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

LIMITED REVIEW REPORT AND THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 31 MAY 2021

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

The consolidated interim financial statements for the nine-month period ended 31 May 2020

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Limited review report of the consolidated interim financial statements

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

Introduction

We have performed a limited review for the accompanying consolidated interim financial statements of Cairo for Investment and Real Estate Development "S.A.E." and its subsidiaries (the "Group") which comprise the consolidated interim statement of financial position at 31 May 2021 and the consolidated interim statements of income, other comprehensive income, changes in equity, and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Limited review scope

We conducted our limited review in accordance with Egyptian Standard on Limited Review Engagements (2410), "Limited Review of Interim Financial Statements performed by the Auditor of the Entity". A limited review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial positionof the group at 31 May 2021, and its financial performance and cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

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

15 July 2021

Cairo

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

Consolidated interim statement of financial position - At 31 May 2021

(All amounts are shown in Egyptian Pounds)	Note	31 May 2021	31 August 2020
Non-current assets			
Fixed assets	6	2,451,830,541	1,860,769,512
Work in progress	7	21,586,954	21,581,907
Investments in associates	8	97,254,633	80,768,658
Goodwill	29	28,975,049	28,975,049
Debtors and other debit balances - non-current portion	11	214,486,978	68,733,131
Total non-current assets		**2,814,134,155**	**2,060,828,257**
Current assets			
Inventory	10	5,617,049	7,253,985
Debtors and other debit balances	11	292,527,217	153,263,250
Cash on hand and balances at banks	12	447,497,346	208,626,454
Total current assets		**745,641,612**	**369,143,689**
Total assets		**3,559,775,767**	**2,429,971,946**
Equity			
Equity attributable to the shareholders of the Parent Company			
Paid-up share capital	13	233,116,130	233,116,130
Reserves	14	229,364,734	229,271,204
Retained earnings		869,437,431	539,466,157
Total equity attributable to shareholders of the Parent Company		**1,331,918,295**	**1,001,853,491**
Non-controlling interests	28	118,251,361	101,052,062
Total equity		**1,450,169,656**	**1,102,905,553**
Non-current liabilities			
Non-current portion of loans and credit facilities	15	501,074,078	507,480,859
Ijarah bonds	16	587,169,642	-
Deferred tax liabilities	20	33,207,572	34,262,888
Creditors and other credit balances - non-current portion	17	158,782,064	94,805,855
Total non-current liabilities		**1,280,233,356**	**636,549,602**
Current liabilities			
Provisions	21	68,742,325	68,766,125
Creditors and other credit balances	17	360,736,706	225,579,375
Advance revenues	18	131,172,589	234,661,208
Current income tax liabilities	19	**137,843,351**	**84,156,700**
Current portion of borrowings and credit facilities	15	130,877,784	77,353,383
Total current liabilities		**829,372,755**	**690,516,791**
Total liabilities		**2,109,606,111**	**1,327,066,393**
Total liabilities and equity		**3,559,775,767**	**2,429,971,946**

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- **The accompanying notes on pages 7 to 61 form an integral part of these consolidated financial statements**
- **Limited review report attached**

Mr. Mohamed El Khouly
Chief Financial Officer
Cairo at 14 July 2021

Dr. Hassan Hassan El Kalla
Board Chairman

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

Consolidated interim statement of profit or loss - For the nine-month period ended 31 May 2021

(All amounts are shown in Egyptian Pounds)

		Nine months ended		Three months ended	
	Note	31 May 2021	31 May 2020	31 May 2021	31 May 2020
Activity revenues	22	1,270,264,614	991,844,728	511,447,964	325,371,498
Activity cost	23	(456,714,878)	(417,073,406)	(164,015,108)	(130,505,636)
Gross profit		**813,549,736**	**574,771,322**	**347,432,856**	**194,865,862**
General and administrative expenses	24	(155,225,971)	(119,413,408)	(51,417,238)	(38,742,819)
Other income	26	15,399,685	2,775,194	6,902,823	616,319
Profits generated from operations		**673,723,450**	**458,133,108**	**302,918,441**	**156,739,362**
Net financing income (costs)	27	(80,029,621)	(27,737,791)	(27,904,632)	(13,955,767)
Profit before taxes		**593,693,829**	**430,395,317**	**275,013,809**	**142,783,595**
Current income taxes	19	(136,517,589)	(99,662,010)	(62,844,043)	(35,310,319)
Deferred taxes	20	1,055,316	259,224	11,034	(215,657)
Profit for the period		**458,231,556**	**330,992,531**	**212,180,800**	**107,257,619**
Profit of:					
Shareholders of the Parent Company		425,481,771	309,510,296	195,659,876	99,675,725
Non-controlling interests	30	32,749,785	21,482,235	16,520,924	7,581,894
		458,231,556	**330,992,531**	**212,180,800**	**107,257,619**
Earnings per share of the Shareholders of the Parent Company					
Basic and diluted share	32	0,61	0,44	0,30	0,15

The accompanying notes on pages 7 to 61 form an integral part of these consolidated financial statements

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

Consolidated interim statement of other comprehensive income - For the nine-month period ended 31 May 2021

(All amounts are shown in Egyptian Pounds)

		Nine months ended		Three months ended	
	Note	**31 May 2021**	**31 May 2020**	**31 May 2021**	**31 May 2020**
Profit for the period		458,231,556	330,992,531	212,180,800	107,257,619
Other comprehensive income items					
Currency differences resulting from foreign currency translation		155,883	388,196	(27,495)	(170,649)
Total comprehensive income for the period		**458,387,439**	**331,380,727**	**212,153,305**	**107,086,970**
Total comprehensive income of:					
Shareholders of the Parent Company		425,575,301	309,743,214	313,297,107	99,573,335
Non-controlling interests		32,812,138	21,637,513	26,308,147	7,513,635
		458,387,439	**331,380,727**	**212,153,305**	**107,086,970**

The accompanying notes on pages 7 to 61 form an integral part of these consolidated financial statements

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

Consolidated interim statement of changes in equity - For the nine-month period ended 31 May 2021

(All amounts are shown in Egyptian Pounds)	Note	Paid-up capital	Reserves	Retained earnings	Total equity attributable to the shareholders of the Parent Company	Non-controlling interests	Total Equity
Balance at 1 September 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	29	-	-	(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		-	232,918	-	**232,918**	155,278	**388,196**
Total profit for the period		-	-	309,510,296	**309,510,296**	21,482,235	**330,992,531**
Balance at 31 May 2020		**233,116,130**	**229,292,539**	**594,211,417**	**1,056,620,086**	**110,062,476**	**1,166,682,562**
Balance at 1 September 2020		**233,116,130**	**229,271,204**	**539,466,157**	**1,001,853,491**	**101,052,062**	**1,102,905,553**
Non-controlling interests in acquired entities		-	-	-	-	11,250	**11,250**
Dividends		-	-	(95,510,497)	**(95,510,497)**	(15,624,089)	**(111,134,586)**
Currency differences resulting from foreign currency translation		-	93,530	-	**93,530**	62,353	**155,883**
Total profit for the period		-	-	425,481,771	**425,481,771**	32,749,785	**458,231,556**
Balance at 31 May 2021		**233,116,130**	**229,364,734**	**869,437,431**	**1,331,918,295**	**118,251,361**	**1,450,169,656**

The accompanying notes on pages 7 to 61 form an integral part of these consolidated financial statements

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

Consolidated interim statement of cash flows - For the nine-month period ended 31 May 2021

