

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

**INDEPENDENT AUDITOR'S REPORT
AND CONSOLIDATED FINACIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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

Consolidated financial statements for the year ended 31 August 2020

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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 (SAE) and its subsidiaries ("The Group") which comprise the consolidated statement of financial position as of 31 August 2020 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 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.

Auditors' 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 used and the reasonableness of 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.



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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cairo for Investment and Real Estate Development "S.A.E." and its subsidiaries ("The Group") as of 31 August 2020, and of its consolidated financial performance and its consolidated cash flows for the 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 Society of Certified Public Accountants

R.A.A. 17996

F.R.A. 388

8 November 2020

Cairo



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

Consolidated statement of financial position - as at 31 August 2020

(All amounts are shown in Egyptian Pounds)	Note	31 August 2020	31 August 2019
Non-current assets			
Fixed assets	6	1,862,335,309	961,870,938
Work in progress	7	24,159,924	26,236,589
Investments in associates	8	80,768,658	57,421,325
Goodwill	30	28,975,049	803,420
Total non-current assets		1,996,238,940	1,046,332,272
Current assets			
Investments	10	-	1,000,000
Inventories	11	7,253,985	661,838
Debtors and other receivables	12	217,852,567	260,920,863
Cash on hand and at banks	13	208,626,454	163,026,674
Total current assets		433,733,205	425,609,375
Total assets		2,429,971,946	1,471,941,647
Equity			
Shareholders' equity attributable to the shareholders of the Parent Company			
Paid-up share capital	14	233,116,130	233,116,130
Reserves	15	229,271,204	222,538,045
Retained earnings		539,466,157	378,014,151
Total equity attributable to the shareholders of the Parent Company		1,001,853,491	833,668,326
Non-controlling interests	29	101,052,062	56,370,363
Total equity		1,102,905,553	890,038,689
Non-current liabilities			
Non-current portion of borrowings and credit facilities	16	507,480,859	66,879,677
Deferred tax liabilities	20	34,262,888	3,934,028
Creditors and other payables - non-current portion	17	94,805,855	-
Total non-current liabilities		636,549,602	70,813,705
Current liabilities			
Provisions	21	68,766,125	33,205,054
Creditors and other payables	17	225,579,375	177,431,195
Advance revenues	18	234,661,208	211,730,601
Current income tax liabilities	19	84,156,700	66,104,436
Current portion of borrowings and credit facilities	16	77,353,383	22,617,967
Total current liabilities		690,516,791	511,089,253
Total liabilities		1,327,066,393	581,902,958
Total liabilities and shareholders' equity		2,429,971,946	1,471,941,647

- The accompanying notes on pages 8 to 58 form an integral part of these consolidated financial statements
- auditor's report – attached

Mr. Mohamed El Khouly
Chief Financial Officer

Cairo on 8 November 2020



Dr. Hassan Hassan El Kalla
Board Chairman

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

Consolidated statement of profit and loss - for the year ended 31 August 2020

(All amounts are shown in Egyptian Pounds)	Note	31 August 2020	31 August 2019
Activity revenues	22	1,087,913,436	704,679,311
Activity costs	23	(530,870,121)	(328,484,348)
		557,043,315	376,194,963
General and administrative expenses	24	(156,001,337)	(125,655,955)
Impairment in goodwill	30	-	(5,133,061)
Provisions	21	(2,700,682)	(6,541,606)
Other Income	26	5,140,431	4,911,104
Profits generated from operations		403,481,727	243,775,445
Net financing revenues (costs)	27	(52,641,969)	13,791,729
Profit before taxes		350,839,758	257,567,174
Current income tax	19	(82,830,943)	(64,650,433)
Deferred tax	20	(757,736)	(341,965)
Net profit for the year		267,251,079	192,574,776
Profit of:			
Shareholders of the Parent Company		254,765,036	188,261,990
Non-controlling interests	29	12,486,043	4,312,786
		267,251,079	192,574,776
Earning per share from profit related to the shareholders of the Parent Company			
Basic earning	31	0,35	0,27

The accompanying notes on pages 8 to 58 form an integral part of these consolidated financial statements.



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

Consolidated statement of comprehensive income - for the year ended 31 August 2020

(All amounts are shown in Egyptian Pounds)	Note	31 August 2020	31 August 2019
Profit for the year		267,251,079	192,574,776
Other comprehensive income items			
Currency differences resulting from foreign currency translation		352,639	-
Total comprehensive income for the year		267,603,718	192,574,776
Total comprehensive income of:			
Shareholders of the Parent Company		254,976,619	188,261,990
Non-controlling interests	29	12,627,099	4,312,786
		267,603,718	192,574,776

The accompanying notes on pages 8 to 58 form an integral part of these consolidated financial statements.



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

Consolidated statement of changes in equity - for the year ended 31 August 2020

(All amounts are shown in Egyptian Pounds)	Note	Paid-up share capital	Reserves	Retained earnings	Total equity attributable to owners of the parent company	Non- controlling interests	Total equity
Balance at 1 September 2018		219,116,130	32,003,019	192,088,678	443,207,827	61,170,738	504,378,565
Capital increase	14	14,000,000	-	-	14,000,000	-	14,000,000
Transferred to reserves	15	-	197,140,346	(1,140,346)	196,000,000	-	196,000,000
Non-controlling interests in acquired entities		-	(6,605,320)	-	(6,605,320)	(4,569,668)	(11,174,988)
Dividends		-	-	(1,196,171)	(1,196,171)	(4,543,493)	(5,739,664)
Total comprehensive income for the year		-	-	188,261,990	188,261,990	4,312,786	192,574,776
Balance at 31 August 2019		233,116,130	222,538,045	378,014,151	833,668,326	56,370,363	890,038,689
Balance at 1 September 2019		233,116,130	222,538,045	378,014,151	833,668,326	56,370,363	890,038,689
Transferred to reserves	15	-	6,521,576	(6,521,576)	-	-	-
Non-controlling interests in acquired entities		-	-	(1,571,827)	(1,571,827)	37,962,739	36,390,912
Dividends		-	-	(85,219,627)	(85,219,627)	(5,908,139)	(91,127,766)
Currency differences resulting from foreign currency translation		-	211,583	-	211,583	141,056	352,639
Total comprehensive income for the year		-	-	254,765,036	254,765,036	12,486,043	267,251,079
Balance at 31 August 2020		233,116,130	229,271,204	539,466,157	1,001,853,491	101,052,062	1,102,905,553

The accompanying notes on pages 8 to 58 form an integral part of these consolidated financial statements



