase in future lease payments used in determining the lease liabilities at initial recognition. The determined period of the lease term is based on facts and circumstances regarding the leased assets and leases.

The practical expedient applied

At the application of EAS (49) for the first time, the Group used the following practical expedients as permitted by the standard:

- Use a single discount rate for a portfolio of leases with reasonably similar characteristics.
- Rely on previous assessments of whether leases are costly.
- Calculate operating leases with a remaining lease term of less than 12 months on 1 September 2021 as short-term leases.
- Exclude initial direct costs for measuring right of use asset at initial application date.
- Use late realisation in determining lease term as the lease includes options to extend or terminate the lease.

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

2. Accounting policies (continued)

B. New EASs and interpretations applied by the Group (continued)

(1) EAS (47) "Financial instruments" (continued)

Lease liabilities
The Group leases buildings, and leases are concluded for fixed periods of one year to 3 years., and may have extension options.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be easily determined - which generally happens in leases - the lessee's additional borrowing rate is used.

C. Basis of consolidation

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1. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is 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 include the following subsidiaries:

		Percentage of ownership	
	Country of incorporation	2022	2021
Cairo Educational Services Company	Egypt	69.4%	69.4%
Upper Egypt Educational Services Company	Egypt	99%	99%
Egyptian Educational Systems Company	Egypt	100%	100%
Global Educational Technologies Company	Egypt	79.5%	79.5%
Cairo Egypt for Educational Premises	Egypt	59.95%	59.95%
Futures and Nations Company **	Egypt	50%	50%
Emco for Systems and Computers Company	Egypt	82.5%	82.5%
Egyptian Schools Company	Egypt	61%	61%
Educational Systems International Company	Egypt	80%	80%
Badr University	Egypt	100%	100%
Star Light Company	UAE	80%	60%
Al-Ahly Sierra *** Egypt		51%	-

* During the year 2021, the Company sold 40% of its share in Cairo Egypt for Educational Premises to El Sewedy Educational Services Holding Company Ltd., while retaining its ability to control the operating and financing policies and the Company's main activities. Accordingly, the investment was retained as an investment in subsidiaries and the Company continues to be recognized in the consolidated financial statements with recognizing the difference between the amount of the non-controlling interest adjustment and the fair value for the consideration received in the statement of equity of the Parent Company.

2. Accounting policies (continued)

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C. Basis of consolidation (continued)

1. Subsidiaries (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 operating and financing policies of the Company. Also, the Parent Company is entitled to variable returns through its contribution to the Company and has the ability to influence those returns through its power over the Company. Consequently, the investment has been accounted for as an investment in subsidiaries and the Company is included in the consolidated financial statements.

*** During the financial year ended 31 August 2022, the Company established Al-Ahly Sierra Company at 51%, participating with Al-Ahly Capital Holding at 48.9% and Al-Ahly Consulting and Investment Services Company at 0.1%.

1.1 Acquisition method

The Group applies the acquisition method when processing each business combinations.
The consideration transferred in a business combination to acquire a subsidiary is measured at the fair value accounted for as the fair values of the assets transferred and the liabilities incurred 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, liabilities, and contingent liabilities assumed are measured 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 recognised as expenses when 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 recognized within other comprehensive income.

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

1.2 Changes in ownership interests held within controlling interests

The Group treats transactions with non-controlling interests that do not lead to loss of control as transactions with equity holders in the Group. The adjustment between the carrying amounts of the controlling and non-controlling interests is the result of the change in ownership shares to reflect their relative shares in the subsidiary. Any difference between the adjustment amount to the non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity of the parent company.

2. Accounting policies (continued)

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C. Basis of consolidation (continued)

1. Subsidiaries (continued)

1.2 Changes in ownership interests held within controlling interests (continued)

When the Group discontinues a consolidation or equity account of an investment due to a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the subsequent accounting purposes of the profit share as an associate, joint venture or financial asset. Furthermore, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

1.3 Disposal of subsidiaries

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

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

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

Goodwill and intangible assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the fair value of the asset less de-recognition costs and value in use, whichever is higher. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows, that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of impairment at the end of each reporting period.

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2. Accounting policies (continued)

C. Basis of consolidation (continued)

1. Subsidiaries (continued)

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 subsidiaries, and does not exceed one year from the date of acquisition. In case the Group obtains new information during the measurement period relative to the acquisition, amendment is made retrospectively for the amounts recognised at the date of acquisition.

2. Associates

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

2.1 Equity method

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

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

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 are recognised but only to the extent of incurred legal or constructive obligations by the Group 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.

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2. Accounting policies (continued)

C. Basis of consolidation (continued)

2. Associates (continued)

2.5 Goodwill arising from investment in associates

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

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

D. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Transactions made in foreign currency during the period are initially recognised in the functional currency of the Group on the basis of translation of foreign currency using the prevailing exchange rates between the functional currency and the foreign currency at the date of the transaction, and the monetary items denominated in foreign currency are also translated using the closing rate at the end of each financial period. The Group recognizes the profits and losses of currency differences resulting from the settlement of such a monetary items or from the translation of monetary items - using exchange rates different from those used in their translation upon initial recognition in the same period or in previous financial statements - and this is included in the statement of profit and loss in the period in which these differences arise.

Translation differences on non-monetary financial assets and liabilities measured at fair value are recognised as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised as profit or loss as part of fair value gain or loss. For financial assets available for sale that are not items of a monetary nature (for example, equity instruments), the gain or loss is recognized in other comprehensive income.

2. Accounting policies (continued)

E. Fixed assets

The Group applies the cost model in measurement of fixed assets, and the fixed assets are recognised in light of this model after its recognition as an asset on their 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 the site and into a working condition that it is ready for use intended by the Group's management.

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

The straight line method is used to allocate the depreciation of fixed assets consistently over their estimated useful lives, except for lands, which are characterised with unlimited estimated useful life. The estimated useful lives for each type of asset group are as follows:

Buildings,premises,and facilities	5%
Devices, furniture and fittings	20%
Computers	20%
Transportations	20%
Equipment and tools	20%

The Group reviews the residual value of fixed assets 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 fixed asset is reduced to the amount of 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.

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

F. Projects in progress

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

G. Works in progress

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

2. Accounting policies (continued)

H. Impairment of non-financial assets

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

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

An impairment is assessed for an asset by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of an asset 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 loss in the consolidated statement of profit or loss at the amount by which the carrying amount of an asset exceeds its recoverable amount.

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

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

I. Financial assets

1. Financial assets - classification and subsequent measurement - measurement categories

The Group classifies financial assets in the following measurement category (amortized cost). The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets and (ii) the cash flow characteristics of the assets.

Financial Assets - derecognition
The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities - measurement categories
Financial liabilities are classified as subsequently measured at amortized cost, being the contingent consideration recognised by the acquirer in a business combination and other financial liabilities classified as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

2. Accounting policies (continued)

I. Financial assets (continued)

1. Financial assets - classification and subsequent measurement - measurement categories (continued)

Financial liabilities - derecognition
Financial liabilities are derecognised when they are terminated (i.e. when the liability specified in the contract is fulfilled or cancelled).

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Group has a legally enforceable right to offset the recognised amounts and the Group has an intention to settle on a net basis or to recognise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the requirements of offsetting but still allow to offset in certain circumstances, such as bankruptcy or contract termination.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's asset management business model and the asset's cash flow characteristics. There are three measurement categories in which the debt instruments are classified by the Group:

- Amortised cost: Assets held for collection of the contractual cash flows are measured at amortized cost as these cash flows represent solely payments of principal and interest. The interest income from these financial assets is included in the finance income using the effective interest rate method. Any gain or loss resulting from de-recognition is recognised directly in the statement of profit or loss and is presented in other profits (losses), in addition to foreign exchange profits and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- Fair value through statement of other comprehensive income: Assets held for collection of the contractual cash flows and to sell financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through the statement of other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses recognised in the statement of profit or loss. When the financial asset is derecognised, the retained earnings or accumulated losses previously recognised in the statement of other comprehensive income from equity are reclassified to the statement of profit or loss and recognised in other profit / (loss). The interest income from these financial assets is included in the finance income using the effective interest rate method. Foreign exchange profits and losses are presented in other profits (losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

- Fair value through the statement of profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The profit or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss and is presented net within other profits (losses) in the period in which it arises.

2. Accounting policies (continued)

J. Impairment of financial assets

Impairment of financial assets - credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL associated with debt instruments measured at AC. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC, trade and other receivables and contract assets are presented in the statement of financial position less the provision of ECL. For changes in amortized cost, after deducting the expected credit loss allowance, they are recognized in profit or loss.

The Group applies a simplified approach to impairment of financial assets.

K. Inventories

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

L. Cash and cash equivalents

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

M. Provisions

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

N. Trade payables

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

O. Issued and paid up capital

Ordinary shares are classified as equity.

2. Accounting policies (continued)

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P. Borrowings

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

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

Q. Borrowing cost

General borrowing or borrowing for the purpose of acquiring a qualifying asset to bear the cost of borrowing, which is the asset that necessarily takes a substantial period of time to get ready for its intended use or sale. are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group capitalises borrowing costs directly attributable to the establishment or production of a qualifying asset as part of that asset's cost until the completion of all the material activities required for the preparation of the asset qualified for its intended use or sale to a third party.

When funds are borrowed for the purpose of acquiring a qualifying asset to bear the cost of borrowing, the Group determines the amount of borrowing costs that are capitalised on this asset, which is the actual borrowing costs incurred by the entity during the period because of the borrowing transaction less any revenue realised from the temporary investment of borrowed funds.

The Group recognises other borrowing costs as expenses in the period the Group incurs such costs.