(All amounts are shown in Egyptian Pounds)	Note	Nine-month period from 1 September 2020 to31 May 2021	Nine-month period from 1 September 2019 to 31 May 2020
Cash flows from operating activities			
Profits before taxes		593,693,829	430,395,317
Adjustments:			
Fixed assets depreciation	6	75,642,851	57,840,445
Finance costs	28	98,072,012	41,426,385
Amortization of bonds issuance cost	28	812,048	-
Interests revenues	28	(19,044,449)	(14,047,022)
Impairment of projects in progress	6	-	26,214
Impairment in debtors and other debit balances		450,000	-
Provisions formed		-	602,341
Gains on sale of fixed assets		-	537
Utilised provisions	22	(23,800)	(4,525,563)
Operating profit before change in current assets and liabilities		**749,602,491**	**511,718,654**
Change in current assets and liabilities			
Changes in inventories		1,636,936	(8,873,229)
Change in debtors and other debit balances		(299,653,166)	(184,168,501)
Change in creditors and other credit balances and accrued income		95,613,928	(58,080,203)
Income tax paid	20	(82,830,938)	(65,133,611)
Net cash flows generated from operating activities		**464,369,251**	**195,463,110**
Cash flows from investing activities			
Payments for purchase of fixed assets	6	(264,229,916)	(321,959,334)
Proceeds from interests payable		19,044,449	14,047,022
Proceeds from sale of fixed assets			4,825
Payments for projects in progress	6	(402,473,964)	(225,138,636)
Payments for works in progress		(5,047)	1,660,264
Payments under investment in subsidiaries		(16,485,975)	(9,704,624)
Held-to-maturity investments		-	1,000,000
Available-for-sale investments		-	(20,586,896)
Payments for the purchase of non-controlling interests		-	(1,571,827)
Net cash flows used in investing activities		**(664,150,453)**	**(562,249,206)**
Cash flows from financing activities			
Proceeds from loans and bank facilities		256,403,435	472,052,164
Paid from loans and bank facilities		(209,285,815)	(10,174,988)
Issued Ijarah bonds		600,000,000	-
Paid finance costs		(98,072,012)	(41,426,385)
Dividends paid		(110,393,213)	(81,451,472)
Net cash flows used in financing activities		**438,652,395**	**338,999,319**
Net change in cash and cash equivalents during the period		**238,871,193**	**(27,787,457)**
Currency differences resulting from foreign currency translation		(301)	(680)
Cash and cash equivalents at the beginning of the period		208,619,052	163,019,272
Cash and cash equivalents at the end of the period	13	**447,489,944**	**135,231,815**

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The accompanying notes on pages 7 to 61 form an integral part of these consolidated financial statements

1. Introduction

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

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

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

The main shareholders of the Parent Company is Social Impact Capital "Ltd." owning 51,22%.

The consolidated financial statements have been approved by the Board of Directors on 14 July 2021.

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 the current/ non-current classification. The asset is classified as current when it is:

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

All other assets are classified as non-current assets.

2. Accounting policies (continued)

A. 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 twelve months after the end of the reporting date, or
* The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the consolidated financial reporting period.

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

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

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

B. New issues and amendments made to EASs, 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 No. (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 "incurred loss" model in EAS (26) with the "expected future loss" model.

As the Company's financial period beginning on 1 September 2020 until31 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.

2. Accounting policies (continued)

B. New issued and amendments made to EASs, 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 develops a comprehensive conceptual framework for determining the amount and date of revenue recognition. This standard replaces EAS No. (11) "Revenues" and EAS No. (8) "Construction contracts".

As the Company's financial period beginning on 1 September 2020 until 31 May 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 No. (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 lessees with a single model of accounting for leases. The lessee 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 May 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.

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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.

(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 it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
- Based upon the Presidential Decree No. 117 of 2013, the Parent Company established Badr University. Based on the same decree, the Group as the Founder is entitled to surplus revenues after deduction of expenses as determinable by the Board of Trustees of the University.

The consolidated financial statements includes the following subsidiaries:

	Country of incorporation	Percentage of ownership
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 influence over the Futures and Nations Company and concluded that the Company has the control over operating and financing policies of the Company. Also, the Parent Company is entitled to variable returns through its contribution to the Company and has the ability to influence those returns through its power over the Company. Consequently, the investment has been accounted for as an investment in subsidiaries and the Company is included in the consolidated financial statements.

1.1 Acquisition method

The Group applies the acquisition method when processing each business combinations.

2. Accounting policies (continued)

C. Basis of consolidation (continued)

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

Acquisition-related costs are recognised as an expense when incurred.

If the business combination is achieved in stages, the Group re-measures the previously held equity interest in the acquiree at fair value in the acquisition date. Any gains or losses arising from such re-measurement are 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, subsidiaries' financial statements 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 owners of the Parent Company.

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1.4 Goodwill

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

2. Accounting policies (continued)

C. Basis of consolidation (continued)

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

2. Associates

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

2.1 Equity method

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

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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 associates equals or exceeds its interest in these associates, the Group ceases to recognise its share in additional 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 associates. 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. Accounting policies (continued)

C. Basis of consolidation (continued)

2. Associates (continued)

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 resulting 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 contingent liabilities at the date of acquisition is recognised as goodwill.

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

D. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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.

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2. Accounting policies (continued)

E. Fixed assets

The Group applies the cost model in measurement of fixed assets, and the fixed assets are recognised in light of this model after its recognition as an asset on their cost net of the accumulated depreciation and accumulated impairment losses. The cost of fixed asset includes any costs directly associated with bringing the asset to the site and into a working condition that it is ready for use intended by the Group's management.

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

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

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

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

Gain or loss 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. Gain or loss resulting from the disposal of fixed assets is included in the consolidated statement of profit or loss "other income".

2. Accounting policies (continued)

F. Projects in progress

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

G. Works in progress

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

H. Impairment of non-financial assets

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

The Group carries out an impairment test for non-financial assets that have definite useful life and are subject to depreciation or amortisation whenever events or indications of the possibility of impairment losses in the value of the asset.
The asset is tested for impairment by comparing its carrying amount with its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of sale or value in use. For the purposes of impairment tests, assets are allocated to the smallest identifiable group of cash inflows that are largely independent of cash inflows from other assets or groups of assets (the cash generating unit).

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

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

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

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

I. Financial assets

1. Classification

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

Loans and receivables:

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

Held-to-maturity financial assets:

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

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

Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative assets that are designated as available for sale assets for acquisition and not classified as loans and receivables or held-to-maturity financial assets or financial assets at fair value through profits and losses. Available-for-sale financial assets are classified within non-current assets except the investments which matures in less than 12 months, or Group's management intends to dispose of it in less than 12 months from the financial position date. If so, they are classified within current assets.

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2. Initial recognition and measurement

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

Financial asset is initially measured at fair value, in addition to other costs directly associated with the execution of the transaction.

3. Subsequent measurement

Loans and receivables and held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest rate. Available-for-sale financial assets are measured at fair value through equity. Interests calculated are recognised in the consolidated statement of profits or losses within net finance costs.

2. Accounting policies (continued)

I. Financial assets (continued)

4. De-recognition

- The financial asset is derecognised when the rights to receive cash flows from the financial asset has expired or where the Group has transferred substantially all risks and rewards of ownership.
- The financial asset is 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 profits (losses) of de-recognition of the financial asset represents the difference between the carrying amount at the date of de-recognition and the proceeds resulting from the de-recognition of the financial asset.

J. Impairment of financial assets

Financial assets carried at amortised cost

The Group assesses at the end of each financial period whether 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 an 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(s) has an impact on the expected cash flows of the financial asset or group of financial assets that can be reliably estimated.

The objective evidence of impairment includes indications that the debtors or a group of debtors is experiencing significant financial difficulties, violation of contract terms such as default in interest or principal payments, or the probability that they will enter bankruptcy or financial reorganisation, or where observable data indicate that there is a measurable decrease in the estimated future cash flows of a group of financial assets since the initial recognition, or, national or domestic circumstances that correlate with defaults of the Group's assets.

For loans and receivables. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of 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 directly written down and the losses are recognised in the consolidated statement of profit or loss. Loans expected to be uncollectible are written off by deduction from the relevant provision, and any subsequent proceeds are recognised as revenues in the statement of profit and loss. If a loan or held-to-maturity investment has a variable exchange rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment of the financial asset on the basis of the asset's fair value using an observable market price.

2. Accounting policies (continued)

J. Impairment of financial assets (continued)

If, in any subsequent period, the decrease in the impairment loss can be related objectively to an event occurring after the impairment loss was recognised, then (such as an improvement in the debtor's credit rating), the recognised impairment loss is directly reversed in the consolidated statement of profit or loss.

Available-for-sale financial assets

The Group assesses at the end of each financial period whether 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 any debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the Group reverses the impairment loss in the statement of profit or loss.

For equity instruments, a significant or prolonged decrease in the fair value of the investment below its acquisition cost is also objective 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 – which is the difference between the acquisition cost and the fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss – which was directly recognized in other comprehensive income items, shall be removed, and shall be recognised in the statement of profit and loss. Impairment losses recognised in the profit or loss on equity instrument 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 sale expenses. Provision is made for slow moving inventories based on management's assessment of inventory movements.

L. Cash and cash equivalents

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

2. Accounting policies (continued)

M. Provisions

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

N. Trade payables

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

O. Issued and paid up capital

Ordinary shares are classified as equity.