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

Consolidated statement of cash flows - for the year ended 31 August 2020

(All amounts are shown in Egyptian Pounds)	Note	31 August 2020	31 August 2019
Cash flow from operating activities			
Profit before tax		350,839,758	257,567,173
Adjustments:			
Fixed assets depreciation	6	78,404,650	58,583,648
Finance costs	27	67,267,286	11,311,431
Interest income	27	(15,171,537)	(25,629,112)
Impairment of projects in progress	6	90,463	-
Impairment in goodwill	30	-	5,133,061
Impairment losses on debtors and other receivables	25	4,812,354	3,661,205
Impairment losses on debtors and other receivables no longer required	12	-	(449,774)
Provisions formed	21	2,700,682	6,541,606
Losses (gains) on sale of fixed assets	26	537	(2,141)
Utilised provisions	21	(4,743,592)	(842,044)
Operating profit before change in current assets and liabilities		484,357,080	315,875,053
Change in current assets and liabilities			
Changes in inventories		(6,592,147)	1,865,983
Change in debtors and other receivables		(11,403,249)	(132,442,072)
Change in creditors and other payables and accrued income		95,181,365	108,262,393
Income tax paid	19	(64,790,066)	(39,621,374)
Net cash flows generated from operating activities		496,752,983	253,939,983
Cash flows from investing activities			
Payments to purchase of fixed assets	6	(509,571,391)	(53,991,706)
Payments for purchase non-controlling interests		(1,571,827)	(11,174,988)
Interest payable received		15,171,537	25,629,112
Proceed from sale of fixed assets		4,828	3,925
Payments for projects under construction	6	(279,046,902)	(216,075,579)
Payments for works in progress		2,076,665	(61,758,616)
Payments under investments in associates		(23,347,333)	(25,380,255)
Investments		1,000,000	-
Change in restricted cash		-	2,440,008
Net cash flows used in investing activities		(795,284,423)	(346,558,099)
Cash flows from financing activities			
Proceeds from borrowings and bank facilities		509,746,941	41,887,890
Payments from borrowings and bank facilities		(14,410,343)	(67,279,469)
Finance costs paid		(67,267,286)	(11,311,431)
Issuing premium		-	196,000,000
Capital increase		-	14,000,000
Dividends paid		(83,937,472)	(6,715,559)
Net cash flows generated from financing activities		344,131,840	166,581,431
Net change in cash and cash equivalents during the year		45,600,400	73,963,315
Cash and cash equivalents at the beginning of the year		163,019,272	89,055,957
Currency differences resulting from foreign currency translation		(620)	-
Cash and cash equivalents at the end of the year		208,619,052	163,019,272

The accompanying notes on pages 8 to 58 form an integral part of these consolidated financial statements.



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

Notes to the consolidated financial statements - for the year ended 31 August 2020

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

1. Introduction

Cairo for Investment and Real Estate Development (the "Parent Company") was established under a preliminary contract dated 15 March 1992 which was ratified on 17 August 1992 under ratification minutes No. 1978 (d) of the year 1992 at Real Estate Publicity Office in Nasr City. The 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 Board of Directors on 8 November 2020.

2. Accounting policies

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

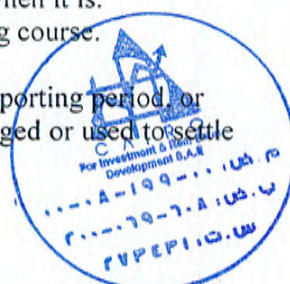
A) Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and related laws and regulations. The same accounting policies and principles used with the financial statements have been followed in comparison with the latest annual financial statements, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention except for financial investments available for sale measured at fair value.

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

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

All other assets are classified as non-current assets.



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

Notes to the consolidated financial statements - for the year ended 31 August 2020

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

Basis of preparation of the consolidated financial statements (continued)

The liability is classified as current when it is:

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

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

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

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

B) New issued and amendments made to EAS's publications, but not yet effected

On 28 March 2019, the Minister of Investment issued Resolution No. (69) of 2019, amending some provisions of the Egyptian Accounting Standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the Accounting Standards in the Official Gazette on 7 April 2019. On 20 September 2020, a decision was issued to postpone the application of the new accounting standards for financial periods beginning on or after 1 January 2021. The significant amendments are summarised in the issuance of three new standards to be applied for the financial periods beginning on or after the 1st of January 2021. These are:

1. Accounting standard (47) "Financial instruments"

This standard is effective for the financial periods beginning on or after the 1st of January 2021, and early application is permitted, provided that the amended EASs Nos. (1), (25), (26) and (40) are amended at the same time.

The standard includes new classification and measurement method categories of financial assets that reflect the business model in order to manage the assets and the characteristics of its cash flows.

EAS (47) replaces the "loss incurred" model in EAS (26) with the "expected future loss" model.

As the Company's financial period beginning on 1 September 2020 until 31 August 2021, the Company will apply the standard from 1 September 2021. The Company has not evaluated the effect of the application of the standard on the financial statements.



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

Notes to the consolidated financial statements - for the year ended 31 August 2020

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

**B) New issued and amendments made to EAS's publications, but not yet effected
(continued)**

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

This standard is effective for the financial periods beginning on or after the 1st of January 2021, and early application is permitted, provided that the amended EASs Nos. (1), (25), (26) and (40) are amended at the same time.

This standard establishes a comprehensive concept framework by determining the amount and timing of revenue recognition. This standard replaces EAS (11) "Revenue" and EAS (8) "Construction contracts".

As the Company's financial period beginning on 1 September 2020 until 31 August 2021, the Company will apply the standard from 1 September 2021. The Company has not evaluated the effect of the application of the standard on the financial statements.

3. EAS (49) "Leases"

This standard is effective for financial periods beginning on or after 1 January 2021. Early adoption is permitted and is applied in accordance with EAS (48) "Revenue from Contracts with Customers" at the same time.

EAS (49) provides tenants with a single model of accounting for leases. The tenant recognizes the asset related to the right of use, which represents its right to use the relevant asset, as well as the lease liability, which represents his liability to pay the lease payments. There are optional exemptions for short-term leases and leases of low-value assets.

EAS (49) replaces EAS (20) "Accounting standards and regulations related to the finance lease".

As the Company's financial period beginning on 1 September 2020 until 31 August 2021, the Company will applying the standard from 1 September 2021. The Company has not evaluated the effect of the application of the standard on the financial statements.

In reference to note (16) related to the loan agreement of the International Company for Finance Lease (Incolease), Cairo For Investment & Real Estate Development "S.A.E" has assessed whether the provisions of the agreement are subject to EAS (49) "Leases" " but it concluded that it did not fall within the scope of the standard.



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

Notes to the consolidated financial statements - for the year ended 31 August 2020

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

C) Basis of consolidation

1. Subsidiaries

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

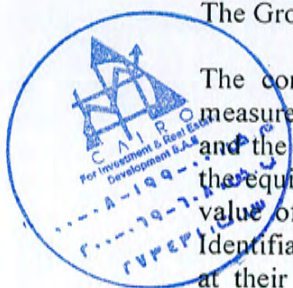
	Country of Incorporation	Proportion of ownership profit
Cairo Educational Services	Egypt	69.4%
Upper Egypt Educational Services	Egypt	99%
Egyptian Educational Systems	Egypt	100%
Global Educational Technologies	Egypt	79.5%
Cairo Egypt for Educational Premises	Egypt	99.9%
Futures and Nations Company *	Egypt	50%
Emco for Systems and Computers	Egypt	82.5%
Egyptian Schools Company	Egypt	61%
Educational Systems International	Egypt	80%
Badr University	Egypt	100%
Star Light Company	UAE	60%

Management of the Parent Company has assessed the degree of the Group's influence over the Futures and Nations Company and concluded that the Company has the control over operating and financing policies of the Company. 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 investments in subsidiaries and consolidated within the consolidated financial statements.

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 based on the fair value accounted for as the fair value of the assets transferred and the liabilities incurred by the Group to the former shareholders of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. In any business combination, the Group measures 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.



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

Notes to the consolidated financial statements - for the year ended 31 August 2020

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

C) Basis of consolidation (continued)

Acquisition-related costs are expensed as incurred.

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

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

1 - 2 Changes in ownership interests held within controlling interests

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

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 shareholders of the parent company.

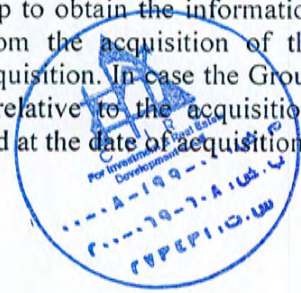
1-4 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the 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 Group at which the goodwill is monitored for internal management purposes.

1 - 5 Measurement period

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



**CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT
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Notes to the consolidated financial statements - for the year ended 31 August 2020

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

C) Basis of consolidation (continued)

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

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

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.