R. Current and deferred income tax

Current income taxes

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

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

Deferred income tax

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

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

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2. Accounting policies (continued)

S. Revenue recognition

Step 1 Determine the contract with customer: A contract is defined as an agreement between two or more parties that arranges enforceable rights and obligations and sets standards for these rights and obligations.

Step 2 Determine performance obligations in the contract: A performance obligation is a promise in a contract to transfer good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of the consideration that the Company expects to be entitled in exchange for promised services to the Customer, excluding amounts collected on behalf of third parties.

Step 4 Allocation of transaction price to performance obligations in the contract: For a contract that contains more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that indicates the consideration that the Company expects to be entitled in exchange for fulfilling each performance obligation.

Step 5: Revenue is recognized when the Group satisfies a performance obligation.

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

Interest income
Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable balance resulting from the recognition of interest is impaired, the carrying amount will be reduced to its recoverable amount.

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

Bus revenues
The Group provides transport services to students through its owned schools. Bus revenues are recognised throughout the period of rendering the services.

Admission revenues
Admission revenue is recognised when applying for schools and recognised throughout the period of rendering services.

Contracting revenues
EAS (48) "Revenue from Contracts with Customers" defines a single accounting for revenue arising from contracts with Customers as a comprehensive model and replaces the current revenue recognition guidelines found in many standards and interpretations within the Egyptian Financial Reporting Standards. The standard establishes a five-step model that is based on revenue arising from contracts with Customers.

2. Accounting policies (continued)

S. Revenue recognition (continued)

Rental revenues

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable balance resulting from the recognition of interest is impaired, the carrying amount will be reduced to its recoverable amount.

Dividends income

Dividend income is recognised when the right to receive payment is established.

T. Lease

The Group leases some buildings as a lessor, which are used in the Group's business. The duration of these contracts ranges from one to three years, and these contracts do not include any non-leasing components.

The leases were accounted for until 31 August 2021 as operating lease contracts, and from 1 September 2021, these contracts were accounted for in accordance with the requirements of EAS (49) "Leases" and accordingly, the Group recognised usufruct assets and related lease obligations.

The initial recognition and measurement of these assets and liabilities on the basis of the present value, and the lease obligations include the net present value of unpaid lease payments on the date of the beginning of the application. Lease contract obligations are deducted using the interest rate implicit in the lease contract if it can be determined easily, and if this rate cannot be determined easily, the interest rate is used on the assumption for the Group.

Usufruct assets are measured on a cost basis, as shown below:

- The amount of the initial measurement of the lease obligations.
- Any lease payments made on or before the contract commencement date less any lease incentives received.
- Any initial direct costs.
- Estimating the costs that the lessee will incur in returning the asset to its original condition.

Subsequent measurement of (right-of-use asset):
After the lease commencement date, the "right-of-use assets" are measured at cost. As shown below:

- Any accumulated depreciation and any accumulated impairment losses are deducted.
- Any re-measurement of the lease liability.

Initial Measurement (Lease liabilities):

On the start date of the lease. Lease liabilities include the net present value of unpaid lease payments at the date of application. Lease contract obligations are deducted using the interest rate implicit in the lease contract if it can be determined easily, and if this rate cannot be determined easily, the interest rate is used on the assumption for the Group.

2. Accounting policies (continued)

T. Lease (continued)

Subsequent Measurement (Lease Liabilities):
After the lease commencement date, "lease liabilities" are measured. As follows:
- Increase the carrying amount of the liability to reflect the interest on the lease liability.
- Decrease the carrying amount of the liability to reflect the lease payments.

U. Employees' benefits

Employees' share of profit
According to the Companies Law, the Group pays 10% of its cash dividends to be distributed to its employees amounting maximum of total salaries of the last financial year before distribution. Employees' share of profit is recognised as dividends in shareholders' equity and as liabilities when approved by the Shareholders' (Group's companies) General Assembly. No liability is recognised in the employees' share of undistributed dividends.

Defined contribution plans
The Group pays contributions to the Public Authority for Social Insurance Plans to the employees on a mandatory basis in accordance with Social Insurance Authority Law No. 79 of 1975 and its amendments. The entity's liability is determined by the amount of its contribution. Contributions are charged to the statement of profit or loss using the accrual basis of accounting.

V. Fair value of financial instruments

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

2. Accounting policies (continued)

V. Fair value of financial instruments (continued)

The fair value of all assets and liabilities is 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.

W. 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 Group's central management committee. Group activities are divided into schools activities and higher education activities.

X. Dividends

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

Y. Comparative figures

Where consistent, comparative figures are reclassified to conform to the current presentation.

3. Financial risk management

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risks management programme focuses on minimising potential adverse effects on the Group's financial performance.
The Group's management aims to minimise the potential adverse effects on the Group's financial performance.
The Group does not use any derivative financial instruments to cover specific risks.

(A) Market risks

1. Risk of change in currency exchange rates

Foreign currency exchange rates risks is the risk of fluctuations in the fair value of future cash flows of the financial instrument due to the change in foreign currency rates. The following analysis shows the calculation of the impact of reasonable and possible changes in foreign currencies against the Egyptian pound while keeping all other variables constant, on the consolidated statement of profit or loss.

3. Financial risk management (continued)

(1) Financial risk factors (continued)

(A) Market risks (continued)

1. Risk of change in currency exchange rates (continued)

The following table shows the currencies position denominated in Egyptian Pounds on the date of the consolidated financial position:

Currency	31 August 2022	31 August 2021
USD - asset	16,555,805	8,084,967
GBP - asset	452	40,140
Euro - asset	36,071	143,058
AED - asset	127,608	136,878

At the end of the year, if the currencies price increased or decreased by 10%, the effect on the consolidated financial statement net of related tax would be as follows:

Currency	31 August 2022	31 August 2021
USD +/- 10%	1,655,581	808,497
GBP +/- 10%	45	4,014
EUR +/- 10%	3,607	14,306
AED +/- 10%	12,761	13,688

2. Interest price risks

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

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

Note (15) shows the loans 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 profits or losses is the effect of the assumed changes in the interest rates on the Group's results for one year based on financial assets and liabilities with variable interest rates at the end of the year:

	Increase (decrease)	Effect on consolidated profit or loss EGP
31 August 2022	300 points	64,513,562
31 August 2021	300 points	37,788,297

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

3. Financial risk management (continued)

(1) Financial risk factors (continued)

(B) Credit risks

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

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

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

	31 August 2022	31 August 2021
Balances and deposits at banks	174,311,892	166,765,174
Due from related parties	62,054,241	17,156,705
Accrued revenue	108,313,241	51,980,697
Investment funds	3,773	65,271,351

All accrued revenues balances that exceed more than one year are decreased to its maturity dates. The total balance of provisions for expected credit losses at the end of the year amounted to EGP 24,118,302 (2021: EGP 19,637,513).

(C) Liquidity risks

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

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

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

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

3. Financial risk management (continued)

(1) Financial risk factors (continued)

(C) Liquidity risks (continued)

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

	31 August 2022		
	Less than 3 months	**From 3 months to 1 year**	**From 1 year to 5 years**
Loans and credit facilities	45,281,438	358,945,336	1,137,447,664
Ijarah sukuk	30,000,000	30,000,000	540,000,000
Land purchase payables	-	250,760,018	1,548,620,037
Accrued expenses	120,651,985	-	-
Dividends payables	-	24,518,131	-
Suppliers and contractors	70,267,785	52,262,345	-
Due to governmental agencies	57,260,942	728,498	-
Due to related parties	119,746,780	-	-
Leases liabilities	-	16,627,713	2,544,143

	31 August 2021		
	Less than 3 months	**From 3 months to 1 year**	**From 1 year to 5 years**
Loans and credit facilities	45,281,438	112,388,340	671,953,040
Ijarah sukuk	-	-	600,000,000
Land purchase payables	-	309,833,897	676,576,293
Accrued expenses	118,180,718	-	-
Dividends payables	-	22,427,059	-
Suppliers and contractors	-	80,300,626	-
Due to governmental agencies	15,949,007	32,223,197	-
Due to related parties	680,035	-	-

(2) Capital risk management

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

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

The Group's management monitors the gearing ratio. The net debt represents the total loans and credit facilities less cash on hand and balances at banks. The total capital represents the Group's total equity as shown in the consolidated statement of financial position and net loans.

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3. Financial risk management (continued)

(2) Capital risks management (continued)

The following shows the gearing ratio at 31 August 2022 and 31 August 2021:

	31 August 2022	31 August 2021
Loans	1,541,674,437	829,622,817
Ijarah sukuk	589,605,786	600,000,000
Total debts	**2,131,280,223**	**1,429,622,817**
Less: Cash on hand and balances at banks	(178,404,068)	(236,425,186)
Net surplus of debts	**1,952,876,155**	**1,193,197,631**
Equity	1,564,484,701	1,342,818,762
Total capital	**3,517,360,856**	**2,536,016,393**
Gearing ratio	55.52%	47.05%

(3) Fair value estimation

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

4. Critical accounting estimates and judgements

(1) Critical accounting estimates and assumptions

Estimates and assumptions are evaluated 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 actual results. The following are the significant estimates and assumptions used by the Group:

(a) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation; 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

Tthe group's management evaluates goodwill annually to determine any impairment in goodwill. the carrying amount of goodwill is reduced if it is higher than the expected recoverable amount. goodwill impairment losses are charged to the consolidated statement of profits or losses and cannot be subsequently reversed.

4. Critical accounting estimates and judgements (continued)

(1) Critical accounting estimates and assumptions (continued)

(c) Impairment of due revenues

Impairment of accrued revenues is estimated by monitoring the ageing of debts and the ratios adopted based on management's best estimate through their experience.
Accrued revenues balances that exceed more than one year are decreased to its maturity dates.