P. Borrowings

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

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

Q. Current and deferred income tax

<u>Current income taxes</u>

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

<u>Deferred income tax</u>

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

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

2. Accounting policies (continued)

R. 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.

Revenues are recognized using the 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. Bus revenues are recognised throughout the period of rendering the services.

Admission revenues

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

Contracting revenues

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

Rental revenues

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

Interests revenues

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

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S. Leases

Leases where 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 recognized in the consolidated statement of income on a straight-line basis over the period of the lease.

2. Accounting policies (continued)

T. Employee benefits

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

Employees' profits share

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

U. Fair value of financial instruments

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

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

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

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

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

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

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2. Accounting policies (continued)

U. Fair value of financial instruments (continued)

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

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

V. Segment reporting

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

W. Dividends

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

X. Comparative figures

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

3. Financial risk management

(1) Financial risk factors

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

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

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

3. Financial risk management (continued)

4.

(1) Financial risk factors (continued)

(A) Market risk

1.Foreign currency exchange rate risk

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

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

Currency	**31 May 2021**	**31 August 2020**
USD - asset (liability)	8,534,064	20,637
GBP - asset (liability)	178,406	-
Euro - asset (liability)	196,978	-
AED - asset (liability)	165,770	-

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

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

Currency	**31 May 2021**	**31 August 2020**
USD	853,406	2,064
GBP	17,841	-
EUR	19,698	-
AED	16,577	-

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2.Interest rate risks

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

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

Note (16) shows the loans and credit facilities owed by the Group.

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

3. Financial risk management (continued)

(1) Financial risk factors (continued)

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

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

	Increase (decrease)	**Effect on consolidated profit or loss EGP**
31 May 2021	300 points	15,032,222
31 August 2020	300 points	15,224,426

(B) Credit risk

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

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

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

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

	31 May 2021	**31 August 2020**
Balances and deposits at banks	273,406,849	159,923,126
Due from related parties	15,041,509	11,393,629
Accrued revenues	63,707,252	16,035,780
Investment funds	169,820,621	-

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

3. Financial risk management (continued)

(1) Financial risk factors (continued)

(C) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of available credit facilities and accreditation from related parties.

The management makes cash flow projections on a monthly basis, which are discussed during the Parent Company's Executive Committee meeting, and takes the necessary actions to negotiate with suppliers, follow-up the collection process from customers and manage the inventory balances in order to ensure sufficient cash is maintained to discharge the Group's liabilities.

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

	31 May 2021		
	Less than three months	**3 months to 1 year**	**1 year to 5 years**
Loans and credit facilities	-	130,840,021	501,074,078
Ijarah bonds	-	-	600,000,000
Accrued expenses	76,682,181	-	-
Dividends payables	-	22,657,059	-
Suppliers and contractors	232,141,414	49,965,634	59,558,613
Due to governmental agencies	49,493,451	-	-
Due to related parties	593,358	-	-

	31 August 2020		
	Less than three months	**3 months to 1 year**	**1 year to 5 years**
Loans and credit facilities	5,269,170	78,432,388	537,963,273
Accrued expenses	61,332,004	-	-
Dividends payables	21,915,686	-	-
Suppliers 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	-	-

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

3. Financial risk management (continued)

(2) Capital risk management

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

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

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

The following shows the gearing ratio at 31 May 2021 and 31 August 2020:

	31 May 2021	31 August 2020
Borrowings and Ijarah bonds	1,819,121,504	584,834,242
Total debts	**1,819,121,504**	**584,834,242**
Less: Cash on hand and balances at banks	(447,497,346)	(208,626,454)
Net surplus of debts	**1,371,624,158**	**376,207,788**
Equity	1,450,169,656	1,102,905,553
Total capital	**2,821,793,814**	**1,479,113,341**
Gearing ratio	48,61%	25,43%

(3) Fair value estimation

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

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Notes to the consolidated interim financial statements - For the nine-month period ended 31 May 2021

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

4. Critical accounting estimates and judgements

(1) Critical accounting estimates and assumptions

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

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

<u>(A) Provisions</u>

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle these obligations; and the amount can be reliably estimated. the group reviews the provision at the date of each financial position and adjusts it to show the best present estimate after taking the appropriate advice from an expert.

<u>(B) Impairment of goodwill</u>

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

<u>(C) Impairment of due revenues</u>

Impairment of accrued revenues is estimated by monitoring the ageing of debts and the ratios adopted based on management's best estimate through their experience.

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

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

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

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5. Segment reporting

Management of the Parent Company, which is composed of the Chief Executive Officer and the Chief Financial Officer, monitors the financial performance of the Group on the basis of cash generating segments. These sectors include the activity of schools and higher education. The financial performance of these segments during the nine-month period ended 31 May 2021 and 31 August 2020 are as follows.
Below are the assets and liabilities of each segment:

	School segment		Higher Education segment		Consolidation entries		Total	
	31 May 2021	31 August 2020	31 May 2021	31 August 2020	31 May 2021	31 August 2020	31 May 2021	31 August 2020
Financial position:								
Non-current assets	2,687,458,671	1,998,654,780	976,320,880	781,389,983	(849,645,396)	(520,028,573)	2,814,134,155	1,996,238,940
Current assets	981,612,413	506,303,590	499,823,517	421,631,280	(735,794,318)	(494,201,864)	745,641,612	433,733,006
Total assets	3,669,071,084	2,504,958,370	1,476,144,397	1,203,021,263	(1,585,439,714)	(1,278,007,687)	3,559,775,767	2,429,971,946
Current liabilities	1,286,078,507	1,022,571,712	266,763,518	256,981,750	(723,469,270)	(494,230,816)	829,372,755	785,322,646
Non-current liabilities	1,153,097,466	510,469,741	99,435,829	3,363,579	27,700,061	-	1,280,233,356	541,743,747
Total liabilities	2,439,175,973	1,533,041,453	366,199,347	260,345,329	(676,829,578)	(494,230,816)	2,109,606,111	1,327,066,393

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5. Segment reporting (continued)

	School segment		Higher Education segment		Others		Total	
	Nine months ended 31 May		Nine months ended 31 May		Nine months ended 31 May		Nine months ended 31 May	
	2021	2020	2021	2020	2021	2020	2021	2020
Income								
Tuition revenues	486,871,168	430,995,533	682,569,857	445,794,327	-	-	1,169,441,025	876,789,860
Bus revenues	13,475,257	24,626,144	6,141,178	11,008,414	-	-	19,616,435	35,634,558
Admission revenue	3,390,500	3,620,000	26,743,588	16,480,099	-	-	30,134,088	20,100,099
Contracting revenues	-	-	-	-	-	23,881,774	-	23,881,774
Other activities revenues	37,989,671	25,750,236	13,083,395	9,688,201	-	-	51,073,066	35,438,437
Total revenues	**541,726,596**	**484,991,913**	**728,538,018**	**482,971,041**	-	**23,881,774**	**1,270,264,614**	**991,844,728**
Costs								
Tuition cost								
Employees costs	(153,283,991)	(134,900,939)	(91,241,104)	(62,162,003)	-	-	(244,525,095)	(197,062,942)
Teaching tools, aids and books expenses	(20,304,064)	(19,394,907)	(2,013,999)	(2,958,961)	-	-	(22,318,063)	(22,353,868)
Maintenance, electricity and utilities expenses	(16,390,457)	(17,940,306)	(10,265,857)	(9,976,349)	-	-	(26,656,314)	(27,916,655)
Rents	(12,980,620)	(9,267,120)	(1,684,961)	(1,643,953)	-	-	(14,665,581)	(10,911,073)
Professional and other consultation fees and charges	(7,766,337)	(5,895,653)	(12,351,598)	(17,287,326)	-	-	(20,117,935)	(23,182,979)
Contracting expenses	-	-	-	-	-	(17,659,071)	-	(17,659,071)
Other expenses	(31,444,738)	(27,471,188)	(425,048)	(1,113,646)	-	-	(31,869,786)	(28,584,834)
Bus costs	(17,405,327)	(28,642,427)	(5,350,654)	(4,753,903)	-	-	(22,755,981)	(33,396,330)
Total costs	**(259,575,534)**	**(243,512,540)**	**(123,333,221)**	**(99,896,141)**	-	**(17,659,071)**	**(382,908,755)**	**(361,067,752)**
	282,151,062	**241,479,373**	**605,204,797**	**383,074,900**	-	**6,222,703**	**887,355,859**	**630,776,976**
Administrative expenses and provisions	(63,903,796)	(58,691,009)	(89,485,447)	(58,887,608)	-	-	(153,389,243)	(117,578,617)
Depreciation	(29,131,871)	(25,621,757)	(46,510,980)	(32,218,688)	-	-	(75,642,851)	(57,840,445)
Operating profit	**189,115,395**	**157,166,607**	**469,208,370**	**291,968,604**	-	**6,222,703**	**658,323,765**	**455,357,914**
Other revenues	11,355,907	1,439,759	4,043,778	1,335,435	-	-	15,399,685	2,775,194
Interests payable	10,950,050	6,402,642	8,094,399	7,644,380	-	-	19,044,449	14,047,022
Amortization of bonds issuance cost	(812,048)	-	-	-	-	-	(812,048)	-
Other (expenses) income	(146,119)	(332,071)	(43,891)	(26,357)	-	-	(190,010)	(358,428)
Finance costs	(98,072,012)	(41,426,385)	-	-	-	-	(98,072,012)	(41,426,385)
Net profit before taxes	**112,391,173**	**123,250,552**	**481,302,656**	**300,922,062**	-	**6,222,703**	**593,693,829**	**430,395,317**
Current income taxes	(27,499,490)	(31,827,372)	(109,018,099)	(67,834,638)	-	-	(136,517,589)	(99,662,010)
Deferred income tax	203,218	318,595	853,098	(59,371)	-	-	1,055,316	259,224
Net profit for the period	**85,094,901**	**91,741,775**	**373,136,655**	**238,028,053**	-	**6,222,703**	**458,231,556**	**330,992,531**