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. Impairment of the goodwill is not tested in associates separately. Impairment is rather tested in the carrying amount of the investment as a whole - as a separate asset- by comparing its carrying amount with the recoverable amount. Impairment 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.

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

Notes to the consolidated financial statements - for the year ended 31 August 2020

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

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

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

E) Fixed assets

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

The Group capitalises subsequent 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 value 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. Below are the estimated useful lives of each type of the assets' groups:

Buildings, premises and facilities	5%
Devices, furniture, and fittings	20%
computer	20%
Vehicles	20%
Tools and equipment	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 recoverable amount, if the recoverable amount of an asset is less than its carrying amount. This reduction is considered as a loss resulting from impairment.

Gains or losses on the disposal of an item of fixed assets 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".

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F) Projects in progress

Projects under construction are stated at cost, which includes all direct costs related and required to bring the asset to the condition needed for operation and to be used in the intended purpose. Projects under construction are transferred to 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.

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.

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

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

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

Impairment losses recognised in prior years are reserved 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.



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I) Financial assets (continued)

4. Derecognition

- Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.
- The financial asset is derecognised at its carrying amount at the date of de-recognition, and profits (losses) of de-recognition are recognised in the consolidated statement of profit or loss within the other revenues.
- The profit/ (loss) of derecognition of financial assets represents the difference between the carrying value at the date of derecognition and the proceeds resulting from the derecognition of the financial asset.

J) Impairment of financial assets

Financial assets recognised at amortised cost

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

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

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

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

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J) Impairment of financial assets (continued)

Available-for-sale financial assets

The Group assesses impairment at the end of each reporting period whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired.

For debt instruments, if any such objective evidence of the asset impairment exists, the consolidated loss – which is the difference between the acquisition cost (net of the amortisation or settlement of the principal amount) and the fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss – which was directly recognised in other comprehensive income items is removed and recognised in the statement of profit and loss. If, in any subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the Group reverses the impairment loss through the statement of profit or loss.

For equity instruments, a significant or prolonged decline in the fair value of the investment below its acquisition cost is also evidence that the investment is impaired. When the Group recognises decrease of fair value directly within other comprehensive income items and there is objective evidence of the impairment of the asset, the cumulative loss – measured as the difference between the acquisition cost and the fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses recognised in the profit or loss on equity investment are not reversed through the statement of profit or loss.

K) Inventories

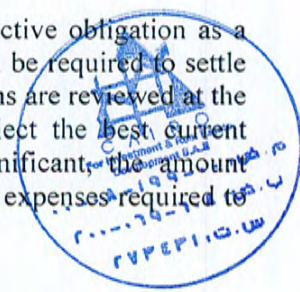
Inventories are evaluated at the lower of actual cost or net realisable value. Cost is determined using the weighted average method and includes purchase cost and other direct costs. The net realisable value comprises the estimated selling price in the ordinary course of business, less realisable expenses.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

L) Cash and cash equivalents

For the purposes of presenting the 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 recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are reviewed at the date of each 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.



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Q) Revenue recognition

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

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

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

Revenue is recognized using accrual basis.

Tuition 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. Buses revenue is recognised throughout the period of rendering the services.

Admission revenue

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

Contracting revenues

Revenue is realized by using the method (cost + profit margin) according to the contract concluded with the contracting companies. Actual costs consist of direct costs from subcontractors.

Rental revenue

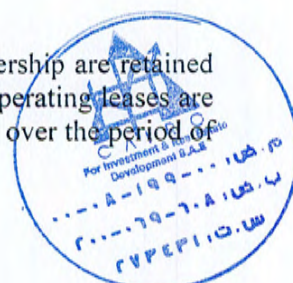
Rental revenue is recognized net of any discount allowed by the lessor using the straight-line method over the period in which the lessee uses the leased asset.

Interest income

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

S) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.



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Q) Employee benefits

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

Employees' profit share

According to the Companies Law, the Company 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' General Assembly. No liability is recognised for employees' share of profit relating to undistributed profits.

U) Fair value of financial instruments

Fair value is the price that would be obtained for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction of selling an asset or transferring a liability occurs 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 might use when pricing the asset or liability by assuming that market participants act for their economic benefit.

Fair value measurement for a non-financial asset takes into consideration the market participant's ability to generate economic benefits through the best and ultimate use of the asset, or by selling them to another market participant that would ensure the best and ultimate use of the asset.

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

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

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

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U) Segment reporting

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

W) Dividends

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

X) Comparative figures

Comparative figures are reclassified, as they are consistent with 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 Group's overall risk management programme focuses on minimising potential adverse effects on the Group's financial performance.

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

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

(A) Market risk

1. Foreign exchange risks

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

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

<u>Currency</u>	<u>31 August 2020</u>	<u>31 August 2019</u>
USD - asset (liability)	9,312,643	20,637
GBP - asset (liability)	312,946	
Euro - asset (liability)	64,365	
AED - asset (liability)	1,234	

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3. Financial risk management (continued)

Note (27) is illustrating the amounts that have been recognised in the consolidated statement of profit or loss relating to changes in foreign currency exchange rates.

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

<u>Currency</u>	<u>31 August 2020</u>	<u>31 August 2019</u>
USD	931,264	2,064
GBP	31,295	-
Euro	6,437	-
AED	123	-

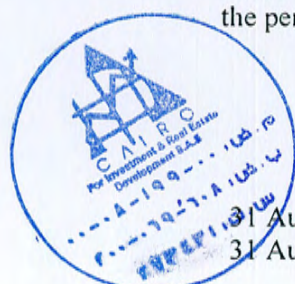
2. Interest rate risk

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

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

Note (16) is illustrating the borrowings and credit facilities owed by the Group. The below table shows the analysis of sensitivity to possible and reasonable changes in interest rates, while holding the other variables constant, on the consolidated statement of profits or losses.

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 period:



(B) Credit risk

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

Increase (decrease)	Effect of consolidated profit or loss EGP
300 points	15,224,426
300 points	2,006,390

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3. Financial risk management (continued)

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

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

Balances exposed to credit risks are as follows:

	31 August 2020	31 August 2019
Balances and deposits at banks	207,350,472	159,923,126
Due from related parties	16,726,489	11,393,629
Accrued income	28,243,104	16,035,780
Held-to-maturity investments	-	1,000,000

(A) Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, due to shortage of funding. 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.

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



	31 August 2020		
	Less than 3 months	3 months to 1 year	1 to 5 years
Loans and credit facilities	5,269,170	78,432,388	537,963,273
Accrued expenses	61,332,004	-	-
Dividends payable	21,915,686	-	-
Vendors and contractors	3,882,996	31,895,008	115,241,357
Due to governmental agencies	10,532,728	1,128,482	34,420,189
Due to related parties	324,291	-	-

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3. Financial risk management (continued)

	31 August 2019		
	Less than 3 months	3 months to 1 year	1 to 5 years
Loans and credit facilities	13,192,841	13,049,881	65,749,120
Land purchase payables	-	2,916,755	-
Accrued expenses	37,939,978	-	-
Dividends payable	14,725,392	-	-
Vendors and contractors	89,436,479	-	-
Due to governmental agencies	15,584,000	-	-
Due to related parties	250,566	-	-

(2) Capital risk management

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

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

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

The following shows the proportion of net debt to total capital at 31 August 2020 and 31 August 2019:

	31 August 2020	31 August 2019
Borrowings and land purchase payables	584,834,242	91,923,214
Total debts	584,834,242	91,923,214
Less: Cash on hand and at banks	(208,626,454)	(163,026,674)
(Surplus) total debts deficit	376,207,788	(71,103,460)
Equity	1,102,905,553	890,038,689
Total capital	1,479,113,341	818,935,229
Net debt ratio to total capital	25,43%	8,68%

(3) Fair value estimation

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

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5. Segment reporting

Management of the Parent Company, which is composed of the Chief Executive Officer and the Chief Financial Officer, monitors the financial performance of the Group on the basis of cash generating segments. These include the activity of schools and higher education. The financial performance of these segments during the three-month period ended 31 August 2020 and 31 August 2019 are as follows.