(d) Expected credit losses for financial assets

Loss provisions for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses a range of significant judgments in making these assumptions and selecting inputs in the impairment calculation, based on the Group's past history and current market conditions as well as future estimates at the end of each year. The expected loss rates are based on the historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the due amounts. The Group has determined GDP and therefore adjusts historical loss rates based on expected changes in these factors.

(e) Estimating useful lives of fixed assets

The useful lives of fixed assets, machinery and equipment. Estimating the useful lives of items of fixed assets is a matter of judgment based on experience with similar assets. The future economic benefits included in the assets are primarily depreciated through use. However, other factors, such as technical or commercial obsolescence, often result in the decrease of economic benefits of the assets. Management assesses the remaining useful lives based on the current technical conditions of the assets and the estimated period during which the assets are expected to generate benefits for the Group. The following main factors are taken into consideration: (A) The expected use of assets. (B) The expected material amortisation, which depends on operating factors and maintenance programme; and (C) technical or commercial obsolescence arising from changes in market conditions.

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

Generally, applying the Group's accounting policies does not require the management to use the personal judgement (other than the judgement related to the accounting estimates and assumptions referred to in the Note 4,1), as such judgement could have a material effect on the amounts recognised in the consolidated financial statements.

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5. Segment reporting

Management of the Parent Company, which is composed of the Chief Executive Officer and the Chief Financial Officer, monitors the financial performance of the Group on the basis of cash generating segments. These sectors include the activity of schools and higher education. The financial performance of these segments during the financial year ended 31 August 2022 and 31 August 2021 are as follows.

Below are the assets and liabilities of each segment:

	School segment		Higher Education segment		Consolidation entries		Total	
	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021
Financial position:								
Non-current assets	5,909,944,738	3,776,314,008	1,257,194,413	1,165,884,518	(1,188,911,923)	(1,057,870,472)	**5,978,227,228**	**3,884,328,054**
Current assets	1,223,462,976	1,004,336,106	638,661,969	553,704,910	(1,209,583,557)	(937,030,833)	**652,541,388**	**621,010,183**
Total assets	**7,133,407,714**	**4,780,650,114**	**1,895,856,382**	**1,719,589,428**	**(2,398,495,480)**	**(1,994,901,305)**	**6,630,768,616**	**4,505,338,237**
Current liabilities	2,540,216,293	1,777,110,430	420,908,955	338,759,465	(1,209,612,401)	(924,705,785)	**1,751,512,847**	**1,191,164,110**
Non-current liabilities	3,216,781,763	1,863,845,211	71,072,541	79,961,456	26,916,764	27,548,698	**3,314,771,068**	**1,971,355,365**
Total liabilities	**5,756,998,056**	**3,640,955,641**	**491,981,496**	**418,720,921**	**(1,182,695,637)**	**(897,157,087)**	**5,066,283,915**	**3,162,519,475**

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5. Segment reporting (continued)

	School segment		Higher Education segment		Others		Total	
	The financial year ended at 31 August		The financial year ended at 31 August		The financial year ended at 31 August		The financial year ended at 31 August	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues								
Tuition revenues	606,569,343	515,161,780	947,976,777	762,069,594	-	-	1,554,546,120	1,277,231,374
Bus revenues	18,041,412	14,348,164	4,608,548	6,666,996	-	-	22,649,960	21,015,160
Admission revenue	6,229,559	3,410,500	16,820,916	27,714,217	-	-	23,050,475	31,124,717
Contracting revenues	-	-	-	-	57,893,163	-	57,893,163	-
Other activities revenues	40,025,142	45,048,195	19,193,312	16,162,232	-	-	59,218,454	61,210,427
Total revenues	**670,865,456**	**577,968,639**	**988,599,553**	**812,613,039**	**57,893,163**	**-**	**1,717,358,172**	**1,390,581,678**
Costs								
Tuition cost								
Employees costs	(280,792,751)	(202,295,646)	(155,431,475)	(111,168,322)	-	-	(436,224,226)	(313,463,968)
Teaching tools, aids and books expenses	(30,148,715)	(22,035,661)	(1,285,979)	(2,300,203)	-	-	(31,434,694)	(24,335,864)
Maintenance, electricity and utilities expenses	(30,346,110)	(19,392,784)	(16,827,530)	(14,973,435)	-	-	(47,173,640)	(34,366,219)
Leases	(10,817,063)	(17,326,595)	(2,568,539)	(2,316,189)	-	-	(13,385,602)	(19,642,784)
Depreciation of right-of-use assets	(6,855,830)	-	(4,343,545)	-	-		(11,199,375)	
Professional and other consultation fees and charges	(9,696,040)	(8,328,993)	(23,031,364)	(14,458,673)	-	-	(32,727,404)	(22,787,666)
Contracting expenses	-	-	-	-	(53,279,754)	-	(53,279,754)	-
Other expenses	(50,052,445)	(36,963,157)	(680,866)	(740,045)	-	-	(50,733,311)	(37,703,202)
Bus costs	(22,451,754)	(20,586,811)	(4,818,617)	(6,380,108)	-	-	(27,270,371)	(26,966,919)
Leases liabilities interest expenses	(2,024,228)	-	-	-	-	-	(2,024,228)	-
Total costs	**(443,184,936)**	**(326,929,647)**	**(208,987,915)**	**(152,336,975)**	**(53,279,754)**	**-**	**(705,452,605)**	**(479,266,622)**
	227,680,520	**251,038,992**	**779,611,638**	**660,276,064**	**4,613,409**	**-**	**1,011,905,567**	**911,315,056**
Administrative expenses and provisions	(98,951,176)	(124,986,042)	(125,022,031)	(126,696,426)	-	-	(223,973,207)	(251,682,468)
Depreciation	(54,528,525)	(39,333,191)	(78,413,547)	(62,574,475)	-	-	(132,942,072)	(101,907,666)
Operating profit	**74,200,819**	**86,719,759**	**576,176,060**	**471,005,163**	**4,613,409**	**-**	**654,990,288**	**557,724,922**
Other revenues	4,844,312	16,011,281	7,857,050	6,036,109	-	-	12,701,362	22,047,390
Interests payable	5,012,058	13,460,056	6,772,257	11,387,556	-	-	11,784,315	24,847,612
Amortization of sukuk issuance cost	(1,948,915)	(1,299,277)	-	-	-	-	(1,948,915)	(1,299,277)
Other (expenses) revenues	-	(151,673)	-	(35,219)	-	-	-	(186,892)
Finance costs	(128,768,560)	(136,027,010)	(11,208,846)	(6,327,006)	-	-	(141,926,321)	(142,354,016)
Net (loss) / profit before taxes	**(46,660,286)**	**(21,286,864)**	**579,596,521**	**482,066,603**	**4,613,409**	**-**	**537,549,644**	**460,779,739**
Current income taxes	(22,296,021)	(20,258,774)	(139,970,105)	(108,796,812)	-	-	(162,266,126)	(129,055,586)
Deferred income tax	(521,326)	256,264	(857,748)	(1,162,537)	-	-	(1,379,074)	(906,273)
Net (losses)/ profits for the year	**(69,477,633)**	**(41,289,374)**	**438,768,668**	**372,107,254**	**4,613,409**	**-**	**373,904,444**	**330,817,880**

5. Segment reporting (continued)

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

With reference to the liability and the adoption of the regulatory reasons for the key management of the Group, all financial burdens costs, as well as revenues and external engineering costs are charged directly to Cairo for Investment Company and accordingly, the school segment on a separate basis, which affects the business outcomes of this segment on a separate basis.

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6. Fixed assets

	Lands	Buildings, premises & facilities	Devices, furniture & fixtures	Computers	Transportations	Equipment and tools	Projects in progress	Total
Cost at 1 September 2021	**1,849,742,979**	**1,267,007,220**	**243,366,287**	**76,111,802**	**56,001,355**	**33,415,463**	**563,047,864**	**4,088,692,970**
Additions for the year	862,920,796	39,019,061	22,331,018	12,156,676	24,082,000	16,112,792	2,049,191,850	**3,025,814,193**
Transferred from projects in progress	-	127,587,454	23,311,237	3,059,257	14,997	-	(153,972,945)	-
Re-classified	(932,551,678)	-	-	-	-	-	-	**(932,551,678)**
Cost at 31 August 2022	**1,780,112,097**	**1,433,613,735**	**289,008,542**	**91,327,735**	**80,098,352**	**49,528,255**	**2,458,266,769**	**6,181,955,485**
Accumulated depreciation at 1 September 2021	-	**240,182,600**	**128,130,241**	**45,485,418**	**36,750,739**	**25,173,741**	-	**475,722,739**
Depreciation for the year	-	67,006,063	39,087,349	13,878,931	10,691,735	5,475,864	-	**136,139,942**
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Accumulated depreciation at 31 August 2022	-	**307,188,663**	**167,217,590**	**59,364,349**	**47,442,474**	**30,649,605**	-	**611,862,681**
Net carrying amount at 31 August 2022	**1,780,112,097**	**1,126,425,072**	**121,790,952**	**31,963,386**	**32,655,878**	**18,878,650**	**2,458,266,769**	**5,570,092,804**

As explained in Note (16), the fixed assets item as at 31 August 2022 includes assets that have been secured by sukuk issued and include the land and buildings of Future French /German International Languages School in Rehab city, the land and buildings of Futures language school - Rehab city and the land and buildings of Futures Girls Elementary School (1) and (2) and the land and buildings of Othman Ibin Affan School - Rehab city. The net carrying amount of these assets as at 31 August 2022 amounted to EGP 39,390,770.