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

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

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6. Fixed assets

	Lands	Buildings, premises & facilities	Devices, furniture & fixtures	Computers	Transportations	Tools & equipment	Projects in progress	Total
Cost at 1 September 2020	**768,569,295**	**976,482,227**	**186,094,612**	**66,937,552**	**40,613,761**	**29,990,670**	**165,896,780**	**2,234,584,897**
Additions for the period	213,977,023	8,582,418	15,638,386	7,853,768	15,705,790	2,472,531	402,473,964	**666,703,880**
Transferred from projects in progress	-	52,029,674	1,290,570	141,109	-	-	(53,461,353)	-
Cost at 31 May 20201	**982,546,318**	**1,037,094,319**	**203,023,568**	**74,932,429**	**56,319,551**	**32,463,201**	**514,909,391**	**2,901,288,777**
Accumulated depreciation at 1 September 2020	-	**188,819,558**	**98,318,679**	**33,958,001**	**30,804,844**	**21,914,303**	-	**373,815,385**
Depreciation for the period	-	38,330,013	22,159,403	8,532,539	4,206,306	2,414,590	-	**75,642,851**
Accumulated depreciation at 31 May 2020	-	**227,149,571**	**120,478,082**	**42,490,540**	**35,011,150**	**24,328,893**	-	**449,458,236**
Net carrying amount at 31 May 2021	**982,546,318**	**809,944,748**	**82,545,486**	**32,441,889**	**21,308,401**	**8,134,308**	**514,909,391**	**2,451,830,541**

Some added lands, amounting to EGP 194,563,671 are under the registration process with the competent authorities as at 31 May 2021.
During the year, an amount of EGP 1,908,965 has been added to projects in progress, represented in capitalized interests on a school building project in 6th of October city, which was purchased in instalments.

As explained in Note (16), the fixed assets item as at 31 May 2021 includes assets that have been secured by bonds issued and include the land and buildings of Future French /German International Languages School in Rehab city, the land and buildings of Futures language school - Rehab city and the land and buildings of Futures Girls Elementary School (1) and (2) and the land and buildings of Othman Ibin Affan School - Rehab city. The net carrying amount of these assets as at 31 May 2021 amounted to EGP 38,591,574.

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Projects in progress 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 the constructions and buildings works related to the schools owned by the Company.

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6. Fixed assets (continued)

	Lands	Buildings, premises and facilities	Devices, furniture and fixtures	Computers	Transportations	Equipment & tools	Projects In progress	Total
Cost at 1 September 2019	**203,166,492**	**598,228,534**	**132,445,335**	**32,531,459**	**38,501,968**	**16,635,038**	**214,568,829**	**1,236,077,655**
Additions for the year	451,052,803	19,757,894	20,382,215	14,912,866	2,111,793	1,353,820	274,903,088	**784,474,479**
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 resulting from subsidiaries acquisition	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	**768,569,295**	**976,482,227**	**186,094,612**	**66,937,552**	**40,613,761**	**29,990,670**	**165,896,780**	**2,234,584,897**
Accumulated depreciation at 1 September 2019	-	**144,307,207**	**70,282,411**	**20,726,527**	**26,935,257**	**9,377,299**	-	**271,628,701**
Depreciation for the year	-	36,247,543	26,031,214	8,842,398	3,869,587	3,413,908	-	**78,404,650**
Accumulated depreciation of assets resulting from subsidiaries' acquisition	-	8,264,808	2,005,054	4,397,311	-	9,123,096	-	**23,790,269**
Accumulated depreciation of disposals	-	-	-	(8,235)	-	-	-	**(8,235)**
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 carrying amount at 31 August 2020	**768,569,295**	**787,662,669**	**87,775,933**	**32,979,551**	**9,808,917**	**8,076,367**	**165,896,780**	**1,860,769,512**

Some added lands, amounting to EGP 451,052,80 is under the registration process with the competent authorities as at 31 August 2020.
During the year, an amount of EGP 2,244,792 was added to projects in progress, represented in capitalized interests on a school building project in Mansoura city, which was purchased in instalments.

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Projects in progress 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 the constructions and buildings works related to the schools owned by the Company.

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7. Works in progress

	31 May 2021	31 August 2020
Cairo Heights project - Residential buildings	21,586,954	21,581,907
	21,586,954	**21,581,907**

8. Investments in associates

	Shareholding percentage %			
	2021	2020	31 May 2021	31 August 2020
New Soft Company	23%	23%	303,835	303,835
Perdive for Programming Company	48,5%	48,5%	255,000	255,000
Egyptians Health Care Company*	25%	25%	97,254,633	80,513,658
			97,813,468	**81,072,493**
Less:				
Impairment losses in associates			(558,835)	(303,835)
			97,254,633	**80,768,658**

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

Below are the summarised financial information of significant associates:

	Country of Company's head office	Total Assets	Total equity	Total Revenues	Profit (loss) for the year
Egyptians Health Care Company	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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9. Unconsolidated subsidiaries

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

	31 May 2021	31 August 2020
International Health Care Company	1,126,285	1,126,285
Alex Company For Educational Services	325,000	325,000
	1,451,285	**1,451,285**
Less: Impairment	(1,451,285)	(1,451,285)
	-	-

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

10. Inventories

	31 May 2021	31 August 2020
Computer and electrical equipment inventory	5,617,049	7,253,985

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

11. Debtors and other debit balances

	31 May 2021	31 August 2020
Paid under land purchase account	214,486,978	68,733,131
Paid under investment in associates account	96,200,132	14,141,846
Accrued revenues	63,707,252	28,243,104
Advances to suppliers	36,285,068	28,301,280
Assets against specific-purpose liabilities (Note 21)	35,000,000	35,000,000
Due from related parties (Note 28)	15,041,509	16,726,489
Prepaid expenses	13,596,465	16,886,374
Withholding taxes	3,427,121	3,737,436
Other debit balances	37,454,595	17,961,646
	515,199,120	**229,731,306**
Less: Impairment in debtors and other debit balances	(8,184,925)	(7,734,925)
	507,014,195	**221,996,381**
Less: Non-current portion		
Paid under land purchase account	(214,486,978)	(68,733,131)
	292,527,217	**153,263,250**

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11. Debtors and other debit balances (continued)

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

	31 May 2021	31 August 2020
Balance at the beginning of the period/ year	7,734,925	7,135,728
Formed during the period/ year	450,000	5,696,052
Utilised during the period / year	-	(156,479)
Provisions no longer required during the period/year	-	(4,940,376)
Balance at the end of the period/ year	**8,184,925**	**7,734,925**

At 31 May 2021, accrued revenue balances, due from related parties that are not impaired amounted of EGP 69,122,136 (31 August 2020: EGP 37,234,669).