Below is the assets and liabilities of each segment:

Financial position	School segment		Higher education segment		Others		Consolidation entries		Total	
	31 August 2020	31 August 2019	31 August 2020	31 August 2019	31 August 2020	31 August 2019	31 August 2020	31 August 2019	31 August 2020	31 August 2019
Non-current assets	1,998,654,780	1,095,742,336	781,389,983	468,487,927	-	2,130,582	(520,028,573)	(520,028,573)	1,996,238,940	1,046,332,272
Current assets	506,303,590	539,404,706	421,631,280	269,275,742	-	-	(494,201,864)	(383,071,073)	433,733,006	425,609,375
Total assets	2,504,958,370	1,635,147,042	1,203,021,263	737,763,669	-	2,130,582	(1,278,007,687)	(903,099,646)	2,429,971,946	1,471,941,647
Current liabilities	1,022,571,712	706,413,325	256,981,750	187,600,692	-	175,252	(494,230,816)	(383,100,016)	785,322,646	511,089,253
Non-current liabilities	510,469,741	68,157,471	3,363,579	2,656,234	-	-	-	-	541,743,747	70,813,705
Total liabilities	1,533,041,453	774,570,796	260,345,329	190,256,926	-	175,252	(494,230,816)	(383,100,016)	1,327,066,393	581,902,958



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5. Segment reporting (continued)

	School segment		Higher education segment		Others		Total	
	Year ended 31 August 2020	2019	Year ended 31 August 2020	2019	Year ended 31 August 2020	2019	Year ended 31 August 2020	2019
Revenues								
Tuition revenues	441,608,064	277,913,072	498,037,631	347,032,646	-	-	939,645,695	634,896,951
Bus revenues	25,942,660	25,694,270	9,126,329	9,729,810	-	-	35,068,989	35,424,080
Admission revenue	3,998,020	2,675,421	17,603,101	5,230,673	-	-	21,601,121	7,906,094
Contracting revenues	-	-	-	-	29,099,265	-	29,099,265	-
Other activities revenues	51,162,582	30,123,564	11,335,784	6,279,855	-	-	62,498,366	26,452,186
Total revenues	522,711,326	336,406,327	536,102,845	368,272,984	29,099,265	-	1,087,913,436	704,679,311
Costs								
Tuition costs								
Employees costs	(177,830,742)	(102,105,476)	(78,678,568)	(59,087,454)	-	-	(256,509,310)	(161,192,930)
Teaching tools, aids and books expenses	(21,129,533)	(18,687,578)	(3,269,204)	(3,071,891)	-	-	(24,398,737)	(21,759,469)
Maintenance, electricity and utilities expenses	(21,458,383)	(18,587,339)	(13,118,233)	(8,015,170)	-	-	(34,576,616)	(26,602,509)
Rents	(12,456,262)	(9,132,220)	(2,250,430)	(1,499,941)	-	-	(14,706,692)	(10,632,161)
Professional and consulting fees and charges	(5,716,471)	(2,360,721)	(19,460,193)	(7,250,076)	-	-	(25,176,664)	(9,610,797)
Contracting expenses	-	-	-	-	(19,984,938)	-	(19,984,938)	-
Other expenses	(42,513,485)	(15,005,501)	(1,227,854)	(759,067)	-	-	(43,741,339)	(15,764,586)
Bus costs	(29,562,225)	(18,918,462)	(6,223,856)	(7,739,614)	-	-	(35,786,081)	(26,658,079)
Total costs	(310,667,101)	(184,797,297)	(124,228,338)	(87,423,213)	(19,984,938)	-	(454,880,377)	(272,220,510)
	212,044,225	151,609,030	411,874,507	280,849,771	9,114,327	-	633,033,059	432,458,793
Administrative expenses and provisions	(81,756,288)	(56,455,661)	(74,530,825)	(61,278,652)	-	-	(156,287,113)	(117,734,313)
IPO expenses and capital increase	-	(12,164,840)	-	-	-	-	-	(12,164,840)
Depreciation	(33,416,762)	(22,677,033)	(44,987,888)	(35,885,213)	-	-	(78,404,650)	(58,562,246)
Impairment of goodwill	-	(5,133,061)	-	-	-	-	-	(5,133,061)
Operating profit	96,871,175	55,178,435	292,355,794	183,685,906	9,114,327	-	398,341,296	238,864,341
Other revenue	2,230,117	3,056,972	2,910,314	1,854,132	-	-	5,140,431	4,911,104
Interests payable	7,038,046	17,822,568	8,133,491	7,806,544	-	-	15,171,537	25,629,112
Other (expenses) income	(492,770)	(39,111)	(53,450)	(486,841)	-	-	(546,220)	525,952
Finance costs	(67,267,286)	(11,311,431)	-	-	-	-	(67,267,286)	(11,311,431)
Net profit before taxation	38,379,282	64,707,433	303,346,149	192,859,741	9,114,327	-	350,839,758	257,567,174
Current income tax	(14,908,241)	(20,857,845)	(67,922,702)	(43,792,588)	-	-	(82,830,943)	(64,650,433)
Deferred income tax	(50,391)	(420,634)	(707,345)	78,669	-	-	(757,736)	(341,965)
Net profits for the period	23,420,650	43,428,954	234,716,102	149,145,822	9,114,327	-	267,251,079	192,574,776

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



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6. Fixed assets

	Lands	Buildings, premises and facilities	Devices, furniture, and fittings	Computers	Vehicles	Equipment and tools	Projects in progress	Total
Cost at 1 September 2018	199,588,475	581,837,123	107,881,890	24,409,719	35,096,968	7,577,021	7,044,657	963,435,853
Additions for the year	1,000,000	8,900,004	23,503,445	8,125,240	3,405,000	9,058,017	216,075,579	270,067,285
Transferred from projects in progress	-	7,491,407	1,060,000	-	-	-	(8,551,407)	-
Disposals for the year	-	-	-	(3,500)	-	-	-	(3,500)
Cost at 31 August 2019	200,588,475	598,228,534	132,445,335	32,531,459	38,501,968	16,635,038	214,568,829	1,233,499,638
Accumulated depreciation at 1 September 2018	-	114,391,028	51,162,992	16,721,002	23,525,282	7,246,465	-	213,046,769
Charge for the year	-	29,916,179	19,119,419	4,007,241	3,409,975	2,130,834	-	58,583,648
Accumulated depreciation of disposals	-	-	-	(1,716)	-	-	-	(1,716)
Accumulated depreciation at 31 August 2019	-	144,307,207	70,282,411	20,726,527	26,935,257	9,377,299	-	271,628,701
Net carrying amount at 31 August 2019	200,588,475	453,921,327	62,162,924	11,804,932	11,566,711	7,257,739	214,568,829	961,870,937

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

	Lands	Buildings, premises and facilities	Devices, furniture, and fittings	Computers	Vehicles	Equipment and tools	Projects in progress	Total
Cost at 1 September 2019	200,588,475	598,228,534	132,445,335	32,531,459	38,501,968	16,635,038	214,568,829	1,233,499,638
Additions for the year	451,052,803	19,757,894	20,382,215	14,912,866	2,111,793	1,353,820	279,046,902	788,618,293
Transferred from projects in progress	-	294,870,737	28,613,937	-	-	-	(323,484,674)	-
Impairment of projects in progress	-	-	-	-	-	-	(90,463)	(90,463)
Cost of assets generated from acquiring subsidiaries	114,350,000	63,625,062	4,653,125	19,506,827	-	12,001,812	-	214,136,826
Disposals for the year	-	-	-	(13,600)	-	-	-	(13,600)
Cost at 31 August 2020	765,991,278	976,482,227	186,094,612	66,937,552	40,613,761	29,990,670	170,040,594	2,236,150,694