Projects in progress represent the projects related to Badr University and Assiut University including the costs of completing the constructions and buildings of the University as approved by the Ministry of Higher Education and are added to the Company's investments of Badr University after completion of each stage, in addition to the constructions and buildings works related to the schools owned by the Company.

Within the year, the total capitalized borrowing cost on the balance of projects in progress amounted to EGP 85,187,508 (2021: EGP 1,140,522).

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6. Fixed assets (continued)

	Lands	Buildings, premises and facilities	Devices, furniture and fixtures	Computers	Transportations	Equipment and tools	Projects in progress	Total
Cost at 1 September 2020	**768,569,295**	**976,482,227**	**186,094,612**	**66,937,552**	**40,613,761**	**29,990,670**	**165,896,780**	**2,234,584,897**
Additions for the year	1,081,173,684	18,805,257	22,367,506	9,033,141	15,387,594	3,424,793	703,920,773	**1,854,112,748**
Transferred from projects in progress	-	271,719,736	34,908,844	141,109	-	-	(306,769,689)	-
Disposals for the year	-	-	(4,675)	-	-	-	-	**(4,675)**
Cost at 31 August 2021	**1,849,742,979**	**1,267,007,220**	**243,366,287**	**76,111,802**	**56,001,355**	**33,415,463**	**563,047,864**	**4,088,692,970**
Accumulated depreciation at 1 September 2020	-	**188,819,558**	**98,318,679**	**33,958,001**	**30,804,844**	**21,914,303**	-	**373,815,385**
Depreciation for the year	-	51,363,042	29,811,874	11,527,417	5,945,895	3,259,438	-	**101,907,666**
Accumulated depreciation of disposals	-	-	(312)	-	-	-	-	**(312)**
Accumulated depreciation at 31 August 2021	-	**240,182,600**	**128,130,241**	**45,485,418**	**36,750,739**	**25,173,741**	-	**475,722,739**
Net carrying amount at 31 August 2021	**1,849,742,979**	**1,026,824,620**	**115,236,046**	**30,626,384**	**19,250,616**	**8,241,722**	**563,047,864**	**3,612,970,231**

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7. Works in progress

	31 August 2022	31 August 2021
Cairo Heights project - Residential buildings	21,581,907	21,581,907
Medical City	142,735,520	-
	164,317,426	**21,581,907**

Works in progress for the medical city is represented in the construction work that the Group is carrying out to establish a medical city for the Egyptians Health Care Company (associate). It was done in the subsequent period for the financial year ended 31 August 2022, and recognized with an amount of EGP 93,757,863 as contracting revenues based on the delivery of the completed part of works in progress.

Related contracting revenues were also recognized within the year amounting to EGP 57,893,163 (2021: Nil) and contracting costs amounting to EGP 53,279,754 (2021: nill).

8. Investments in associates

	Shareholding percentage			
	2022	**2021**	**31 August 2022**	**31 August 2021**
New Soft Company	23%	23%	156,165	303,835
Perdive for Programming Company	48.5%	48.5%	255,000	255,000
Innovvette for Education	51%	51%	5,600,000	5,600,000
Sierra Talent Company for Sports Services and Talent Development (1)	33%	-	2,500,000	-
Cairo Facility Management Company (2)	30%	-	94,000	-
Universal Company for Educational Investment	80%	-	812,500	-
Egyptians Health Care Company*	25%	25%	187,572,030	97,254,624
			196,989,695	**103,413,459**
Less:				
Impairment losses in associates			(411,165)	(558,835)
			196,578,530	**102,854,624**

(1) Within the financial year ended 31 August 2022, the Company established Sierra Talent for Sports Services and Talent Development at 33% participating with Educational Systems International Company at 34% and Badr University at 33%

(2) Within the financial year ended 31 August 2022, the Company established Cairo Facility Management Company at 30% participating with Educational Systems International Company at 34%.

During 2022, the capital of the Egyptians for Healthcare Services was increased and the Group's shareholding ratios in the Company did not change.

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8. Investments in associates (continued)

Below are the summarised financial information of significant associates:

	Country of Company's head office	Total assets	Total equity	Total revenue	Loss for the year
Egyptians Health Care Company	Egypt	698,712,248	396,894,439	-	(4,434,158)
Innovvette for Education	Egypt	13,078,166	(3,183,619)	5,834,930	(9,915,493)

All financial investments in associates are not listed in any financial securities market.

9. Unconsolidated subsidiaries

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

	31 August 2022	31 August 2021
International Health Care Company	1,126,285	1,126,285
Alex Company For Educational Services Company	325,000	325,000
	1,451,285	**1,451,285**
Less: Impairment	(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 discontinued their activities and there are no liabilities to be incurred by the Group.

10. Inventories

	31 August 2022	31 August 2021
Computer and electrical equipment inventory	16,349,926	13,016,332

There is no indications of impairment in the value of the inventory during the year.

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11. Debtors and other debit balances

	31 August 2022	31 August 2021
Accrued revenue	108,313,241	51,980,977
Paid under investment in associates account	77,252,973	97,316,160
Prepayments of suppliers	68,722,998	154,381,983
Due from related parties (Note 28)	62,054,241	17,156,697
Assets against specific-purpose liabilities	35,000,000	35,000,000
Prepaid expenses	10,310,500	16,427,711
Withholding tax	6,630,830	5,010,409
Paid under land purchase account	-	117,946,243
Other debit balances	113,620,913	13,932,241
	481,905,696	**509,152,421**
Less: ECL of debtors and other debit balances	(24,118,302)	(19,637,513)
	457,787,394	**489,514,908**
Less: Non-current portion		
Paid under land purchase account	-	(117,946,243)
	457,787,394	**371,568,665**

Provision of ECL of debtors and other debit balances during the year is represented below:

	31 August 2022	31 August 2021
Balance at the beginning of the year	19,637,513	7,734,925
Formed during the year	16,886,495	16,616,312
Write-off during the year	(4,444,433)	(1,353,574)
Provisions no longer required during the year	(7,961,273)	(3,360,150)
Balance at the end of the year	**24,118,302**	**19,637,513**

- As at 31 August 2022, accrued revenue balances, due from related parties that are not impaired amounted of EGP 146,249,180 (31 August 2021: EGP 49,500,169).

- As at 31 August 2022, debtors and other debit balances amounted of EGP 24,118,302 (31 August 2021: EGP 19,637,513) were impaired.

- The amount of assets against liabilities for specific purposes in exchange for potential tax settlements resulting from the acquisition of Star Light Company, including its subsidiary, as mentioned in the acquisition contract, represents that the seller party bears any payable tax liabilities prior to the acquisition date. Whereas the management believes that the flow of benefits from this asset is expected according to the contract, this amount has been recorded in debtors and other debit balances item. A similar amount was recorded within provisions (Note 21) to demonstrate the potential tax liabilities that were assessed by the independent financial advisor upon acquisition.

- The payment item under the land purchase account is in advance payments for the purchase of lands in Assiut city, New Sohaj city, Damietta city and Badr city.

- Paid under purchase of investments item is represented in the amounts paid under the account of the purchase of investments in subsidiaries or associates. This item includes EGP 50 million paid under the capital account of Egyptians Health Care Company and EGP 14,500,00 million paid under the capital account of Global Furniture Company and EGP 8,178,712 million paid under the capital account of Global Educational Technologies.

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12. Cash on hand and balances at banks

	31 August 2022	31 August 2021
Current accounts at banks	162,935,316	112,760,746
Term deposits	11,376,576	54,004,427
Cash investment fund	3,773	65,271,351
Cash on hand	4,088,403	4,388,662
	178,404,068	**236,425,186**

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

The deposits are due within periods of 90 days from date of placement, and are subject to interest rates of 9.75% (31 August 2021:9.75%) annually. Also, interest rates of current accounts reached 8.25% annually (31 August 2021: 8.25% annually).

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

	31 August 2022	31 August 2021
Cash on hand and balances at banks	178,404,068	236,425,186

13. Paid-up capital

The authorized capital is set at EGP 500,000,000. The issued capital was set at EGP 233,116,130 distributed on 582,790,325 shares, each amounting to EGP 0.40, all of which are fully paid cash shares.

The shareholder structure as at 31 August 2022 and 31 August 2021 is as follows:

	Shareholding percentage	Nominal value
Social Impact Capital "L.L.C"	51.22%	119,395,130
Others	48.78%	113,721,000
		233,116,130

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14. Reserves

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

	31 August 2022		
	Balance at 1 September	Formed during the year	Balance at 31 August
Legal reserve	116,558,065	-	**116,558,065**
Statutory reserve	19,834,444	-	**19,834,444**
Special reserve	92,667,112	(37,276,130)	**55,390,982**
Reserve resulting from foreign currency translation	335,499	972,746	**1,308,245**
Total	**229,395,120**	**(36,303,384)**	**193,091,736**

	31 August 2021		
	Balance at 1 September	Formed during the year	Balance at 31 August
Legal reserve	116,558,065	-	**116,558,065**
Statutory reserve	19,834,444	-	**19,834,444**
Special reserve	92,667,112	-	**92,667,112**
Reserve resulting from foreign currency translation	211,583	123,916	**335,499**
Total	**229,271,204**	**123,916**	**229,395,120**

Legal and statutory reserve

In accordance with the Companies Law No. 159 of 1981 and the Parent Company's Articles of Association, 5% of the net profit for the year is set aside and transferred to the legal reserve. Provision formation will be discontinued when the legal reserve reaches 50% of the issued and authorized capital of the Company.