- At 31 May 2021, debtors and other debit balances subject to impairment amounted to EGP 8,184,925 (31 August 2020: EGP 7,734,925).
- The amount of assets against liabilities for specific purposes in exchange for potential tax settlements resulting from the acquisition of Star Light Company, including its subsidiary, as mentioned in the acquisition contract, represents that the seller party bears any payable tax liabilities prior to the acquisition date. Whereas the management believes that the flow of benefits from this asset is expected according to the contract, this amount has been recorded in debtors and other debit balances item. A similar amount was recorded within provisions (Note 21) to demonstrate the potential tax liabilities that were assessed by the independent financial advisor upon acquisition.
- The payment item under the land purchase account is in advance payments for the purchase of lands in Asyout city, New Sohaj city, Damietta city and Badr city.

12. Cash on hand and balances at banks

	31 May 2021	31 August 2020
Current accounts at banks	136,609,384	181,947,439
Term deposits	136,797,465	4,302,999
Investment fund - cash	169,820,621	21,100,034
Cash in hand	4,269,876	1,275,982
	447,497,346	**208,626,454**

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

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The deposits are due within periods of 90 days from date of placement, and are subject to interest rates of 9,75% (31 August 2020:

9,75%) annually Also, interest rates of current accounts reached 8,25% annually (31 August 2020: 8,25% annually).

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12. Cash on hand and balances at banks (continued)

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

	31 May 2021	31 August 2020	31 May 2020
Cash on hand and balances at banks	447,497,346	208,626,454	135,239,217
Retained cash at banks	(7,402)	(7,402)	(7,402)
	447,489,944	**208,619,052**	**135,231,815**

13. 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, each amounting to EGP 0,40, all of which are fully paid cash shares.

The shareholder structure as at 31 May 2021 and 31 August 2020 is as follows:

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

14. Reserves

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

	31 May 2021		
	Balance at 1 September	Formed during the period	Balance at 31 May
Legal reserve	116,558,065	-	116,558,065
Statutory reserve	19,834,444	-	19,834,444
Special reserve	92,667,112	-	92,667,112
Reserve resulting from foreign currency translation	211,583	93,530	305,113
Total	**229,271,204**	**93,530**	**229,364,734**

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14. Reserves (continued)

	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**

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

Also, at least 5% of the profit has to be set aside and transferred to the statutory reserve, until the reserve reaches 25% of the Parent Company's issued capital, and when the reserve is decreased, the said deduction shall be returned. On 30 May 2020, Article (56) of the Company's Articles of Association was amended to discontinue the deduction of the statutory reserve from profits.

15. Loans and credit facilities

	Current portion		Non-current portion	
Statement	**31 May 2021**	**31 August 2020**	**31 May 2021**	**31 August 2020**
QNB Al Ahli bank - credit facility	1,426,020	20,091,430	-	-
European Bank loan	90,562,875	-	362,251,500	223,404,375
Ahli United Bank loan	16,666,667	-	83,267,022	74,484,185
QNB Al Ahli bank loan (1)	22,222,222	22,222,222	55,555,556	66,666,667
QNB Al Ahli bank loan (2)	-	22,933,935	-	108,012,126
International Company for Finance Lease loan	-	11,793,074	-	34,913,506
Upper Egypt Finance lease loan	-	312,722	-	-
	130,877,784	**77,353,383**	**501,074,078**	**507,480,859**

Credit facilities from QNB Al Ahli bank have an interest rate of1.5% above the corridor price announced by the Central Bank.

15. Loans and credit facilities (continued)

QNB Al Ahli bank loan (1)

On 30 May 2019, the Company signed a contract for a medium term loan of EGP 100 million for the purpose of constructing new faculties in Badr University that is 100% owned by the Company. The contract ends on 31 August 2024, and this loan will be paid semi-annually on 9 equalled-amount instalments . However, the Company is still paying the related interests, during the current year, that was calculated to be 1,5% above the lending rate announced by the Central Bank of Egypt.

The balance of this loan as of 31 May 2021 amounted to EGP 77,777,778 (31 August 2020: EGP 88,888,889).

QNB Al Ahli bank loan (2)

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. The loan is to be repaid on 12 instalments semi-annually of equal value in May and August, in addition to the applicable interest. The first instalment is due on the last day of May 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 is due on 31 August 2026.

The balance of this loan as at 31 August 2020 amounted to EGP 130,946,061. On 31 December 2020, the Company paid the total loan amount, amounting to EGP 130 million, as an expedited payment in addition to the related interest.

The principal conditions and guarantees of the above loans are:

- Transfer all income generated from operations of the schools and Badr University to a special account with the lending bank and is used as an additional repayment method for the principal and interest.
- Dividends are not to be distributed unless all loans related obligations for distribution year are fulfilled.
- Assets are not to be sold, mortgaged, or given to third parties without obtaining a written approval from the bank.
- Shareholders' equity in the consolidated financial statements should not be less than EGP 420 million. Maintain financial leverage ratio (total liabilities/ equity) below 1.2: 1. and the debt service rate (earnings before interest, tax and depreciation/ total financial liabilities) above 1% : 1.
- Not to obtain any 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 wholly owned by the Company. The contract ends on 31 August 2024. The loan is to be repaid on 9 semi-annual instalments of equal value, to be repaid starting from February 2022. 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 May 2021 amounted to EGP 99,933,689 (31 August 2020: EGP 74,484,18).

15. Loans and credit facilities (continued)

Principal conditions and guarantees

- Submitting to the bank the collateral guarantees from the following companies: Upper Egypt Educational Services, Emco for Systems and Computers, Global Educational Technologies, and Educational Systems International, provided that each guarantee covers the full amount of the finance granted by the bank under this contract.
- Submitting to the bank every six-months the commercial register extract of the Company, explaining that there are no mortgages on its assets.
- Opening an operating account with the bank, the first party, to collect all revenues related to the funded schools and the revenues resulting from the expansion of Badr University, that have been funded by the bank.
- Submitting to the bank a written undertaking signed by the legal representative of Badr University to transfer the net surplus resulting from its activity to the Company to cover any financial liabilities payable on the Company throughout the duration of the finance granted by the bank, according to the budget of the University.
- Submitting to the bank a quarterly financial report within 90 days of the end of each quarter of the financial year of the borrowing Company and the guarantors. The Company is also committed to achieving the financial terms in all consolidated financial positions and budgets provided to the bank throughout the duration of the finance as follows:

(1) The debt service rate (total cash flows from operating activities in addition to depreciation and amortisation less tax divided by annual financial payments in addition to the annual dividends) should not fall below X 1.15.
(2) The financial leverage (total bank borrowings divided by net shareholders' equity) should not exceed X 1.5.

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 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 provided that the due date of the first instalment is 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. On 12 January 2021, the Company paid the remainder of the loan amount, amounting to EGP 47 million, as an expedited payment.

15. Loans and credit facilities (continued)

European Bank loan

On 30 September 2019, the Company signed a contract for a medium term loan of EGP 452 million. The first instalment was injected on 19 December 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 stage 1 of the University fully owned by the Company. The contract ends on 30 September 2027. The loan is to be repaid on 12 semi-annual instalments of equal value. However, the Company is still paying the related interests, during the current year, that will be calculated at an interest rate of 2% above the lending rate announced by the Central Bank of Egypt with a grace period of two years.

The balance of this loan as of 31 May 2021 amounted to EGP 452,814,375 (31 August 2020: EGP 223,404,375).

Principal conditions and guarantees

- The ratio of debt service coverage that the cash available for debt service for a period of 12 months before the repayment date to the total principal payments of the repayment on all outstanding financial debts to be ratio of 1:1.2.
- The net financial debts should not exceed 3 times the profits before interest, tax and depreciation.
- The ratio of debt should not exceed 1.3 of the total equity.
- The borrower undertakes that the contribution of the guarantor in the revenues and profits before interest, tax and depreciation should not be less than 50%.

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, provided that both contracts commence 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 Regulation related to the 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 at 31 May 2021 amounted to EGP zero (31 August 2020: EGP 312.722).