Accumulated depreciation at 1 September 2019

Charge for the year	-	144,307,207	70,282,411	20,726,527	26,935,257	9,377,299	-	271,628,701
Accumulated depreciation of assets generated from acquiring subsidiaries	-	36,247,543	26,031,214	8,842,398	3,869,587	3,413,908	-	78,404,650
Accumulated depreciation of disposals	-	8,264,808	2,005,054	4,397,311	-	9,123,096	-	23,790,269
Accumulated depreciation at 31 August 2020	-	188,819,558	98,318,679	33,958,001	30,804,844	21,914,303	-	373,815,385
Net book amount at 31 August 2020	765,991,278	787,662,669	87,775,933	32,979,551	9,808,917	8,076,367	170,040,594	1,862,335,309

Above lands, amounting to EGP 451,052,80 is under the registration process with the competent authorities.

Projects under construction related to Badr University represent the costs of completing the constructions and buildings of the university as approved by the Ministry of Higher Education and are added to the Company's investments of Badr University after completion of each stage.

In addition to constructions and buildings works related to schools owned by the Company.

An amount of EGP 2,424,792 pounds was added to the lands represented in the capitalization of the interest of the Mansoura land, which was purchased through instalments.

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7. Works in progress

	<u>31 August 2020</u>	<u>31 August 2019</u>
Cairo Heights project - Residential buildings	21,581,914	21,527,997
Commercial mall land *	2,578,010	2,578,010
Medical City	-	2,130,582
	<u>24,159,924</u>	<u>26,236,589</u>

* The land on which the project of commercial mall is constructed is under the registration process with the competent authorities.

8. Investments in associates

	<u>Shareholding %</u>		<u>31 August 2020</u>	<u>31 August 2019</u>
	<u>2019</u>	<u>2018</u>		
New Soft Company	23%	23%	303,835	303,835
Perdive for Programming Company	48,5%	48,5%	255,000	255,000
Egyptians Health Care	25%	25%	80,513,658	57,166,325
			<u>81,072,493</u>	<u>57,725,160</u>
Less: Impairment losses in associates			<u>(303,835)</u>	<u>(303,835)</u>
			<u>80,768,658</u>	<u>57,421,325</u>

* During the financial year ended 31 August 2020, the Egyptian Health Care Company increased its capital, which resulted in an increase in the Group's investments by EGP 23,347,333. The percentage of shareholding in the Company was not affected, as the capital increase was made equally among the shareholders without changing their percentage of ownership in the Company.

Below are the summarised financial information of associates:

	<u>Country of Company's head office</u>	<u>Total assets</u>	<u>Total equity</u>	<u>Total revenues</u>	<u>Profit (loss) for the year</u>
Egyptians Health Care	Egypt	343,877,817	219,773,368	-	(6,614,355)

All financial investments in associates are not listed in the stock exchange.



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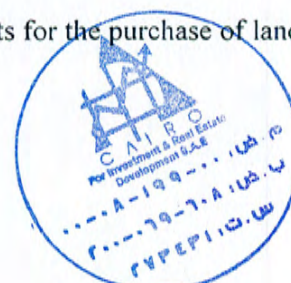
12. Debtors and other receivables

	31 August 2020	31 August 2019
Advances to suppliers	28,301,280	32,151,137
Payments under purchase of lands account	68,733,131	16,653,380
Prepaid expenses	12,742,560	19,341,922
Accrued income	28,243,104	16,035,780
Assets against specific-purpose liabilities	35,000,000	-
Withholding taxes	3,737,436	5,212,970
Payments under investment in associates and subsidiaries account	14,141,846	108,222,781
Due from related parties (Note 28)	16,726,489	11,393,629
Other debit balances	17,961,646	16,078,561
	225,587,492	225,090,160
Less: Impairment in debtors and other receivables	(7,734,925)	(7,135,728)
	217,852,567	217,954,432

Movement of impairment of debtors and other receivables during the year is represented below:

	31 August 2020	31 August 2019
Balance, at the beginning of the year	7,135,728	3,924,297
Formed during the year	5,696,052	3,661,205
Utilised during the year	(156,479)	(449,774)
Provisions no longer required during the year	(4,940,376)	-
Balance at the end of the year	7,734,925	7,135,728

- As at 31 August 2020, accrued revenue balances, due from related parties that are not impaired amounted of EGP 37,234,669 (31 August 2019: EGP 16,322,196).
- As at 31 August 2020, debtors and other receivables subject to impairment amounted to EGP 7,734,925 (31 August 2019: EGP 7,135,728). - 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 tax liabilities due prior to the date of the acquisition. Whereas the management believes that the flow of benefits from this asset is expected according to the contract, this amount has been recorded in the item debtors and other receivables. A similar amount was recorded under 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 land in Al Alamein city, New Sohaj city, Qina and Badr city.



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

13. Cash on hand and at banks

	31 August 2020	31 August 2019
Current accounts with banks	181,947,439	78,725,288
Time deposits	4,302,999	81,197,838
Investment fund - cash	21,100,034	-
Cash on hand	1,275,982	3,103,548
	208,626,454	163,026,674

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

The deposits are due within periods of 90 days (31 August 2019: 90 days) from date of placement . These have interest rates ranging from 8.25% and 12% (31 August 2019: 12% and 13.75%) per annum. Also, interest rates of current accounts reached 9.75% per annum. (31 August 2019: 9.25% per annum).

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

	31 August 2020	31 August 2019
Cash on hand and at banks	208,626,454	163,026,674
Restricted cash at banks	(7,402)	(7,402)
	208,619,052	163,019,272

14. Share 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, the value of share is EGP 0.40 , all of which are fully paid cash shares.

The shareholder structure as at 31 August 2020 is as follows:

	Shareholding %	Par value
Social Impact Capital "L.L.C"	51,22%	119,395,130
Others	48,78%	113,721,000
		233,116,130

The shareholder structure as at 31 August 2019 is as follows:

	Shareholding %	Par value
Social Impact Capital "L.L.C"	51,22%	119,395,130
Kings Way Fund	5,64%	11,774,442
Others	43,14%	101,946,558
		233,116,130



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15. Reserves

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

	31 August 2020		
	Balance at 1 September	Formed during the year	Balance at 31 August
Legal reserve	116,558,065	-	116,558,065
Statutory reserve	13,312,868	6,521,576	19,834,444
Special reserve	92,667,112	-	92,667,112
Reserve resulting from foreign currency translation	-	211,583	211,583
Total	222,538,045	6,733,159	229,271,204

	31 August 2019		
	Balance at 1 September	Formed during the year	Balance at 31 August
Legal reserve	13,174,702	103,383,363	116,558,065
Statutory reserve	12,742,695	570,173	13,312,868
Special reserve	6,085,622	86,581,490	92,667,112
Total	32,003,019	190,535,026	222,538,045

Legal and statutory reserve

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

Also, an amount of 5% is deducted from the profit to form the statutory reserve each year until the reserve reaches is equivalent to 25% of the Parent Company's issued capital. Once the balance reaches below that limit, deduction should resume again. On 30 May 2020, Article 56 of the Company's Articles of Association was amended to discontinue the deduction of the statutory reserve from profits.