Also, at least 5% of the profit has to be set aside and transferred to the statutory reserve, until the reserve reaches 25% of the Parent Company's issued capital, and when the reserve is decreased, the said deduction shall be returned. On 30 May 2021, Article (56) of the Company's Articles of Association was amended to discontinue the deduction of the statutory reserve from profits.

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15. Loans and credit facilities

Statement	Current portion 31 August 2022	Current portion 31 August 2021	Non-current portion 31 August 2022	Non-current portion 31 August 2021
QNB Al Ahli bank - credit facility	40,405,811	11,553,347	-	-
European Bank loan	90,562,875	90,560,875	271,688,625	362,253,500
Ahli United Bank loan	251,035,865	33,333,333	583,536,817	265,255,095
QNB Al Ahli bank loan (1)	22,222,222	22,222,222	22,222,222	44,444,445
QNB Al Ahli bank loan (2)	-	-	260,000,000	-
	404,226,773	**157,669,777**	**1,137,447,664**	**671,953,040**

Credit facilities from Qatar National Bank ALAHLI have an interest rate of 1,5% above the corridor price stated by the Central Bank.

QNB Al Ahli bank loan (1)
On 30 May 2019, the Company signed a contract for a medium term loan of EGP 100 million for the purpose of constructing new faculties in Badr University that is 100% owned by the Company. The contract ends on 31 August 2024. The loan is to be repaid on 9 semi-annual instalments of equal value in addition to the related interests that will be determined at an interest rate of 1,5% above the lending rate announced by the Central Bank of Egypt.

The balance of this loan as of 31 August 2022 amounted to EGP 44,444,444 (31 August 2021: EGP 66,666,667).

QNB Al Ahli bank loan (2)
On 9 September 2021, the Company signed a contract for a medium term loan of EGP 260 million for the purpose of using it in partially finance for the re remaining projects of the Company's expansion plan represented in establishing the faculty of pharmacy and dentistry at Badr University in Assiut Governorate, and establishing two new schools in Minya and Mirage City, and completing the Constructions at Badr University and schools in New Mansoura City. The contract ends on 31 August 2028. The loan will be paid semi-annually on 12 equalled-amount instalments in February and August, in addition to the applicable interest. The first instalment is due on the last day of February 2024, followed by the second instalment on the last day of August 2021, and so on, respectively and periodically, every six-months until the maturity date of the eleventh and final instalments that is due on 31 August 2028.

The balance of this loan as of 31 August 2022 amounted to EGP 260,000,000 (31 August 2021: EGP Nil).

The principal conditions and guarantees of the above loans are:

- Transfer all income generated from operations of the schools and Badr University to a special account with the lending bank and is used as an additional repayment method for the principal and interest.
- Dividends are not to be distributed unless all loans related obligations for distribution year are fulfilled.
- Assets are not to be sold, mortgaged, 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 420 million. Maintain financial leverage ratio (total liabilities/ equity) below 1.2: 1. and the debt service rate (earnings before interest, tax and depreciation/ total financial liabilities) above 1: 1.
- Not to obtain loans or credit facilities without obtaining a written approval from the bank.

15. Loans and credit facilities (continued)

Ahli United Bank loan

On 14 January 2021, the Company signed a contract for a medium term loan of EGP 100 for the purpose of future expansions in establishing schools and new faculties in Badr University that is wholly owned by the Company. The value of the Contract was increased by EGP 200 million as a second payment. The contract was increased again by an amount of EGP 225 million. The contract ends on 31 August 2024. The loan is repaid in 9 semi-annual instalments of equal value, starting from February 2022. However, the Company is still paying the related interests, during the current year, that was calculated to be 1,25% above the lending rate announced by the Central Bank of Egypt with a grace period of one year without any administrative expenses. On 11 November 2021 and 10 April 2022, the contract was increased one last time, by a value of EGP 150 million. During the year, the Company obtained a credit facility of EGP 20 million. The Company signed a contract for a medium term loan of EGP 140 million for the medical city project of Egyptians Health Care Company.

The balance of this loan as of 31 August 2022 amounted to EGP 834,572,681 (31 August 2021: EGP 298,588,428).

Principal conditions and guarantees

- Submitting to the bank the collateral guarantees from the following companies: Upper Egypt Educational Services, Emco for Systems and Computers, Global Educational Technologies, and Educational Systems International, provided that each guarantee covers the full amount of the finance granted by the bank under this contract.

- Submitting to the bank every six-months the commercial register extract of the Company, explaining that there are no mortgages on its assets.

- Opening an operating account with the bank, the first party, to collect all revenues related to the funded schools and the revenues resulting from the expansion of Badr University, that have been funded by the bank.

- Submitting to the bank a written undertaking signed by the legal representative of Badr University to transfer the net surplus resulting from its activity to the Company to cover any financial liabilities payable on the Company throughout the duration of the finance granted by the bank, according to the budget of the University.

- Submitting to the bank a quarterly financial report within 90 days of the end of each quarter of the financial year of the borrowing Company and the guarantors. The Company is also committed to achieving the financial terms in all consolidated financial positions and budgets provided to the bank throughout the duration of the finance as follows:

(1) The debt service rate (total cash flows from operating activities in addition to depreciation and amortisation less tax divided by annual financial payments in addition to the annual dividends) should not fall below X 1,15.

(2) The financial leverage (total bank borrowings divided by net shareholders' equity) should not exceed X 1,5.

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15. Loans and credit facilities (continued)

European Bank loan
On 30 September 2019, the Company signed a contract for a medium term loan of EGP 452 million. The first instalments was injected on 19 September 2019, and the second instalment will be injected within three months from 31 August 2021 for the purpose of purchasing a new land in Assiut to establish faculties related to Badr University - Assiut and the establishment of the stage 1 of the University fully owned by the Company.

The contract ends on 30 September 2027. The loan is to be repaid on 12 semi-annual instalments of equal value. However, the Company is still paying the related interests, during the current year, that will be calculated at an interest rate of 2% above the lending rate announced by the Central Bank of Egypt with a grace period of two years.

The balance of this loan as of 31 August 2022 amounted to EGP 362,251,500 (31 August 2021: EGP 452,814,375).

Principal conditions and guarantees
- The ratio of debt service coverage that the cash available for debt service for a period of 12 months before the repayment date to the total principal payments of the repayment on all outstanding financial debts to be ratio of 1:1,2.
- The net financial debts should not exceed 3 times the profits before interest, tax and depreciation.
- The ratio of debt should not exceed 1,3 of the total equity.
- The borrower undertakes that the contribution of the guarantor in the revenues and profits before interest, tax and depreciation should not be less than 50%.

16. Ijarah sukuk

	31 August 2022	31 August 2021
Ijarah sukuk - non-current portion	540,000,000	600,000,000
Prepaid expenses - Sukuk	(8,445,299)	(12,343,129)
Total	**531,554,701**	**587,656,871**
Ijarah sukuk - current portion	60,000,000	-
Prepaid expenses - Sukuk	(1,948,915)	-
Total	**58,051,085**	-
	589,605,786	**587,656,871**

On 29 December 2021, the Company issued Ijarah sukuk compliant with the provisions of Islamic Sharia, negotiable and non-convertible for shares on a single issue amounting to EGP 600 million with the purpose of recovering investment costs and using them in the Group's activities for future expansions in the higher education and pre-university education sector and to pay off the Group's financial liabilities including its liabilities towards the lending banks. 6 million sukuk were issued with a nominal value of 100 per bond, and the period of issuance is 84 months starting from January 2022. The rental value of sukuk is to be paid in 10 equal semi-annual instalments starting from 30 April 2023 until the end of the issuance period on 31 October 2027.

16. Ijarah sukuk (continued)

The sukuk were issued with a guarantee of a land and buildings of four schools owned by the Group, which are the land and buildings of Future French /German International Languages School in Rehab city, the land and buildings of Futures Language School - Rehab city, the land and buildings of Futures Girls Elementary School (1) and (2), and the land and buildings of Othman Ibin Affan School - Rehab city. These assets subject of bonding were valued at a fair value of EGP 878,743,896, which represents a ratio of 1:1,46 of the total value of the issued sukuk. The school buildings mentioned above are insured against theft and fire.

The variable return of these sukuk is calculated in Egyptian pounds based on the lending rate announced by the Central Bank of Egypt in addition to the 0,75% margin ratio, provided that the announced lending rate is reviewed by the Central Bank of Egypt every six months. The return shall be paid semi-annually on 30 April and 31 October of each year until the end of the issuance period on 31 October 2027.

In implementing the sukuk issuance process, the following contracts were concluded:

(a) A contract of sale and purchase of the assets subject of bonding has been concluded to the bonding company in exchange for payment of the purchase price from the entire proceeds of subscribing to the sukuk.

(b) A leasing contract for the assets subject of bonding has been concluded whereby the bonding company is obligated to lease the assets subject to the bonding mentioned above to the Group as a lessee for the duration of the issuance period in exchange for a rental value paid by the Group to the bonding company according to the payment terms mentioned above.

(c) Purchase and sell contracts has been concluded whereby upon the expiry of the lease term, theassets subject of bonding will be resold to the Group.

(d) A service agency contract was concluded between the bonding company and the Group according to which the Group was authorized to act as a management agent of the assets subject of bonding.

These assets have not been derecognised from the books of the Group, due to the lack of conditions for derecognition of the assets, including the non-transfer of control over the leased assets to the bonding company and the Group's continuity in managing these assets.