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16. Ijarah bonds

	31 May 2021	31 August 2020
Ijarah bonds	600,000,000	-
Bonds issuance cost	(12,830,358)	-
	587,169,642	-

On 29 December 2020, the Company issued Ijarah bonds compliant with the provisions of Islamic Sharia, negotiable and non-convertible for shares on a single issue amounting to EGP 600 million with the purpose of recovering investment costs and using them in the Group's activities for future expansions in the higher education and pre-university education sector and to pay off the Group's financial liabilities including its liabilities towards the lending banks. 6 million bonds were issued with a nominal value of 100 per bond, and the period of issuance is 84 months starting from January 2021. The rental value of bonds is to be paid in 10 equal semi-annual instalments starting from 30 April 2023 until the end of the issuance period on 31 October 2027.

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

The variable return of these bonds is calculated in Egyptian pounds based on the lending rate announced by the Central Bank of Egypt in addition to the 0.75% margin ratio, provided that the announced lending rate is reviewed by the Central Bank of Egypt every six months. The return shall be paid semi-annually on 30 April and 31 October of each year until the end of the issuance period on 31 October 2027.

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

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

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

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

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

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

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16. Ijarah bonds (continued)

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

	31 May 2021	31 August 2020
Balance at the beginning of the period/ year	-	-
Bonds issuance cost	13,642,406	-
Amortization of bonds issuance cost (Note 27)	(812,048)	-
Balance at the end of the period/ year	**12,830,358**	-

17. Creditors and other credit balances

	31 May 2021	31 August 2020
Due to suppliers and contractors	322,364,389	151,019,361
Accrued expenses	76,682,181	61,332,004
Due to government agencies	49,493,451	46,081,399
Dividends payable	22,657,059	21,915,686
Due to related parties (Note 28)	593,358	324,291
Other credit balances	47,728,332	39,712,489
	519,518,770	**320,385,230**
Less: Non-current portion		
Due to suppliers and contractors - non-current portion*	(158,782,064)	(94,805,855)
	360,736,706	**225,579,375**

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

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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 May 2021	31 August 2020
Advance revenues	131,172,589	234,661,208

19. Income tax

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

	31 May 2021	31 August 2020	31 May 2020
Current income tax	136,517,589	82,830,943	99,662,010
Deferred tax (Note 20)	(1,055,316)	757,736	(259,224)
Total	**135,462,273**	**83,588,679**	**99,402,786**

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

	Nine months ended		Three months ended	
	31 May 2021	31 May 2020	31 May 2021	31 May 2020
Accounting profit before tax	609,956,276	430,395,317	291,276,256	142,196,274
Income taxes based on enacted tax rate	137,240,160	96,838,946	65,537,156	31,994,162
Add (less):				
Non deductible expenses	3,725,400	36,713,778	2,841,348	33,925,356
Deferred tax assets on tax losses not previously recognised	(5,503,287)	(1,160,340)	(5,545,495)	(679.999)
Non-taxable income	-	(32,989,598)	-	(29,713,543)
Tax	**135,462,273**	**99,402,786**	**62,833,009**	**35,525,976**

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

	31 May 2021	31 August 2020
Balance at the beginning of the period/ year	84,156,700	66,104,436
Payments made during the period/ year	(82,830,938)	(64,790,066)
Tax differences for previous years	-	(330,777)
Cost of assets resulting from subsidiaries acquisition	-	354,925
Withholding taxes	-	(12,761)
Charged to the consolidated statement of profit or loss during the period/ year	136,517,589	82,830,943
Balance at the end of the period/ year	**137,843,351**	**84,156,700**

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20. Deferred tax liabilities

Deferred tax liabilities comprises temporary differences attributable to fixed assets:

	Balance at 1 September 2020 Asset (liability)	Movement for the period Revenue (expense)	Acquisition of associates	Balance at 31 May 2021 Asset (liability)
Fixed assets	(34,262,888)	1,055,316	-	(33,207,572)
	(34,262,888)	**1,055,316**	**-**	**(33,207,572)**

	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)**
	(3,934,028)	**(757,736)**	**(29,571,124)**	**(34,262,888)**

21. Provisions

	31 May 2021	31 August 2020
Provision for taxes	67,687,942	67,687,942
Provision for legal claims	1,054,383	1,078,183
	68,742,325	**68,766,125**

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

	31 May 2021				
	Balance at the beginning of the period	Formed during the period	Acquired provisions *	Utilised during the period	Balance at the end of the period
Provision for taxes	67,687,942	-	-	-	**67,687,942**
Provision for legal claims	1,078,183			(23,800)	**1,054,383**
	68,766,125			**(23,800)**	**68,742,325**

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21. Provisions (continued)

	31 August 2020				
	Balance at the 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 legal claims	1,147,933	-	-	(69,750)	**1,078,183**
	33,205,054	**2,700,682**	**37,447,502**	**(4,587,113)**	**68,766,125**

* The amount of the provisions acquired represents the formed provisions in the associates acquired during the year in addition to the consideration for potential tax settlements resulting from the acquisition of Starlight Company, including its subsidiary. This amount was recorded under debtors and other debit balances, and a similar amount was recorded under provisions item (Note 12) to demonstrate the potential tax liabilities that were assessed 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 estimated tax provisions against uninspected prior years.

The tax provision on tax claims actually received and expected taxes for previous years that have not yet been inspected amounted to EGP 67,687,942 (31 August 2020: EGP 63,477,007) 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 6,768,794 increase or decrease (31 August 2020: EGP 6,768,794).

Provision for legal claims
Provision for legal claims at 31 May 2021 amounted EGP 1,054,383 (31 August 2020: EGP 1,078,183) 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 105,438 increase or decrease (31 August 2020: EGP 107,818).

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22. Operating revenues

	Nine months ended		Three months ended	
	31 May 2021	31 May 2020	31 May 2021	31 May 2020
Tuition revenues	1,169,441,025	863,808,750	476,153,574	292,229,268
Bus revenues	19,616,435	35,634,558	7,989,854	7,637,019
Admission revenues	30,134,088	20,100,099	5,647,263	3,515,371
Contracting revenues	-	23,881,774	-	-
Other activities revenues	51,073,066	48,419,547	21,657,273	21,989,840
	1,270,264,614	**991,844,728**	**511,447,964**	**325,371,498**

23. Activity cost

	Nine months ended		Three months ended	
	31 May 2021	31 May 2020	31 May 2021	31 May 2020
Salaries, wages and benefits	244,525,095	197,062,942	88,426,681	66,580,925
Depreciation expenses	73,806,123	56,005,654	25,394,154	19,595,141
Maintenance, electricity, utilities and communications expenses	26,656,314	27,916,655	5,982,541	7,237,492
Transportation expenses	22,755,981	29,783,387	6,780,770	7,334,020
Teaching tools, aids and books expenses	22,318,063	22,353,868	8,460,634	5,914,133
Professional and other consultation fees and charges	20,117,935	23,182,979	9,097,398	8,682,802
Leases	14,665,581	10,911,073	4,911,622	3,641,256
Contracting expenses	-	17,659,071	-	-
Other expenses	31,869,786	32,197,777	14,961,308	11,519,867
	456,714,878	**417,073,406**	**164,015,108**	**130,505,636**

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24. General and administrative expenses

	Nine months ended		Three months ended	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
Salaries, wages and benefits	97,053,815	67,319,955	33,150,327	24,004,331
Professional and consulting fees, charges	24,314,306	26,765,774	7,364,470	7,978,087
Maintenance, electricity, utilities and communications expenses	12,533,830	9,220,707	4,193,779	2,242,308
Depreciation expenses	1,836,728	1,834,791	625,747	636,978
Takaful contribution	1,311,718	1,199,799	456,410	368,052
Board of directors' remuneration and allowances remuneration and allowances	995,025	943,002	279,519	240,006
Operating and financing leases	868,522	1,076,127	206,734	350,098
Provision for doubtful debts	450,000	450,000	150,000	150,000
Impairment expenses of investments	255,000	-	-	-
Write off receivables expenses	-	152,341	-	152,341
Other expenses	15,607,027	10,450,912	4,990,252	2,620,618
	155,225,971	**119,413,408**	**51,417,238**	**38,742,819**