During the financial year ended 31 August 2017, the Ordinary General Assembly of the Parent Company approved the financial statements for the financial year ended 31 December 2015 as well as for the eight months ended 31 August 2016. Based on the resolution of the Ordinary General Assembly of the Parent Company to approve the financial statements of the Parent Company for those periods, and during the financial year ended 31 August 2017 an amount equal to 5% of the profits for the financial period has been deducted from 1 January 2016 until 31 August 2016 and the financial year ended 31 December 2015 to support the legal reserve and 5% to support the statutory reserve, and the retained earnings were reduced as included in the Articles of Association of the Parent Company.



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16. Borrowings and credit facilities (continued)

Qatar National Bank ALAHLI Bank loan (3)

On 8 November 2019, the Company signed a contract for a medium term loan of EGP 130 million for the purpose of using it in partially finance for the remaining projects of the Company's expansion plan, which is to establish new seven faculties in Badr University and a school in the new city of Al Mansoura. The contract ends on 31 August 2026, and this loan will be paid equal semi-annually on 12 instalments in February and August, in addition to the applicable interest. The first instalment must due on the last day of February 2021, 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 must due on 31 August 2026.

The balance of this loan as of 31 August 2020 amounted to EGP 130,946,061 (31 August 2019: 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 respective year are fulfilled.
- Assets are not to be sold, pledged or given to third parties without obtaining a written approval from the bank.
- Shareholders' equity in the consolidated financial statements should not be less than EGP 420 million. Maintain financial leverage ratio (total liabilities/ equity) below 1.2: i. and the debt service rate (earnings before interest, tax and depreciation/ total financial liabilities) above 1: i.
- Not to obtain loans or credit facilities without obtaining a written approval from the bank.

Ahli United Bank loan

On 14 January 2020, 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 100% owned by the Company. The contract ends on 31 August 2024, and this loan will be paid equal semi-annually on 9 instalments. However, the Company is still paying the related interests, during the year, that will be calculated at an interest rate of 1.25% above the lending rate announced by the Central Bank of Egypt with a grace period of one year without any administrative expenses.

The balance of this loan as of 31 August 2020 amounted to EGP 74,484,185.

Main 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 that 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 generated 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.

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16. Borrowings and credit facilities (continued)

- 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 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.

International Company for Finance Lease loan (Incolease)

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

On 13 October 2019, an adjustment contract was signed with Incolease Company for Finance Lease and in accordance with the previous contract on May 2016 to obtain a loan of EGP 84,797,280. The loan amount includes interest amounted to EGP 5,917, and that the loan instalments are repaid over 60 months and expire on 20 September 2024, and interest payment of 14% from the date of signing the contract. It changes with an increase or decrease according to the borrowing price announced by the Central Bank of Egypt, within an equivalent to 2.5% above the official lending rate from the Central Bank. The Company obtained the second tranche of the loan under the same terms mentioned above. The total balance of the loan as of 31 August 2020 was EGP 46,706,580 including interest (31 August 2019: EGP 14,478,374).

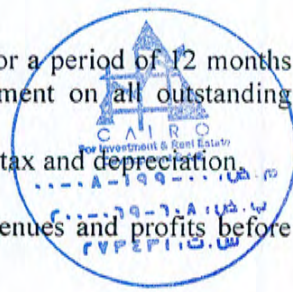
European Bank loan

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 2020 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 100% owned by the Company. The contract ends on 30 September 2027, and this loan will be paid semi-annually on 12 equalled-amount instalments. 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 2020 amounted to EGP 223,404,375.

Main conditions and guarantees

- The ratio of debt service coverage that the cash available of 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 1.2:1.
- 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%.



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16. Borrowings and credit facilities (continued)

Upper Egypt Finance lease loan

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

Since the financing was made in cash, this transaction is not considered as a finance lease and outside the scope of EAS 20, "Accounting Standards and Standards for finance lease", this transaction is treated as a loan granted to the parent company and is recognized in accordance with EAS 26 "Financial Instruments - Recognition and measurement".

The amounts financed for both contracts amounted to EGP 3,156,160 including interest and payable over 60 instalments. The total due balance of this loan as at 31 August 2020 amounted to EGP 312.722 (31 August 2019: EGP 1,125,558).

17. Accounts and other payables

	31 August 2020	31 August 2019
Due to suppliers and contractors	151,019,361	89,436,479
Dividends payable	21,915,686	14,725,392
Accrued expenses	61,332,004	37,939,978
Due to government agencies	46,081,399	15,584,000
Land purchase payables	-	2,425,570
Due to related parties (Note 28)	324,291	250,566
Other credit balances	39,712,489	17,069,210
	320,385,230	177,431,195
<u>Less: Non-current portion</u>		
Due to suppliers and contractors - non-current portion*	94,805,855	-
	225,579,375	177,431,195

- * Four 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 the New Mansoura city amounting 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 Sheikh Zayed City amounting EGP 158 million, 30% of its value was paid and the rest will be paid in 5 annual instalments ending on 27 February 2025. A land was purchased in the New Alamein city amounting 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.



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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 2020	31 August 2019
Advance revenues	<u>234,661,208</u>	<u>211,730,601</u>

19. Income taxes

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

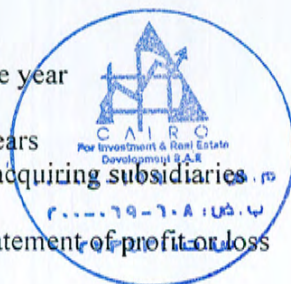
	31 August 2020	31 August 2019
Current income tax	82,830,943	64,650,433
Deferred tax (note 20)	757,736	341,965
Total	<u>83,588,679</u>	<u>64,992,398</u>

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

	31 August 2020	31 August 2019
Accounting profit before tax	350,839,758	257,567,174
Income tax based on current prevailing tax rates	78,938,946	57,952,614
Add (less):		
Non-deductible expenses	4,640,870	5,532,906
Non-taxable income	(745,568)	(196,033)
Deferred tax assets not previously recognised	1,084,431	1,831,161
Tax differences for previous years	(330,000)	(128,250)
Tax per the statement of profit or loss	<u>83,588,679</u>	<u>64,992,398</u>

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

	31 August 2020	31 August 2019
Balance, at the beginning of the year	66,104,436	41,075,377
Payments during the year	(64,790,066)	(39,621,374)
Tax differences for previous years	(330,777)	-
Cost of assets generated from acquiring subsidiaries	354,925	-
Withholding taxes	(12,761)	-
Charged to the consolidated statement of profit or loss during the year	82,830,943	64,650,433
Balance at the end of the year	<u>84,156,700</u>	<u>66,104,436</u>



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20. Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to fixed assets:

	Balance at 1 September 2019 Asset (liability)	Movement for the year Revenue (expense)	Acquisition of subsidiaries	Balance at 31 August 2020 Asset (liability)
Fixed assets	(3,934,028)	(757,736)	(29,571,124)	(34,262,888)
	<u>(3,934,028)</u>	<u>(757,736)</u>	<u>(29,571,124)</u>	<u>(34,262,888)</u>

	Balance at 1 September 2018 Asset (liability)	Movement for the year Revenue (expense)	Balance at 31 August 2019 Asset (liability)
Fixed assets	(3,592,063)	(341,965)	(3,934,028)
	<u>(3,592,063)</u>	<u>(341,965)</u>	<u>(3,934,028)</u>

21. Provision

Provision for taxes
Provision for lawsuits



	31 August 2020	31 August 2019
Provision for taxes	67,687,942	33,002,570
Provision for lawsuits	1,078,183	202,484
	<u>68,766,125</u>	<u>33,205,054</u>

The movement of provisions during the year is as follows:

	31 August 2020				
	Balance at beginning of the year	Formed during the year	Acquired provisions *	Utilised During the year	Balance at the end of the year
Provision for taxes	32,057,121	2,700,682	37,447,502	(4,517,363)	67,687,942
Provision for lawsuits	1,147,933	-	-	(69,750)	1,078,183
	<u>33,205,054</u>	<u>2,700,682</u>	<u>37,447,502</u>	<u>(4,587,113)</u>	<u>68,766,125</u>

	31 August 2019			
	Balance at beginning of the year	Formed during the year	Utilised During the year	Balance at the end of the year
Provision for taxes	26,357,559	6,541,606	(842,044)	32,057,121
Provision for lawsuits	1,147,933	-	-	1,147,933
	<u>27,505,492</u>	<u>6,541,606</u>	<u>(842,044)</u>	<u>33,205,054</u>

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21. Provisions (continued)

* The amount of the acquired provision is represented by the potential tax reconciliation resulting from the acquisition of Starlight, including its subsidiary. This amount was recorded under debtors and other receivables, and a similar amount was recorded under provisions (note 12) to prove potential tax obligations that were estimated by the independent financial advisor upon acquisition.