The cost item for issuing sukuk represents the professional financial expenses and consultancy fees required to issue the sukuk. This item is depreciated over the period of issuance mentioned above. The movement in the cost of issuing the sukuk is as follows:

	31 August 2022	31 August 2021
Balance at the beginning of the year	**12,343,129**	-
Sukuk issuance cost	-	13,642,406
Amortization of sukuk issuance cost (Note 27)	(1,948,915)	(1,299,277)
Balance at the end of the year	**10,394,214**	**12,343,129**

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17. Creditors and other credit balances

	31 August 2022	31 August 2021
Land purchase payables	1,799,380,055	986,410,190
Suppliers and contractors	122,530,130	80,300,726
Accrued expenses	120,651,985	118,483,259
Due to related parties (Note 28)	119,746,780	680,035
Due to government agencies	57,989,440	48,172,203
Dividends payables	24,518,131	22,427,059
Other credit balances	44,347,257	27,434,397
	2,289,163,778	**1,283,907,869**
Less: Non-current portion		
Land purchase payables - non-current portion*	(1,548,620,037)	(676,576,293)
	740,543,741	**607,331,576**

* A land was purchased in the New Mansoura city amounting to EGP 25 million, 50% of its value was paid, and the rest will be paid in two annual instalments ending on 30 June 2022. A land was purchased in Badr City amounting to EGP 873 million, 15% of its value was paid and the rest will be paid in 20 semi-annual instalments ending on 12 January 2031. A land was purchased in the New Alamein City amounting to EGP 31 million, 20% of its value was paid, and the rest will be paid in 8 semi-annual instalments ending on 2 June 2024. A new land was purchased in Badr city for the purpose of expanding the University land amounting to EGP 147 million, 25% of its value was paid, and the rest will be paid in 10 semi-annual instalments ending on January 2026. 5 new lands have been purchased as part of the expansion of the Company's activities and the establishment of new schools. A land was purchased in Badr City and Badr University in Assiut Governorate, amounted to EGP 673 million, 15% of its value was paid and the rest will be paid in 20 semi-annual instalments ending on 12 January 2031.

18. Advance revenues

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

	31 August 2022	31 August 2021
Advance revenues	340,975,051	206,854,152

19. Current income tax liabilities

Income tax charged to the consolidated statement of profits or losses for the year is as follows:

	31 August 2022	31 August 2021
Current income tax	162,266,126	129,055,586
Deferred tax (Note 20)	1,379,074	906,273
Total	**163,645,200**	**129,961,859**

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19. Current income tax liabilities (continued)

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

	31 August 2022	31 August 2021
Accounting profit before tax	537,549,644	460,779,739
Income tax based on prevailing tax rates	120,948,668	103,675,439
Add (less):		
Non deductible expenses	36,390,867	15,553,790
Non-taxable revenues	(466,906)	1,169,407
Deferred tax assets not recognized	3,220,198	9,563,223
Tax differences for previous years	3,552,373	-
Tax as per the statement of profit or loss	**163,645,200**	**129,961,859**

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

	31 August 2022	31 August 2021
Balance at the beginning of the year	**130,381,348**	**84,156,700**
Payments during the year	(128,145,595)	(82,830,938)
Charged to the consolidated statement of profit or loss during the year	162,266,126	129,055,586
Balance at the end of the year	**164,501,879**	**130,381,348**

20. Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to fixed assets:

	Balance at 1 September 2021	Movement for the year	Balance at 31 August 2022
Fixed assets	35,169,161	1,384,277	**36,553,438**
	35,169,161	**1,384,277**	**36,553,438**

	Balance at 1 September 2020	Movement for the year	Balance at 31 August 2021
Fixed assets	34,262,888	906,273	**35,169,161**
	34,262,888	**906,273**	**35,169,161**

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21. Provisions

	31 August 2022	31 August 2021
Tax provision	83,713,517	87,872,874
Lawsuits provision	924,173	1,054,383
	84,637,690	**88,927,257**

The movement of provisions during the year is as follows:

	31 August 2022			
	Balance at beginning of the year	**Formed during the year**	**Utilised During the year**	**Balance at the end of the year**
Provision for tax	87,872,874	13,105,665	(17,265,022)	**83,713,517**
Lawsuits provision	1,054,383	-	(130,210)	**924,173**
	88,927,257	**13,105,665**	**(17,395,232)**	**84,637,690**

	Balance at the beginning of the year	**Formed during the year**	**Utilised During the year**	**Balance at the end of the year**
Provision for tax	69,524,912	20,787,822	(2,439,860)	**87,872,874**
Lawsuits provision	1,078,183	-	(23,800)	**1,054,383**
	70,603,095	**20,787,822**	**(2,463,660)**	**88,927,257**

* The amount of the provisions acquired represents the formed provisions in the associates acquired during the year in addition to the consideration for potential tax settlements resulting from the acquisition of Star Light Company, including its subsidiary. This amount was recorded under debtors and other debit balances (Note 11), and a similar amount was recorded under provisions to demonstrate the potential tax liabilities that were assessed by the independent financial advisor upon acquisition.

<u>Tax provision</u>
Tax provisions have been formed in the current period and prior years against actual tax claims in addition to estimated tax provisions against uninspected prior years.

The tax provision on tax claims actually received and expected taxes for previous years that have not yet been inspected amounted to EGP 83,713,517 (31 August 2021: EGP 87,872,874) based on management estimates and the independent external tax advisor of the Group.

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 8,371,352 increase or decrease (31 August 2021: EGP 8,787,287).

<u>Lawsuits provision</u>
Provision for lawsuits at 31 August 2022 amounted EGP 924,173 (31 August 2021: EGP 1,054,383) based on the Group's legal advisor's estimations. The provision is adjusted for each amendment per each case separately.
If the estimations related to formed provisions have changed by 10% (increase or decrease), the impact on the consolidated statement of profit or loss will be EGP 92,417 increase or decrease (31 August 2021: EGP 105,438).

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22. Operating revenues

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	31 August 2022	31 August 2021
Tuition revenues	1,554,546,120	1,277,231,374
Bus revenues	22,649,960	21,015,160
Admission revenues	23,050,475	31,124,717
Contracting revenues	57,893,163	-
Other activities revenues	59,218,454	61,210,427
	1,717,358,172	**1,390,581,678**

23. Operating cost

	31 August 2022	31 August 2021
Salaries, wages and benefits	436,224,226	313,463,968
Depreciation expenses	133,561,928	99,448,777
Contracting cost	53,279,754	-
Maintenance, electricity, utilities and communications expenses	47,173,640	34,366,218
Professional and other consultation fees and charges	32,727,404	22,787,666
Teaching tools, aids and books expenses	31,434,694	24,335,865
Transportation expenses	27,270,371	26,966,919
Leases	13,385,602	19,642,784
Assets right of use depreciation	11,199,375	-
Leases liabilities interest expenses	2,024,228	-
Other expenses	47,535,441	37,703,202
	835,816,663	**578,715,399**

24. General and administrative expenses

	31 August 2022	31 August 2021
Salaries, wages and benefits	124,895,910	130,976,568
Professional and consulting fees and charges	31,723,950	34,909,278
ECL of debtors and other debit balances	14,520,533	16,616,312
Maintenance, electricity, utilities and communications expenses	13,074,543	17,239,645
Salaries and allowances for Board and committees members and board of trustees	929,300	1,361,439
Depreciation expenses	2,578,014	2,458,889
Social contribution	1,965,265	2,104,430
Leases	1,596,389	1,143,071
Impairment losses of investments in associates	-	255,000
Other expenses	22,161,652	26,288,903
	213,445,556	**233,353,535**

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25. Expenses by nature

	31 August 2022	31 August 2021
Salaries, wages and benefits	561,120,136	444,440,536
Depreciation expenses	136,139,942	101,907,666
Professional and consulting fees, charges, and penalties	64,451,354	57,696,943
Maintenance, electricity, utilities and communications expenses	60,248,183	51,605,866
Contracting costs	53,279,754	-
Teaching tools, aids and books expenses	31,434,694	24,335,864
Transportation expenses	27,270,371	26,966,919
Leases	14,981,991	20,785,855
ECL of debtors and other debit balances	14,520,533	16,616,312
Assets right of use depreciation	11,199,375	-
Lease liabilities interests	2,024,228	-
Social contribution	1,965,265	2,104,430
Salaries and allowances for Board and committees members and board of trustees	929,300	1,361,439
Impairment losses of investments in associates	-	255,000
Other expenses	69,697,093	63,992,104
	1,049,262,219	**812,068,934**

* These leases are leases of less than a year and of a small value.

26. Other revenues

	31 August 2022	31 August 2021
Other leases	2,576,433	1,697,786
Profits of reversal of provisions no longer required	1,907,516	1,353,574
Gas station lease	1,492,034	1,552,436
Profits in change in fair value of investment funds	1,185,167	13,914,305
Profits on sale of fixed assets	-	1,638
Other revenues	2,178,200	3,527,651
	9,339,350	**22,047,390**

27. Finance costs – net

	31 August 2022	31 August 2021
Interest revenues	11,784,315	24,847,612
Profits / (losses) from foreign currency differences	3,362,012	(186,892)
Amortization of sukuk issuance cost	(1,948,915)	(1,299,277)
Interest expenses	(139,977,406)	(142,354,016)
	(126,779,994)	**(118,992,573)**

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28. Related party transactions

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

Balances due from related parties:

The Company	31 August 2022	31 August 2021
Parent Company	52,180,174	9,000,000
Associates	9,874,067	3,472,175
Others	-	4,684,530
	62,054,241	**17,156,697**

Balances due to related parties:

The Company	31 August 2022	31 August 2021
Associates	119,746,780	-
Others	-	680,035
	119,746,780	**680,035**

Related party transactions during the year:

	Movement	
	31 August 2022	**31 August 2021**
Egyptians Health Care Company		
Contributions of share capital	-	-
Transferred to investments in subsidiaries and associates	-	-
Cash transfers	-	(4,499,500)
Mafrix Company		
Bank transfers	-	(338,986)
Social Impact Capital		
Bank transfers	-	9,000,000
Future for Educational Activities		
Proceeds of tuition revenues	-	2,673,848
Tuition expenses	-	(1,776,206)
Management consideration	-	(55,004)
Cash transfers	-	(319,014)
Badr University in Assiut (under construction)		
Bank transfers and other payments	17,871,864	-
Student payments	(538,745)	-
NFX E-Learning Investments		
Bank transfers	22,233,150	-
Others		
	119,746,780	355,744

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Key management compensation:
The charges of the key management of the Group during the period and the charged to the profit or loss statement amounted to EGP 12,038,635 on 31 August 2022 (31 August 2021: EGP 10,358,924).