25. Expenses by nature

	Nine months ended		Three months ended	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
Salaries, wages and benefits	341,578,910	264,382,897	121,577,008	90,585,256
Depreciation expenses	75,642,851	57,840,445	26,019,901	20,232,119
Professional and consulting fees, charges, and penalties	44,432,241	49,948,753	16,461,868	16,660,889
Maintenance, electricity, utilities and communications expenses	39,190,144	37,137,362	10,176,320	9,479,800
Transportation expenses	22,755,981	29,783,387	6,780,770	7,334,020
Teaching tools, aids and books expenses	22,318,063	22,353,868	8,460,634	5,914,133
Leases	15,534,103	11,987,200	5,118,356	3,991,354
Takaful contribution	1,311,718	1,199,799	456,410	368,052
Board of directors' remuneration and allowances remuneration and allowances	995,025	943,002	279,519	240,006
Provision for doubtful debts	450,000	450,000	150,000	150,000
Impairment expenses of investments	255,000	17,659,071	-	-
Write off receivables expenses	-	152,341	-	152,341
Other expenses	47,476,813	42,648,689	19,951,560	14,140,485
	611,940,849	**536,486,814**	**215,432,346**	**169,248,455**

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26. Other income

	Nine months ended		Three months ended	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
Investment fund income	12,442,375	-	6,011,439	-
Variable leases	2,342,646	2,408,628	846,951	615,242
Proceeds from debts previously written off	-	330,777	-	-
Miscellaneous income	614,664	35,789	44,433	1,077
	15,399,685	**2,775,194**	**6,902,823**	**616,319**

27. Net financing (costs) income

	Nine months ended		Three months ended	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
Interest revenues	19,044,449	13,459,701	4,674,515	2,951,463
Interest expenses	(98,072,012)	(41,426,385)	(32,070,309)	(17,647,199)
Losses from foreign currency differences	(190,010)	(358,428)	(21,609)	152,648
Amortization of bonds issuance cost	(812,048)	-	(487,229)	-
	(80,029,621)	**(28,325,112)**	**(27,904,632)**	**(14,543,088)**

28. Related party transactions

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

Balances due from related parties:

The Company	**31 May 2021**	**31 August 2020**
Parent Company	9,000,000	-
Associates	2,477,392	2,720,991
Others	3,564,117	16,586,107
	15,041,509	**16,726,489**

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28. Related party transactions (continued)

Balances due to related parties

The Company	**31 May 2021**	**31 August 2020**
Others	593,358	202,880
	593,358	**324,291**

Related party transactions during the period/ year:

	Movement	
	31 May 2021	**31 August 2020**
Egyptians Health Care Company		
Contributions of share capital	-	23,347,333
Transferred to investments in subsidiaries and associates	-	(23,347,333)
Cash transfers	4,499,500	4,559,683
Mafrix Company		
Bank transfers	(319,605)	(7,615,161)
Social Impact Capital		
Bank transfers	9,000,000	-
Future for Educational Activities		
Proceeds of tuition revenues	2,218,721	2,086,777
Tuition expenses	(1,698,671)	(2,172,525)
Management consideration	(48,103)	(43,407)
Karim Moustafa Tawfiq		
Cash withdrawals	24,938,671	9,289,610
Prepayments	1,441,700	-
Current accounts offset	(33,596,208)	-
Others		
	213,268	202,880

Key management compensation:
The charges of the key management of the Company during the period / year and charged to the revenues and expenses statement in an amount of EGP 7,370,820 at 31 May 2021 (31 May 2020: EGP 4,875,998).

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29. Non-controlling interests

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

	Share capital	Retained earnings	31 May 2021
Balance at 1 September 2020	**44,969,084**	**56,082,978**	**101,052,062**
Non-controlling interests of acquired companies	11,250	-	**11,250**
Dividends	-	(15,624,089)	**(15,624,089)**
Currency differences resulting from foreign currency translation	-	62,353	**62,353**
Profit for the period	-	32,749,785	**32,749,785**
Balance at 31 May 2021	**44,980,334**	**73,271,027**	**118,251,361**

	Share capital	Retained earnings	31 May 2020
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	-	155,278	**155,278**
Profit for the period	-	21,482,235	**21,482,235**
Balance at 31 May 2020	**44,969,084**	**65,093,392**	**110,062,476**

30. Goodwill

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

	31 May 2021	31 August 2020
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	28,171,629
	34,108,110	**34,108,110**
(Less):		
Goodwill related to companies under liquidation	(5,133,061)	(5,133,061)
	28,975,049	**28,975,049**

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30. Goodwill (continued)

For the goodwill impairment testing purposes, each subsidiary is considered a cash generating unit During the period, the management conducted a goodwill impairment test based on the “value in use”. Below is summary for the significant assumptions employed by the management for the purpose of testing goodwill value:

Growth rate	3%
Discount rate	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 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 2019.

- 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)**

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

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31. Earnings per share

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

	Nine months ended		Three months ended	
	31 May 2021	**31 May 2020**	**31 May 2021**	**31 May 2020**
Net profit for the period	425,481,771	308,922,975	195,659,876	99,088,404
Board of Directors' expected remuneration	(28,967,818)	(28,182,102)	(12,880,285)	(8,247,818)
Employees' expected profit share	(39,651,396)	(26,529,473)	(18,277,959)	(8,588,617)
Profits net after distribution of dividends	**356,862,557**	**254,211,400**	**164,501,632**	**82,251,969**
Weighted average number of shares	582,790,325	582,790,325	547,740,125	547,740,125
Basic and diluted earnings per share for the period	**0,61**	**0,44**	**0,30**	**0,15**

32. Tax position

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

Corporate tax

- The Company was inspected from 1998 until 1999 and due tax was paid.
- The Company were discretionary inspected for the years from 2000 until 2004 at a total tax of EGP 5,793,131. The Company was notified of Forms (18 and 19) Corporate tax and they were appealed within the legal deadlines and dispute is still pending before the Internal Committee.
- The Company was not inspected from 2005 to 2008. The Company submits the tax returns regularly within the legal deadlines and pays the due tax based on the tax returns submitted on the legal deadlines and years from 2005 until 4 May 2008.
- The net profit of schools activity is exempted from the corporate income tax in accordance with Law No. 91 of 2005.
- The Company was inspected from 2009 to 2010 and due tax was paid.
- Years from 2011 to 31 May 2021, the Company was not inspected until the financial statements date.

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Withholding tax

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

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32. Tax position (continued)

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

Salaries tax

- The Company is committed to applying the withholding tax and pays it monthly in accordance with the Tax Law No. 91 of 2005.
- Quarterly tax returns are filed regularly and the Company pays the tax on the legal dates.
- The Company paid the tax due until 2004.
- The Company was notified of a salaries tax claim for the period from 1 January 2005 to 30 June 2005, and the Company was notified of Form no. 36 of salaries for the period from 1 July 2005 to 31 December 2011 and they were appealed within the legal deadlines and the dispute still pending before the Internal Committee.
- Years from 1 January 2012 to 31 May 2021, the Company was not inspected until the financial statements date.

Stamp duty tax

- The Company paid the tax due until 30 November 2003.
- The Company was notified of Form No. 3 Stamp for the period from 1 February 2003 to 28 February 2006, with a total tax of EGP 74,599. The form was objected upon within the legal date and was referred to the Appeals Committee, and the dispute is still pending until the date of the preparation of the financial statements.
- The Company was notified of Form No. 3 Stamp for the period from 1 March 2006 until 30 June 2010. It was appealed on the legal deadline and referred to the Appeal Committee. Final assessment to the decision of the Appeal Committee was made on 23 November 2014 at a total tax of EGP 14,798. Payment was made on 29 January 2015.
- Years from 1 July 2010 to 31 May 2021, 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: Corporate tax

1. Years from 1992 to 1993

   The Company was inspected for the corporate income tax for and the final assessment was made upon the decision of the appeal committee by amount of EGP 149,952. Dispute between the Company and the specialized authority was referred to the court and the dispute is still pending and the company has paid the tax according to the appeal committee decision.

2. Years from 1994 to 1995

   The Company was inspected for the corporate income tax and assessment was made with amount of EGP 44,188. The Company was notified by form no. 18 and it was objected and it was notified by form no.19 and it has been appealed. The file was referred to the appeal committee and then referred to the specialized court, and the company has paid the tax according to the appeal committee decision tax notice.

32. Tax position (continued)

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

3. Years from 1996 to 2001

The Company was inspected for the corporate income tax. The Company was notified by form no. 18 and it was objected and it was notified by form no.19 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 years 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 penalty 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.The Company was notified by form no. 18 and it was objected and it was notified by form no.19 and it has been appealed. The file was referred to the internal committee of the authority and the company submitted a request to re-inspection these years and the dispute was referred to appeal committees. Defence memorandum was submitted and the appeal committee decision had been issued to return the file to the Authority to prepare for the completion of the inspection of the Authority.

5. Years from 2005 to 2008

The tax returns were submitted on deadline and the tax was paid based on the tax returns and the Company was not inspected since it was not included in the inspection sample.