Provision for taxes

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

The tax provision on tax claims actually received and expected taxes for previous years that have not yet been inspected amounted to EGP 63,477,007 (31 August 2019: EGP 32,188,257) 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 6,768,792 increase or decrease (31 August 2019: EGP 3,218,825).

Provision for lawsuits

Provision for lawsuits amounted EGP 1,078,183 at 31 August 2020 (31 August 2019: EGP 1,147,933) 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 107,818 increase or decrease (31 August 2019: EGP 114,793).

22. Operating revenues

	<u>31 August 2020</u>	<u>31 August 2019</u>
Tuition revenues	939,645,695	624,945,718
Bus revenues	35,068,989	35,424,080
Admission revenue	21,601,121	7,906,094
Contracting revenues	29,099,265	-
Other activities revenues	62,498,366	36,403,419
	<u>1,087,913,436</u>	<u>704,679,311</u>



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23. Activity cost

	31 August 2020	31 August 2019
Salaries, wages and benefits	256,509,310	161,192,930
Depreciation expenses	75,989,744	56,263,838
Teaching tools, aids and books expenses	24,398,737	21,759,469
Maintenance, electricity, utilities and communications expenses	34,576,616	26,602,509
Transportation expenses	31,778,007	23,942,733
Rentals	14,706,692	13,347,504
Contracting expenses	19,984,938	-
Professional and consulting fees and charges	25,176,664	9,610,797
Other expenses	47,749,413	15,764,568
	530,870,121	328,484,348

24. General and administrative expenses

	31 August 2020	31 August 2019
Salaries, wages and benefits	86,037,073	49,988,377
Professional and consulting fees and charges	30,174,922	37,549,701
IPO expenses	-	12,164,840
Maintenance, electricity, utilities and communications expenses	12,192,942	5,433,101
Impairment losses on debtors and other receivables	4,812,352	3,661,205
Operating and financing leases	1,454,657	2,584,883
Depreciation expenses	2,414,906	2,319,810
Salaries and allowances for board and committees members and board of trustees	1,277,239	571,953
Symbiotic contribution	1,363,909	-
Other expenses	16,273,337	11,382,084
	156,001,337	125,655,955



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25. Expenses by nature

	31 August 2020	31 August 2019
Employees' wages, salaries and benefits	342,546,383	211,181,307
Depreciation expenses	78,404,650	58,583,648
Professional and consulting fees, charges, and penalties	55,351,586	47,160,498
Maintenance, electricity, utilities and communications expenses	46,769,558	32,035,610
Transportation expenses	31,778,007	23,942,733
Teaching tools, aids and books expenses	24,398,737	21,759,469
Rentals	16,161,349	15,932,387
Contracting expenses	19,984,938	-
IPO expenses	-	12,164,840
Impairment losses on debtors and other receivables	4,812,352	3,661,205
Salaries and allowances for board and committees members and board of trustees	1,277,239	571,953
Symbiotic contribution	1,363,909	-
Other expenses	64,022,750	27,146,653
	686,871,458	454,140,303

26. Other income

	31 August 2020	31 August 2019
Variable leases	1,387,464	1,710,398
Gas station lease	1,478,520	1,408,114
(Losses) gains on sale of fixed assets	(537)	2,141
Profits in change in fair value of investment funds	1,100,459	-
Miscellaneous income	1,173,988	1,790,451
	5,140,431	4,911,104

27. Net financing (costs) revenues

	31 August 2020	31 August 2019
Interest revenues	15,171,537	25,629,112
Losses from currency differences	(546,220)	(525,952)
Interest expenses	(67,267,286)	(11,311,431)
	(52,641,969)	13,791,729



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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:

	<u>Capital</u>	<u>Retained earnings</u>	<u>31 August 2020</u>
Balance at 1 September 2019	44,969,084	11,401,279	56,370,363
Non-controlling interests of acquired companies	-	37,962,739	37,962,739
Dividends	-	(5,908,139)	(5,908,139)
Currency differences resulting from foreign currency translation	-	141,056	141,056
Profit for the year	-	12,486,043	12,486,043
Balance at 31 August 2020	44,969,084	56,082,978	101,052,062

	<u>Capital</u>	<u>Retained earnings</u>	<u>31 August 2019</u>
Balance at 1 September 2018	44,969,084	16,201,654	61,170,738
Non-controlling interests of acquired companies	-	(4,569,668)	(4,569,668)
Dividends	-	(4,543,493)	(4,543,493)
Profit for the year	-	4,312,786	4,312,786
Balance at 31 August 2019	44,969,084	11,401,279	56,370,363

30. Goodwill

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

	<u>31 August 2020</u>	<u>31 August 2019</u>
Egyptian Education Systems	5,133,061	5,133,061
Educational Systems International	355,800	355,800
Global Educational Technologies	238,666	238,666
Cairo Educational Services	157,018	157,018
Cairo Misr for Educational Facilities	51,936	51,936
Star Light Company	28,171,629	-
	34,108,110	5,936,481
(Less):		
Goodwill related to companies under liquidation	(5,133,061)	(5,133,061)
	28,975,049	803,420



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30. Goodwill (continued)

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

Growth rate	3%
Discount rate	15%

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

- On 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 acquire all of these assets. This resulted in impairment of its goodwill of EGP - on 31 August 2020.
- 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:

	EGP
Fixed assets	190,346,554
Other debit balances	5,606,125
Cash with 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. 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:

	<u>31 August 2020</u>	<u>31 August 2019</u>
Net profit for the year	254,765,036	188,261,990
Board of Directors' expected remuneration	(24,310,923)	(16,719,308)
Employees' expected profit share	(23,045,412)	(16,212,959)
	<u>207,408,701</u>	<u>155,329,723</u>
Weighted average number of shares	<u>582,790,325</u>	<u>572,501,863</u>
Earning per share for the year	<u>0,35</u>	<u>0,27</u>

32. Tax position

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

Fund corporates tax

- The Company was inspected from 1998 until 1999 and due tax was paid.
- The Company was inspected for the years from 2000 until 2004 on a deemed basis at a total tax of EGP 5.793.131. The Company was notified of Forms 18 and 19 Tax of Fund Corporates and they were appealed on the legal deadlines and dispute has not been settled yet in the Internal Committee.
- The Company was not inspected from 2005 to 2008. The Company submits the tax returns regularly on the legal deadlines and pays the due tax based on the tax returns submitted on the legal deadlines and years from 2005 to 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 2020, the Company was not inspected until the financial statements date.

Withholding tax

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

Tax on earnings

- The Company applies 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 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 a form of 36 salaries for the period from 1 July 2005 to 31 December 2011 and they were challenged in legal deadlines and the dispute still pending before the internal committee.
- Years from 1 January 2012 to 31 August 2020, the Company was not inspected until the financial statements date.