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29. Non-controlling interests

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

	Share capital	Retained earnings	31 August 2022
Balance at 1 September 2021	**64,990,334**	**62,785,013**	**127,775,347**
Non-controlling interests of acquired companies	(2,703,661)	-	(2,703,661)
The share of non-controlling interest in the capital increase	20,000,000	-	20,000,000
Dividends	-	(12,451,797)	(12,451,797)
Currency differences resulting from foreign operations translation	-	243,187	243,187
Profit for the year	-	3,135,320	3,135,320
Balance at 31 August 2022	**82,286,673**	**53,711,723**	**135,998,396**

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	Share capital	Retained earnings	31 August 2021
Balance at 1 September 2020	**44,969,084**	**56,082,978**	**101,052,062**
Non-controlling interests of acquired companies	20,021,250	-	20,021,250
Dividends	-	(15,624,089)	(15,624,089)
Currency differences resulting from foreign operations translation	-	82,611	82,611
Profit for the year	-	22,243,513	22,243,513
Balance at 31 August 2021	**64,990,334**	**62,785,013**	**127,775,347**

30. Goodwill

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

	31 August 2022	31 August 2021
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 Company	157,018	157,018
Cairo Egypt for Educational Premises	51,936	51,936
Star Light Company	28,171,629	28,171,629
	34,108,110	**34,108,110**
(Less):		
Goodwill related to companies under liquidation	(5,133,061)	(5,133,061)
	28,975,049	**28,975,049**

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30. Goodwill (continued)

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

- Growth rate 3%
- Discount rate 20%

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

* On 21 April 2019, the Extraordinary General Assembly meeting of the Egyptian Education Systems Company resolved to agree to put the Company under liquidation, provided that the liquidation period is one year, starting from the date of the notification of the resolution to put the Company under liquidation in the commercial register, and it was approved to appoint Mr./ Mohamed Naguib Salah El-Din, the liquidator of the Company. As Cairo Investment and Real Estate Development Company owns 100% of the Egyptian Education Systems Company, Cairo Investment and Real Estate Development Company will acquireall of these assets. This resulted in impairment of its goodwill of EGP 5,133,061 on 31 August 2019.

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- On 26 June 2019, the Group purchased 60% of the shares of Star Light (owner of Canadian Columbia International School) under the agreement signed with W.D. Capital Company. The control of the Group was transferred on 1 September 2019. The Group expects that this acquisition will result in an increase in its market share and future economic benefits. This transaction resulted in goodwill of EGP 28,171,629.

The following table shows the consideration transferred to acquire Star Light Company, and the fair value of the acquired assets, liabilities and non-controlling interest at the date of acquisition.

Acquisition cost at 1 September 2019	
Cash paid	(100,000,000)
Total acquisition cost	**(100,000,000)**

Assets and liabilities acquired from Star Light Company for Educational Services and its subsidiaries on 1 September 2019 were as follows:

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	EGP
Fixed assets	190,346,554
Other debit balances	5,606,125
Cash at banks	9,754,516
Deferred tax liabilities	(29,571,124)
Other liabilities	(66,344,961)
Net fair value of assets acquired	**109,791,110**
Non-controlling interests at the date of acquisition	(37,962,739)
Cash paid	(100,000,000)
Goodwill	**28,171,629**

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31. Right-of-use assets- Leases

The right-of-use asset represents the lease contracts related to the buildings. It was measured at the carrying amount as if the standard was applied since the beginning of the lease contract, but it was deducted using the borrowing rate for the lessee at the date of application, and subsequently depreciated over the life of the lease contract using the straight-line method.

	31 August 2022	31 August 2021
Balance at the beginning of the year	-	-
The impact of initial application of EAS (49) "Leases"	29,462,794	-
Depreciation of right-of-use assets during the year	11,199,375	-
Balance	18,263,419	-

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the lessee's borrowing rate is used, which is the rate that shall be paid by the lessee to borrow the funds needed for the acquisition of an equivalent value asset in a similar economic environment with similar terms and conditions. An average interest rate of 10,25% was used.

32. Lease liabilities

The liability represents the present value of the lease liabilities relating to the administrative office of the Group that was obtained in return for a lease, and was assessed at the present value of the contractual lease payments discounted at the lessee's incremental borrowing rate of 10,25%.

The following is the discounted amount for lease liabilities:

	31 August 2022	31 August 2021
Present value		
Within 1 year	16,627,713	-
More than one year	2,544,143	-
	19,171,856	-

The lease liabilities were presented as follows:

	31 August 2022	31 August 2021
Lease liabilities disclosed as at 31 August 2021		
The impact of applying EAS No. 49 "Leases"	31,279,668	-
Lease liabilities	**31,279,668**	-
Add: Interest charged during the year	2,024,228	-
(Less): Lease payments during the year	(14,132,040)	-
Lease liabilities at 31 August 2022	**19,171,856**	-

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33. Earnings per share

The following is the earning of the share in the profits taking into account an increase in the capital that was indicated in the commercial register issued on 17 December 2018:

	31 August 2022	31 August 2021
Net profits for the year	370,769,124	308,574,367
Board of Directors' expected remuneration	(18,538,456)	(20,784,299)
Employees' expected profit share	(37,076,912)	(28,779,007)
	315,153,756	**259,011,061**
Weighted average number of shares	**582,790,325**	**582,790,325**
Earnings per share for the year	**0.54**	**0.44**

34. Tax position

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

Fund corporates tax

- The Company was inspected from 1998 until 1999 and due tax was paid.
- The Company were discretionary inspected for the years from 2000 until 2004 at a total tax of EGP 4,692,751. The Company was notified of Forms (18 and 19) Corporate tax and they were appealed within the legal deadlines and dispute is still pending before the Internal Committee.
- The Company was not inspected from 2005 to 2008. The Company submits the tax returns regularly within the legal deadlines and pays the due tax based on the tax returns submitted on the legal deadlines and years from 2005 until 4 May 2008.
- The net profit of schools activity is exempted from the corporate income tax in accordance with Law No. 91 of 2005.
- The Company was inspected from 2009 to 2010 and due tax was paid.
- Years from 2011 to 31 August 2018, the Company was not inspected during the aforementioned years except for 2012. There is a claim for Form No. 3, payment of an amount of EGP 9,903,810. It was appealed on the legal deadline and the dispute is being settled.

Withholding tax

The Company is committed to applying the withholding tax under tax regulations as per Law No. 91 of 2005.

Salaries tax

- The Company is committed to applying the withholding tax and pays it monthly in accordance with the Tax Law No. 91 of 2005.
- Quarterly tax returns are filed regularly and the Company pays the tax on the legal dates.
- The Company paid the tax due until 2004.
- The Company was notified of a salaries tax claim for the period from 1 January 2005 to 30 June 2005, and the Company was notified of Form no. 36 of salaries for the period from 1 July 2005 to 31 December 2011 and they were appealed within the legal deadlines and the dispute still pending before the Internal Committee.
- Years from 1 January 2012 to 31 August 2022, the Company was not inspected until the financial statements date.

34. Tax position (continued)

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

Stamp duty tax

- The Company paid the tax due until 30 November 2003.
- The Company was notified of Form No. 3 Stamp for the period from 1 February 2003 to 28 February 2006, with a total tax of EGP 74,599. The form was objected upon within the legal date and was referred to the Appeals Committee, and the dispute is still pending until the date of the preparation of the financial statements.
- The Company was notified of Form No. 3 Stamp for the period from 1 March 2006 until 30 June 2010. It was appealed on the legal deadline and referred to the Appeal Committee. Final assessment to the decision of the Appeal Committee was 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 2022, the Company was not inspected until the financial statements date.

Value added tax (VAT)

The Company is not subject to the provisions of Law No. 67 of 2016.

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

First: Fund corporates tax

1. Years from 1992 to 1993
   The Company was inspected for the corporate income tax for and the final assessment was made upon the decision of the appeal committee by amount of EGP 149,952. Dispute between the Company and the specialized authority was referred to the court and the dispute is still pending 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 corporate income tax and assessment was made with amount of EGP 44.188. The Company was notified by form no. 18 and it was objected and it was notified by form no. 19 and it has been appealed. The file was referred to the appeal committee and then referred to the specialized court, and the company has paid the tax according to the appeal committee decision tax notice.

3. Years from 1996 to 2001
   The Company was inspected for the corporate income tax for and form 18 was notified and objected and form 19 was notified by EGP 2,152,266 and has been appealed and the file was referred to the internal committee of the authority and then to the appeal committees, and defence memorandum was submitted and the appeal committee decision had been issued. The dispute between the company and the authority was referred to the court from 1998 to 2001 and the dispute is still ongoing for not applying the provisions of Article 21 of Law No. 157 of 1981 and its amendments.
   The Company paid the tax and the fine with a total amount of EGP 3,466,645 of commercial profits tax for the years 1996 until 2001.

34. Tax position (continued)

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

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. 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 defence memorandum was submitted and the appeal committee decision had been issued to return the file to the authority to prepare for the completion of the inspection of the authority.