6. Years from 2009 to 2010

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

7. Years from 2011 to 2012

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

8. Years from 2013 to 2014

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

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9. Years from 2015 to 31 May 2021

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

32. Tax position (continued)

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

Second: Stamp duty tax

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

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

3. Years from 1 October 2002 to 31 October 2005
   The Company was inspected and notified with forms 3 and 4 stamps and they were objected. The file was referred to the appeal committee and the final assessment was approved by the appeal committee decision in the amount of EGP 22,946.
   Pay an amount of EGP 69,719 of differences and stamp tax inspection for the years 2002 until 2005.

Third: Salaries tax

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

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

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

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

32. Tax position (continued)

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

6. Years from 2011 to 31 May 2021
The Company was not notified until the date of the financial statements.
Pay an amount of EGP 981,000 of differences and salaries tax inspection for the years from 2002 until 2011.

Fourth: General tax on sales
The Company submits tax returns on sales regularly and at legal deadlines. The Company was inspected since inception until 2005, and the tax differences resulting from the inspection, as well as the additional tax, were paid, and the Company was inspected for the years 2006 to 2013. The tax and penalties were fully paid for that period in the amount of EGP 687,341. The Company was not notified on any other inspections.

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

First: Commercial profits tax
Years from 2005 to 31 May 2021
- Tax returns were submitted on the legal deadline and the Company is exempted from taxes until 4 May 2008 in accordance with law No. 91 of 2005.
- The period from 5 May 2008 until 30 June 2016, the Company was not notified of the inspection date taking into consideration that law No. 91 of 2005 was applied on a sample basis.
- Period from 1 July 2016 to 31 May 2021.

Second: Salaries tax
Years from 2005 to 31 May 2021
The Company pays the payroll tax monthly on the legal deadlines and there are no payroll tax notifications for these years.

Third: Stamp tax
Years from 2005 to 31 May 2021
The Company did not receive any tax notifications related to the tax period.

Fourth: General tax on sales
The Company is not subject to the provisions of Law No. 11 of 1991 and its amendments.

Fifth: Value added tax
The Company is not subject to the provisions of law No. 67 of 2016.

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32. Tax position (continued)

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

First: Commercial profits tax

1. Years from 2003 to 2004
   The Company submits the tax returns on the legal deadlines and it has not been notified of the inspection during these years.
2. Years from 2005 to 4 May 2008
   - The Company submits tax returns on the legal deadlines
   - The Company is exempted from the commercial profits tax in accordance with Law No. 91 of 2005.
3. Years from 2008 to 31 May 2021
   The Company submits the tax returns on the legal deadlines and it has not been notified of the inspection during these years.

Second: Salaries tax

Years from 2003 to 31 May 2021
The Company pays the payroll tax monthly on the legal deadlines and there are no payroll tax notifications for these years.

Third: Stamp tax

Years from 2003 to 31 May 2021
The Company did not receive any tax notifications related to the tax period.

Fourth: General tax on sales

Years from 2003 to 31 May 2021
The Company is not subject to the provisions of Law No. 11 of 1991 and its amendments.

Fifth: Value added tax

Years from 2003 to 31 May 2021
The Company is not subject to the provisions of Law No. 67 of 2016.

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

First: Income tax

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

Second: Salaries tax

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

Third: Stamp duty tax

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

32. Tax position (continued)

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

First: Commercial profits tax
Years from 2009 to 31 May 2021
The tax returns were submitted on the legal deadlines and the Company has not been notified of the inspection during these years.

Second: Salaries tax
Years from 2009 to 31 May 2021
The Company pays the payroll tax monthly on the legal deadlines and there are no payroll tax notifications for these years. Provision was made amounting to EGP 25,000 against dispute of salaries tax.

Third: Stamp tax
Years from 2009 to 31 May 2021
The Company did not receive any tax notifications related to the tax period.

Fourth: General tax on sales
Years from 2009 to 31 May 2021
The Company is not subject to the provisions of Law No. 11 of 1991 and its amendments.

Fifth: Value added tax
Years from 2009 to 31 May 2021
The Company is not subject to the provisions of Law No. 67 of 2016.

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

Income tax
The income tax is calculated at the realised surplus in accordance with the applicable Laws and regulations in this regard and by using the applicable tax rates at the date of the financial statements. The income tax payable is recognised in the statement of revenues and expenses.
The University's records were not inspected from the date of inception until 31 May 2021.

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 May 2021.

Stamp duty tax
The University's records were not inspected from the date of inception until 31 May 2021.

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 2024 until 31 May 2021.

32. Tax position (continued)

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

Commercial profits tax

1. Years 2008 and 2009

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

2. Years 2009 and 2010

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

3. Years 2011 and 2012

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

4. Years 2013 and 2014

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

5. Years from 2015 to 2019

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

Salaries tax

1. Years from 2008 to 2015

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

2. Years from 2016 to 2019

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

Stamp duty tax

Years from 2008 to 2017

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

Real estate taxes

Years from 2013 to 2018

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

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

33. Commitments

A. Capital commitments

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

	31 May 2021	31 August 2020
Fixed assets	1,058,352,357	708,272,091

The balance of capital liabilities include liabilities related to the purchase of land for the expansion project of Badr University, the value of which is EGP 748,227,627.

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

	Less than three months	3 months to 1 year	1 year to 5 years
Fixed assets	77,537,879	213,121,557	778,643,203

B. Operating lease

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

Total future payments for the lease contracts are as follows:

	31 May 2021	31 August 2020
Less than one year	36,722,018	33,383,653
Over 1 year and less than 5 years	187,469,575	170,426,886

34. Contingencies

There are contingent liabilities on the Group 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 May 2021 amounted to EGP 4,303,000 (31 August 2020: EGP 6,098,000).

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35. Significant events

The global Corona virus disease "COVID-19" put more than a third of the world's population in a form of lock down, disrupting daily life and patterns for testing long-term pressures. We pay tribute to the front-line workers who risk their lives and the lives of their families for the public interest, and the workers who have stayed in their homes in an encouraging demonstration of global solidarity. Families have shown their resilience, ability to adapt and act with the changes that have been caused by "COVID-19" Corona virus. The Group is proud to have played a role in their willingness to face these challenges. As the world continues to address the consequences of Corona virus "COVID-19", we are committed to keep our shareholders aware of our response to the disease in main fields including the continuity of educational, health and safety services, transport services, construction, human resources and financial reporting.

The Group has taken all measures to start the second academic year 2020/2021 since the offering on the Egyptian Stock Exchange in October 2018. Over the past year, our management team has worked tirelessly to fulfil its promises to our investors through:

1. Delivering robust results despite the challenging operating conditions of the pandemic COVID-19.
2. Providing many opportunities to further develop our educational platform that serves the middle and upper classes in the Egyptian market with the highest standards of quality and education.
3. Improving our economic performance profile.

By reviewing the academic figures for the year 2020/2021, the Group has achieved a very important milestone by reaching 41,050 students in both basic and even higher education. Moving from 36,900 male and female students in 2019/2020 to more than 41,000 students this year 2020/2021 and this represents achieving a major goal of reaching 41,000 students by the 2020/2021 academic year, which ensures that the Company continues to achieve its goal of growth year after year. We announce that we currently have 28,100 students registered in the basic education sector, with a growth rate of 6% compared to the academic year 2019/2020, and 12,950 students registered in the higher education sector at Badr University in Cairo, with a growth rate of 25,2% compared to the academic year 2019/2020. Admission to applications for four new colleges at Badr University has started strongly for the 2020/2021 academic year, since the first submission was announced.

Despite the difficult conditions that have cast a shadow over the education systems around the world, the number of students at CIRA has increased by 4,150 students in both the basic and higher education segment. CIRA continues to lay the foundation on which It reinforces the Company's position as a major provider of educational quality in Egypt. With the fast increase of student enrolment in both our basic and higher education sectors, we are adding new schools and colleges to meet the increased demand of Egypt's middle class sector for quality and affordable education.

As for Badr University, the Group has opened four new colleges in the next academic year 2020/2021 and the Group is on its way to obtain the necessary approvals to open the colleges. Construction work on the four new faculties buildings has been completed.

35. Significant events (continued)

Regarding the British Regent School in Mansoura, the Group has completed all construction work and obtained all necessary licenses, and the school has already been opened and students are accepted, starting from 17 October 2020.

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.

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