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32. Tax position (continued)

Stamp duty

- The Company paid the tax due until 30 November 2003.
- The Company was notified of Form No. 3 Stamp Duty 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 still pending until the date of preparing the financial statements.
- The Company was notified of Form No. 3 Stamp Duty for the period from 1 March 2006 until 30 June 2010. It is appealed on the legal deadline and referred to the Appeal Committee. Final assessment to the decision of the Appeal Committee is made on 23 November 2014 at a total tax of EGP 14,798. Payment was made on 29 January 2015.
- Years from 1 July 2010 to 31 August 2020, the Company was not inspected until the financial statements date.

Value added tax

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

(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 final tax notice from the decision of the appeal committee by amount of EGP 149,952, and dispute between the Company and the specialized authority was referred to the court and the dispute is still ongoing and the company has paid the tax according to the appeal committee decision.

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 and form 18 was notified and objected and form 19 was notified and objected and has been appealed. The file was referred to the appeal committee and then referred to the specialized court, and the company has paid the tax according to the appeal committee decision tax notice.

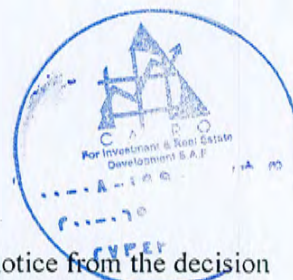
3. Years from 1996 to 2001

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.

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.



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32. Tax position (continued)

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. The Company was notified in the form 19 in the amount of EGP 7,513,695 and has been appealed, and the file was referred to the internal committee of the authority.

7. Years from 2011 to 2012

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

8. Years from 2013 to 2014

The Company was charged with the corporate income tax. The Company was notified in the form 19 and has been appealed, and the file was referred to the internal committee of the authority to issue a decision to re-examination.

9. Years from 2015 to 2020

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

Second: Stamp duty

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 4-stamp form and has been appealed. The file was referred to the appeal committee. The final decision was approved by the appeal committee in the amount of EGP 23,585. The tax amount was paid by scheduled check.

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.

An amount of EGP 69,719 was paid for differences, and stamp tax for the years 2002 until 2005 was inspected.

Third: Tax on earnings

1. Years from 1992 to 1994

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

2. Years from 1995 to 1999

Salaries tax was linked to the amount of EGP 265,245 basis of the non-appeal link and the dispute was referred to the specialized court and the dispute is still ongoing. The tax amount was paid by scheduled check.



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32. Tax position (continued)

Third: Stamp tax

Years from 2005 to 2020

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

Fourth: Sales tax

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.

(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 such years.

2. Years from 2005 to 4 May 2008

- The Company submits tax returns on the legal deadlines
- The Company is exempted from the corporate income tax in accordance with Law No. 91 of 2005.

3. Years from 2008 to 2020

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

Second: Tax on earnings

Years from 2003 to 2020

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

Third: Stamp tax

Years from 2003 to 2020

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

Fourth: Sales tax

Years from 2003 to 2020

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 2020

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



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32. Tax position (continued)

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

First: Income tax

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

(2): Tax on earnings

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

(3): Stamp duty

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 2020

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

Second: Tax on earnings

Years from 2009 to 2020

The Company pays the income tax monthly on the legal deadlines and there are no income tax notifications for such years. Provision was made amounting EGP 25,000 against dispute of salaries tax.

Third: Stamp tax

Years from 2009 to 2020

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

Fourth: Sales tax

Years from 2009 to 2020

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 2020

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

(7) Badr University L.C.C

Income tax

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

The University's records were not inspected from the date of inception until 31 August 2020.



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32. Tax position (continued)

Payroll 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 2020.

Stamp duty

The University's records were not inspected from the date of inception until 31 August 2020.

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 2020.

(8) Canadian Columbia International School

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 fully settled.

2. Years 2009 and 2010

The Company was inspected for corporate profits tax for the years 2009 and 2010, amounting to 164,617 Egyptian pounds, and the payment was fully settled.

3. Years 2011 and 2012

The Company was inspected for the corporate profits tax for the years 2012 and 2011, and an amount of 2,138,519 EGP was pegged. The dispute between the Company and the competent tax office was referred to the court, and the dispute still not solved, and part of the claim was paid in the amount of 400,000 Egyptian pounds 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 fee 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 submits the tax returns at the specified tax dates and the tax is paid based on the tax return.

Tax on earnings

1. Years from 2008 to 2015

The income tax was assessed at EGP 9,533,890, and the inspection and settlement were fully completed.

2. Years from 2016 to 2019

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

Stamp duty

Years from 2008 to 2017

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



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32. Tax position (continued)

Real estate taxes

Years from 2013 to 2018

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

33. Commitments

A. Capital commitments

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

	<u>31 August 2020</u>	<u>31 August 2019</u>
Fixed assets	708,272,091	324,767,848

B) Operating lease

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

Total future payments for the lease contracts are as follows:

	<u>31 August 2020</u>	<u>31 August 2019</u>
Less than one year	33,383,653	30,207,959
Over 1 year and less than 5 years	170,426,886	154,214,652

34. Contingent liabilities

There are contingent liabilities on the Company in the form of letters of guarantee during the normal activities of the Group that do not result in actual liabilities.

The balance of the letters of guarantee granted by the Company during its normal activity on 31 August 2020 amounted to EGP 6,098,000 (31 August 2019: EGP 1,795,000).



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35. Subsequent Events (continued)

Regarding the Company's interest in expanding educational projects, the Company obtained the necessary approvals to allocate a new plot of land to build an international school in the new city of Sohaj with a total area of 11975 meters, and the price per square meter is EGP 1705. 10% of the total price of the land has been paid and the rest in instalments over 5 years and the necessary procedures to receive the plot of land are being carried out.

As for Badr University in Assiut (BUA), the Group started excavation and construction work on 9/9/2020 for a university for the first phase of the project. It is planned that the project includes Badr University (BUA) as well as the international campus on a plot of land of 81 acres. The project has a number of colleges and community colleges, services for students, the commercial complex and the hospital to serve as a centre for providing educational and community services in the heart of Upper Egypt.

Financial effects

In response to Corona virus COVID19 and with reference to the decision issued on 25 August 2020 by the Consumer Protection Board of Directors No. 1/155 of the year 2020 regarding obligating educational service providers of all kinds in schools, universities and others, 25% of the total student transportation expenses are refunded for the academic year 2019/2020 .

The Cairo for Investment and Real Estate Development Company had previously taken the initiative to take its decision in this regard before the issuance of the aforementioned decision in light of its shared and developmental responsibility, by calculating that percentage of the Company's third quarter revenues ending on 31 May 2020 as income provided for the next academic year 2021.

The following are the effects on the financial statements for the current financial year 2019/2020:

- 1- The 25% of all education sectors have been deducted from basic education or higher education, which is estimated at about 11 million pounds, noting that the Company has provided the cost of renting buses to service providers during the same period as well as providing a cost from the Group's revenues, fuel consumption and maintenance of the buses owned by the group, equivalent to about EGP 5 million.
- 2- The summer course at Badr University has not been cancelled and the summer program has been formed for the past year 2019/2020: 2.5% from university revenues and an increase in revenues by about EGP 20 million.

As stated above, the Group expects that educational activities will always continue either on-line or physically. Therefore, the management does not expect a negative effect on the Group's ability to continue operating, generate sufficient revenues and profits to meet shareholders' expectations.

Despite the increase in the current liabilities over the current assets, the management is confident, based on cash flow studies, that it has sufficient cash flows from operating activities to carry out its activities and cover loan repayments and its interests.