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 corporate income tax based on estimation. The Company was notified by the form 19 in the amount of EGP 7,513,695 and it has been appealed. The file was referred to the internal committee of the Authority.

7. Years from 2011 to 2012
The Company was charged with the corporate income tax based on estimation. The Company was notified by the form 19 in the amount of EGP 8,784,566 and it has been appealed. The file was referred to the internal committee of the Authority for re-inspection.

8. Years from 2013 to 2014
The Company was charged with the corporate income tax based on estimation. The Company was notified by the form 19 and it has been appealed. The file was referred to the internal committee of the Authority to issue a decision for re-inspection.

9. Years from 2015 to 31 August 2022
The Company has not been inspected for these years and it submits the tax returns at the specified tax dates and the tax is paid based on the tax return.

Second: Stamp duty tax

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

2. Years from 1 November 1997 till 30 September 2002
The Company was inspected and the company was notified with a form 4 stamp and it has been appealed. The file was referred to the appeal committee. The final assessment was approved by the appeal committee decision in the amount of EGP 23,585. The tax was paid by scheduled checks.

3. Years from 1 October 2002 till 31 October 2005:
The company was inspected and notified to the company in the form of 3, 4 stamps and was objected. The file was referred to the appeal committee and the final decision was approved by the appeal committee in the amount of EGP 22,946.

Pay an amount of EGP 69,719 of differences and stamp tax inspection for the years 2002 until 2005.

34. Tax position (continued)

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Third: Salaries tax

1. Years from 1992 to 1994
   The Company was assessed and accounted for and the tax due for those years was paid.
2. Years from 1995 to 1999
   Salaries tax was assessed to the amount of EGP 265,245 basis of the non-appeal assessment and the dispute was referred to the competent court and the dispute is still ongoing. The tax amount was paid by scheduled checks.

3. Years from 2000 to 2001
   Salaries tax was notified and the form was objected to within the legal deadline. The dispute was referred to an internal committee and then to an appeal committee. Defence memorandum was submitted and the tax owed by the Company was paid based on the decision of the appeal committee.

4. Years from 1 January 2005 to 30 June 2005
   The company was inspected with an assessed tax on the company in the amount of EGP 496,329. The form was totally appealed. The file was referred to the internal committee, and then to the appeal committees. Defence memorandum was submitted and it was held for the decision on 20 January 2019.

5. Years from 1 July 2005 till 2010
   Salaries tax was assessed by EGP 9,030,294 and the Company was notified with form 38 that it was objected. The file was referred to the internal committee, and then to the appeal committees and the sessions to resolve the dispute are being attended.

6. Years from 2011 to 31 August 2022
   The Company was not notified until the date of the financial statements.
   Pay an amount of EGP 981,000 of differences and salaries tax inspection for the years from 2002 until 2011.

Fourth: General tax on sales

The Company submits tax returns on sales regularly and at legal deadlines. The Company was inspected since inception 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 to 2013. The tax and penalties were fully paid for that period in the amount of EGP 687,341. The Company was not notified on any other inspections.

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

First: Corporate income tax

Years from 2005 to 31 August 2022

- Tax returns were submitted on the legal deadline and the Company is exempted from taxes until 4 May 2008 in accordance with law No. 91 of 2005.
- The period from 2008 until 30 June 2016, the Company was not notified of the inspection date taking into consideration law No. 91 of 2005 on a sample basis.
- Period from 1 July 2016 to 31 August 2022.

34. Tax position (continued)

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

Second: Salaries tax

Years from 2005 to 31 August 2022

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

Third: Stamp duty

Years from 2005 to 31 August 2022

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

Fourth: General tax on sales

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

Fifth: Value Added Tax

The Company is not subject to the provisions of Law No. 67 of 2016.

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[4] Global Educational Technology "S.A.E"

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 these years.

2. Years from 2005 to 4 May 2008
   - The Company submits tax returns on the legal deadlines
   - The Company is exempted from the commercial profits tax in accordance with Law No. 91 of 2005.

3. Years from 2008 to 31 August 2022

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

Second: Salaries tax

Years from 2003 to 31 August 2022

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

Third: Stamp duty

Years from 2003 to 31 August 2022

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

Fourth: General tax on sales

Years from 2003 to 31 August 2022

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

Fifth: Value Added Tax

Years from 2003 to 31 August 2022

The Company is not subject to the provisions of Law No. 67 of 2016.

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34. Tax position (continued)

[5] Future and Nations Company "S.A.E"

First: Income tax
The Company has not been notified of the inspection since inception 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: Salaries tax
The Company has not been notified of the inspection since inception until now and payment is made at the beginning of each month on the legal deadlines.

Third: Stamp duty tax
The Company has not been notified of the inspection since the start of activity until now.

[6] Upper Egypt for Educational Services "S.A.E"

First: Corporate income tax
Years from 2009 to 31 August 2022
The tax returns were submitted on the legal deadlines and the Company has not been notified of the inspection during these years.

Second: Salaries tax
Years from 2009 to 31 August 2022
The Company pays the payroll tax monthly on the legal deadlines and there are no payroll tax notifications for these years. Provision was made amounting to EGP 25,000 against dispute of salaries tax.

[5] Future and Nations Company "S.A.E"

Third: Stamp duty
Years from 2009 to 31 August 2022
The Company did not receive any tax notifications related to the tax period.

Fourth: General tax on sales
Years from 2009 to 31 August 2022
The Company is not subject to the provisions of Law No. 11 of 1991 and its amendments.

Fifth: Value Added Tax
Years from 2009 to 31 August 2022
The Company is not subject to the provisions of Law No. 67 of 2016.

[7] Badr University "S.A.E"

Income tax
The income tax is calculated at the realised surplus in accordance with the applicable Laws and regulations in this regard and by using the applicable tax rates 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 2022.

34. Tax position (continued)

[7] Badr University "S.A.E" (continued)

Salaries and wages tax

The University's records were inspected from the date of inception until 31 August 2018.
The University's records were not inspected from 1 September 2018 until 31 August 2022.

Stamp duty tax

The University's records were not inspected from the date of inception until 31 August 2022.

Withholding tax

The University's records were inspected from the date of inception until 31 August 2014.
The University's records were not inspected from 1 September 2014 until 31 August 2022.

[8] Canadian Columbia International School "S.A.E"

Corporate income tax

1. Years 2008 and 2009

The Company was inspected for the corporate profits tax for the years 2008 and 2009, and the final assessment was made on the Company based on the reservation form 9 and the payment was made in full.

2. Years 2009 and 2010

The Company was inspected for corporate profits tax for the years 2009 and 2010, amounting to EGP 164,617, and the payment was made in full.

3- Years 2011 and 2012

The Company was inspected for the corporate profits tax for the years 2012 and 2011, and an amount of EGP 2,138,519 was assessed. The dispute between the Company and the competent tax authority was referred to the court, and the dispute is still ongoing, and part of the claim was paid in the amount of EGP 400,000 based on the decision of the appeal committee.

4. Years 2013 and 2014

The Company was inspected for the corporate profits tax for the years 2013 and 2014. The Company was notified of the estimated form 19 at an amount of EGP 9,178,233 and a delay penalty of EGP 7,175,213, and it was appealed and no payment has been made to date.

5. Years from 2015 to 2019

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

Salaries Tax

1. Years from 2008 to 2015

The salaries tax was assessed at EGP 9,533,890. The inspection was made and payment was made in full.

2. Years from 2016 to 2019

These years have not been inspected, and no claims have been received from the Authority.

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

34. Tax position (continued)

[8] Canadian Columbia International School "S.A.E" (continued)

Stamp duty tax

Years from 2008 to 2017

The Company was inspected, it was notified with a stamp 3 form, and the taxes due from the Company were paid.

Real estate taxes

Years from 2013 to 2018

The Company was notified of the assessment of the tax due, amounting to EGP 1,263,033, and tax was paid partially at an amount of EGP 360,000.

35. Capital commitments

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

	31 August 2022	31 August 2021
Fixed assets	1,401,815,815	893,251,026

36. Contingent liabilities

The Group has contingent liabilities as at 31 December 2022 against banks represented in letters of guarantee arising from the normal activities of the Company that are not expected to result in significant liabilities of EGP 11,376,577 (31 December 2021: EGP 4,303,000).

37 . Significant events

During February 2022, the Russian federation invaded Ukraine, which has directly affected the global economy, as Russia and Ukraine are among the world's largest exporters of commodities, including energy sources of gas and oil. There is no material impact from these events on the Group and its activities during the financial year ended 31 August 2022.

The Monetary Policy Committee, at its extraordinary meeting held on 21 March 2022, decided to raise the overnight deposit rate, the overnight lending rate, and the main operation rate by to 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also raised by 100 points to 9.75%, in conjunction with the rise in the Egyptian pound's exchange rate against the dollar to an average between EGP 18.00 and 19.7 instead of EGP 15.69.

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38 . Subsequent events

After the financial period ended 31 August 2022. The Egyptian pound's exchange rate against the dollar reached an average of EGP 24.54. The overnight deposit rate, the overnight lending rate, and the discount rate are recorded at 11.25%, 12.25%, and 11.75% respectively.

The Group's management is currently considering the extent of the impact of these events, which are not expected to have a material impact on the results of the Group's business and activities in subsequent periods.

The approval of the Financial Regulatory Authority was obtained for the Group's future issuance of securitization sukuk in Egyptian pounds of EGP 2 billion, and the first tranche was obtained of EGP 800 million, during November 2022.

Badr University branch was opened in Assiut Governorate for the academic year 2022/2023, with 7 colleges, and 1,200 students have been accepted.

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